

NEWS



Primary Energy Recycling Corporation

[For Immediate Release]

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Primary Energy Recycling Corporation Announces that Underwriters Exercise Over-Allotment Option

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Oak Brook, Illinois, September 27, 2005 – Primary Energy Recycling Corporation (TSX: PRI.UN) announced today that the Underwriters have exercised their option to acquire an additional 2,500,000 EISs. The Underwriters, a syndicate led by RBC Capital Markets, which also included CIBC World Markets, Scotia Capital, BMO Nesbitt Burns, TD Securities and HSBC Securities, were granted the over-allotment option in connection with the initial public offering of Primary Energy Recycling Corporation. The over-allotment option was exercisable for a period of 30 days from the date of closing of the initial public offering.

The Issuer has realized total gross proceeds of C\$310,000,000 including the initial public offering of 28,500,000 enhanced income securities (“EISs”) plus the over-allotment of the additional 2,500,000 at a price of C\$10.00 per EIS.

With the exercise of the over-allotment option, Primary Energy Recycling Corporation holds an 83.2% economic interest in Primary Energy Recycling Holdings LLC, which owns 100% of four recycled energy projects and 50% of a fifth project, all serving Indiana steel mills. Three of the projects utilize waste heat and blast furnace gas that would otherwise be flared, the fourth processes coal to displace natural gas, and the fifth generates power with natural gas but then recycles all of the normally wasted heat

for process use. The projects have a combined capacity to generate 283 MW of electricity and over 1,800,000 pounds per hour of steam or hot water equivalent.

The first monthly distribution will be paid on or before October 31, 2005 for the period from August 24, 2005 to September 30, 2005. The initial cash distribution is expected to represent an annualized distribution of C\$1.10 per EIS representing a yield of 11.0% at a price of C\$10.00 per EIS.

When used in this news release, the words "anticipate", "expect", "project", "believe", "estimate", "forecast" and similar expressions are intended to identify forward-looking statements, which include statements relating to pending and proposed projects. Such statements are subject to certain risks, uncertainties and assumptions pertaining to operating performance, regulatory parameters, weather and economic conditions and, in the case of pending and proposed projects, risks relating to design and construction, regulatory processes, obtaining financing and performance of other parties, including partners, contractors and suppliers.

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