

NEWS



Primary Energy Recycling Corporation

For Immediate Release

Contact:
V. Michael Alverson
Chief Financial Officer
Primary Energy Ventures
(630) 371-0505
investorinfo@primaryenergy.com

PRIMARY ENERGY RECYCLING CORPORATION ANNOUNCES SECOND QUARTER 2007 RESULTS

Oak Brook, Illinois — July 24, 2007 — Primary Energy Recycling Corporation (TSX: PRI.UN) (the "Company") today released its financial results for the three and six months ended June 30, 2007. All amounts are in U.S. dollars unless otherwise indicated.

Key Points

- Revenue of \$17.9 million and Operating Loss of \$3.0 million for the quarter
- Financial performance at Harbor Coal facility negatively affected by the final reconciliation of the previously announced inventory adjustments
- Unplanned turbine outage at North Lake facility completed in 36 days
- Generated Distributable Cash of \$3.9 million and declared distributions of \$7.3 million for the quarter

"In general, our facilities performed well in the second quarter of 2007. The unplanned North Lake turbine outage was completed in 36 days, but the corresponding lost revenue and increased maintenance expenses reduced financial results. Harbor Coal's operations were in line with budget expectations. The finalization of the first quarter inventory adjustment reserve subtracted from these results. As we work to overcome these current difficulties, shareholders can be assured that we remain focused on delivering long-term value," said John Prunkl, President of the Company's Manager.

For the second quarter of 2007, the Company earned revenue of \$17.9 million, a decrease of 18.2% from the second quarter of 2006. This decrease reflects a decline in Energy Service revenue, primarily due to decreased revenue at the Company's Harbor Coal facility of \$3.1 million. This decrease is primarily associated with the final reconciliation of the previously recorded reserve for negative inventory adjustments, which totaled \$3.0 million, as well as reduced revenue based on volume of \$1.9 million. This was partially offset by increased revenue based on pricing of \$1.0 million, attributed to the spread between the cost of coal supplied and the prices of the fuels replaced by the coal, as well as efficiency adjustments of \$0.8 million. For the six months ended June 30, 2007, the Company earned revenue of \$34.6 million, a decrease of 27.3% from same period last year.

Total operating and maintenance expenses for the quarter were \$8.2 million, down 5.5% from the second quarter of 2006, mainly due to reduced expenditures at Harbor Coal. For the six-month period, operating and maintenance expenses were \$14.6 million, a decrease of 16.3% from the six month period last year. General and administrative expenses were \$2.5 million for the quarter compared to \$1.1 million in the same period last year which was favorably impacted by a property tax settlement of \$1.8 million. For the six-month period, general and administrative expenses were \$5.4 million compared to \$4.8 million in the same period last year.

Second quarter earnings before interest, taxes, depreciation and amortization ("EBITDA" --see non-GAAP Measures below) were \$7.1 million compared to \$12.1 million in the second quarter of 2006, mainly due to the net effect of the items discussed above. EBITDA for the six-month period was \$14.6 million compared to \$25.3 million in the same period last year which was higher than expected due to favorable commodity pricing, particularly natural gas.

Operational difficulties associated with the Harbor Coal facility and the unplanned outage at the North Lake facility significantly impacted cash flow in the second quarter, resulting in distributions in excess of cash generated through operating activities. Distributable Cash for the second quarter was \$3.9 million or \$0.10 (Cdn\$ 0.12) per EIS. The monthly distribution was reduced to Cdn \$0.06667 per enhanced income security ("EIS") beginning with the distribution declared on May 18, 2007 and paid June 29, 2007. Total distributions declared in the second quarter were \$7.3 million or \$0.20(Cdn\$ 0.23) per EIS.

As a result of low performance in the first and second quarters, and to help avoid interruptions to distributions, the Company sought and received an amendment to its Credit Agreement that allows for near-term covenant modification.

Summary of Distributable Cash

<i>(US\$ thousands except per share data and as otherwise indicated)</i>	Three Months Ended June 30, 2007	Six Months Ended June 30, 2007
Cash Provided by Operating Activities	4,296	9,499
Cash Interest Expense	5,360	10,232
Changes in Operating Assets and Liabilities	(2,457)	(5,014)
Accretion of Asset Retirement Obligations	(54)	(108)
EBITDA	7,145	14,609
Interest on New Credit Facility	2,786	5,544
Interest on separate subordinated notes	464	928
Distributable Cash	3,895	8,137
Hedge Rate (Cdn\$/US\$)	1.1712	1.1689
Distributable Cash (Cdn\$)	4,562	9,511
Distributable Cash (Cdn\$) per Common and Equivalent Common Share	0.12	0.26
Distributable Cash Declared (Cdn\$) per Common and Equivalent Common Share	.23	.52
Excess (shortfall) Distributable Cash Earned (Cdn\$) per Common and Equivalent Common Share	(0.11)	(0.26)
Payout Ratio	187.39%	202.53%

At June 30, 2007, the Company had total liquidity of \$26.3 million of which \$11.3 million was cash and cash equivalents and \$15.0 million was an unused credit facility.

The Company's interim financial statements for the three and six months ended June 30, 2007 and Management's Discussion and Analysis, are available at www.sedar.com or the Company's website www.primaryenergyrecycling.com.

Conference Call and Webcast

Management will also host a conference call to further discuss the first quarter results on **Tuesday, July 24, 2007 at 10 a.m. (ET)**. Following management's presentation, there will be a question and answer session. To participate in the conference call, please dial **416-644-3416** or **1-800-732-9303**. A conference call replay will be available until 12 a.m. on July 31, 2007. The replay can be accessed by dialing 416-640-1917 or 1-877-289-8525 and entering passcode 21238019#. A webcast replay will also 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.

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 and a combined steam generating capacity of 1.8 MMlbs/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.

###