

# NEWS



Primary Energy Recycling Corporation

## For Immediate Release

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## PRIMARY ENERGY RECYCLING CORPORATION ANNOUNCES FIRST QUARTER 2007 RESULTS

**Oak Brook, Illinois – April 30, 2007** – Primary Energy Recycling Corporation (TSX: PRI.UN) (the “Company”) today released its financial results for the three months ended March 31, 2007. All amounts are in U.S. dollars unless otherwise indicated.

### Key Points

- Revenue of \$16.7 million and an Operating Loss of \$2.7 million for the quarter.
- Reserve booked for negative inventory adjustment at Harbor Coal while financial performance at Harbor Coal continues to be below expectations, principally because of unfavorable commodity prices and lower production volumes compared to the first quarter of 2006.
- Generated Distributable Cash amounting to \$4.2 million resulting in an effective payout ratio of 216.5% for the quarter and 108.9% since inception.

“The first quarter’s results were negatively impacted by both the reserve taken for the inventory adjustment and otherwise poor performance compared to the first quarter of 2006 at Harbor Coal,” said John Prunkl, President of the Company’s Manager. “Beyond the inventory adjustment, revenue was below expectations as a result of lower levels of blast furnace production and narrow relative price spreads between the coal used and the natural gas and coke displaced.”

For the first quarter of 2007, the Company earned revenue of \$16.7 million, down 35.0% from the first quarter of 2006. This decrease reflects a decline in Energy Service revenue, primarily resulting from decreased revenue at the Company’s Harbor Coal facility of \$8.3 million, which is comprised predominantly of reductions based on volume of \$2.2 million, on pricing of \$3.4 million (which is due to the spread between the cost of coal supplied and the prices of the fuels that coal replaces (coke, natural gas and fuel oil)) and on a reserve against Harbor Coal revenue of \$2.3 million. The amount of this reserve has been determined based on projected consumption at the facility using initial results of physical inventory measurements conducted by Harbor Coal’s joint venture’s site host and customer.

Total operating expenses were \$19.4 million for the quarter. Operating and maintenance expenses were \$6.4 million, down 27.0% from the first quarter of 2006 due to reduced expenditures at Harbor Coal.

First quarter earnings before interest, taxes, depreciation and amortization (“EBITDA” -- see non-GAAP Measures below) was \$7.5 million compared to \$13.3 million in the first quarter of 2006. Distributable Cash was \$4.2 million or \$0.11 (Cdn\$ 0.13) per Common and Equivalent Common Share in the first quarter of 2007. The Company declared total distributions in the first quarter of 2007 of \$9.2 million or \$0.25 (Cdn\$ 0.29) per EIS.

### Summary of Distributable Cash

<i>(US\$ thousands except per share data)</i>	<b>Three Months Ended March 31, 2007</b>	<b>Three Months Ended March 31, 2006</b>
Cash Provided by Operating Activities	5,203	10,469
Cash Interest Expense	4,872	4,746
Changes in Operating Assets and Liabilities	(2,557)	(1,884)
Accretion of Asset Retirement Obligations	(54)	(51)
EBITDA	7,464	13,280
Interest on New Credit Facility	(2,759)	(2,481)
Interest on separate subordinated notes	(464)	(464)
Distributable Cash	4,241	10,335
Hedge Rate (Cdn\$/US\$)	1.1671	1.1712
Distributable Cash (Cdn\$)	4,950	12,104
Distributable Cash (Cdn\$) per Common and Equivalent Common Share	0.13	0.33
Distributable Cash Declared (Cdn\$) per Common and Equivalent Common Share	0.29	0.28
Excess Distributable Cash Earned (Cdn\$) per Common and Equivalent Common Share	(0.15)	0.05
Payout Ratio	216.5%	84.7%

At March 31, 2007, the Company had total liquidity of \$28.6 million of which \$13.6 million was cash and cash equivalents and \$15.0 million was an unused credit facility.

In a press release dated April 25, 2007 the Company announced that an unplanned turbine outage at the North Lake facility could negatively affect second quarter 2007 revenue and expenses by between \$1 million to \$2 million. In addition, a planned turbine outage at the Company’s Portside facility is also scheduled for the second quarter of 2007 and is expected to cost approximately \$0.9 million.

The Company’s interim financial statements for the three months ended March 31, 2007 and Management’s Discussion and Analysis, are available at [www.sedar.com](http://www.sedar.com) or the Company’s website [www.primaryenergyrecycling.com](http://www.primaryenergyrecycling.com).

### **Conference Call and Webcast**

Management will also host a conference call to further discuss the first quarter results on **Monday, April 30, 2007 at 11 a.m. (ET)**. Following management's presentation, there will be a question and answer session. To participate in the conference call, please dial (416) 644-3417 or 1-800-732-6179. A conference call replay will be available until 12 a.m. on May 8, 2007. The replay can be accessed by dialing (416) 640-1917 or 1-877-289-8525 and entering passcode 21227217#. A webcast replay will also be available for 90 days by accessing a link through the Investor Information section at [www.primaryenergyrecycling.com](http://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.

### **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](http://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](http://www.primaryenergyrecycling.com).

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