

NEWS



Primary Energy Recycling Corporation

For Immediate Release

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PRIMARY ENERGY RECYCLING CORPORATION ANNOUNCES FIRST QUARTER 2006 RESULTS

Annual distribution increase of Cdn\$0.05 per Common Share, or 4.55%, announced as strong performance continues to build Distributable Cash reserve

Oak Brook, Illinois – May 11, 2006 – Primary Energy Recycling Corporation (TSX: PRI.UN) (the “Company”) today released its financial results for the period ended March 31, 2006. The Company is providing financial information for the three months ended March 31, 2006. All amounts are in US dollars unless otherwise indicated.

Highlights for the first quarter of 2006:

- Declared total distributions of Cdn\$0.28 per EIS
- Earned Cdn\$12.1 million of Distributable Cash, an excess of 18% or Cdn\$1.85 million, resulting in an effective payout ratio for the three months ended March 31, 2006 of 84.7% and a rolling payout ratio of 83.4% since the IPO in August of 2005
- Board of Directors approved a 4.55% distribution increase, beginning with the distribution to be declared for May 2006, equivalent to Cdn\$0.05 per Common Share per year, bringing the annual distribution to Cdn\$1.15 per EIS.

“These results reflect strong performance in general, and significant improvements by Mittal Steel (Mittal) at the mills we serve” said Thomas R. Casten, CEO of the Company’s Manager. “Operational changes made by Mittal at their largest blast furnace have increased iron production and improved Harbor Coal results. In addition, the spread between the cost of coal supplied by Harbor Coal and the prices of the fuels that coal replaces has widened in the quarter. These changes underpin PERC’s strong first quarter cash flows.”

A. Michel Lavigne, Chairman of the Board of Directors stated “After considering PERC’s growing liquidity and the overall improvements made by Mittal at the steel mills we serve, we concluded that PERC should increase its distributions.”

The reported distribution increase represents an additional aggregate annual cash distribution by the Company of Cdn\$1.9 million.

For the first quarter of 2006, the Company earned revenue of \$25.7 million with operating and maintenance expenses of \$8.7 million. Included in the maintenance expenses is the successful completion of a planned 14-day steam turbine outage at Cokenergy which came in under budget. Outages of this type are typically undertaken every 7 to 10 years. General and administrative expenses were \$3.7 million and include an accrual for the management incentive fee associated with earning excess distributable cash.

The Company's Projects generated earnings before interest, taxes, depreciation and amortization ("EBITDA" -- see non-GAAP Measures below) of \$13.3 million.

Distributable Cash for the first quarter was \$10.3 million or \$0.28 (Cdn\$ 0.33) per Common and Equivalent Common Share. The Company declared total distributions of \$8.8 million or \$0.24 (Cdn\$ 0.28) per Common and Equivalent Common Share, for a payout ratio of 84.7% for the period.

Summary of Distributable Cash

Three Months ended March 31, 2006	
<i>(US\$ thousands except per share data and as otherwise indicated)</i>	
Distributable Cash	10,335
Hedge Rate (Cdn\$/US\$)	1.1712
Distributable Cash (Cdn\$)	12,104
Distributable Cash (Cdn\$) per Common and Equivalent Common Share	0.33
Distributable Cash Declared (Cdn\$) per Common and Equivalent Common Share	0.28
Excess Distributable Cash Earned (Cdn\$) per Common and Equivalent Common Share	0.05
Payout Ratio	84.7%

As of March 31, 2006, the Company had total liquidity of \$30.8 million of which \$15.8 million was cash and cash equivalents and \$15.0 million was an unused credit facility.

The full financial statements and Management's Discussion and Analysis, are available at www.sedar.com or the Company's website www.primaryenergyrecycling.com.

Annual General Meeting, Conference Call and Webcast

Management will discuss the Company's results to date at their Annual General Meeting on Thursday, May 11, 2006 at 10 am ET at the Le Royal Meridien King Edward Hotel in Toronto. Management will also host a conference call to further discuss the first quarter results at 2:00 pm ET on the same day, Thursday, May 11, 2006. The call can be accessed by calling 416-644-3426 or 1-800-814-4857. A replay of the call will be available until midnight ET on Thursday, May 18, 2006. It can be accessed by calling

416-640-1917 or 1-877-289-8525 and entering the passcode 21185682#. A webcast replay will be available for 90 days by accessing a link through the Investor Information section at www.primaryenergyrecycling.com.

Non-GAAP Measures

Distributable Cash and EBITDA are not recognized measures under U.S. GAAP or Canadian GAAP and do not have standardized meanings prescribed by U.S. GAAP or Canadian GAAP. Therefore, Distributable Cash and EBITDA may not be comparable to similar measures presented by other companies. See the definitions of Distributable Cash and EBITDA in the Company's MD&A for the period August 24, 2005 to December 31, 2005.

Forward-Looking Statements

When used in this news release, the words "anticipate", "expect", "project", "believe", "estimate", "forecast" and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions pertaining, but not limited, to operating performance, regulatory parameters, weather and economic conditions and the factors discussed in the Company's public filings available on SEDAR at www.sedar.com. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect new events or circumstances.

About Primary Energy Recycling Corporation

Primary Energy Recycling Corporation owns a majority interest in Primary Energy Recycling Holdings LLC ("PERH"). PERH, headquartered in Oak Brook, Illinois, indirectly owns and operates four recycled energy projects and a 50 per cent interest in a pulverized coal facility (collectively, the "Projects"). The Projects have a combined electrical generating capacity of 283 megawatts (MW) and a combined steam generating capacity of 1,851Mlbs/hour. PERH creates value for its customers by capturing and recycling waste energy from industrial and electric generation processes and converting it into reliable and economical electricity and thermal energy for its customers' use. For more information, please see www.primaryenergyrecycling.com.

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