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For Immediate Release

Park Falls, WI, July 14, 2008 -- Flambeau River BioFuels is pleased to announce that it has received approval of its \$30 million grant request from the U.S. Department of Energy to construct and operate a first-in-class biorefinery at an existing pulp and paper mill in Park Falls, Wisconsin. The final award value will be subject to final negotiation with the Department of Energy. When in full operation, the biorefinery will produce at least 6 million gallons of liquid fuels per year in the form of renewable sulfur-free diesel. The biorefinery will not be dependent on any food-based feedstock materials, but rather on by-products or residuals from forest and agricultural sources. The biorefinery will also generate at least 1 trillion BTUs per year of process heat that will be sold to Flambeau River Papers, which will make it the first integrated pulp and paper mill in North America to be fossil fuel free.

“This grant supports Flambeau River BioFuels’ goal to be a major contributor in achieving the Federal government’s goal of increasing renewable fuels production and reducing our nation’s dependence on Mideast oil,” said Bob Byrne, President, Flambeau River BioFuels. “With this funding, we will be able to accelerate the retrofitting of this mill from a pure pulp and paper plant to a broader production facility that will produce biofuels within the same facility, thus sharing key infrastructure elements and costs.”

The Flambeau River BioFuels biorefinery will employ two commercially proven technologies to produce clean renewable energy and biofuels. It will gasify biomass resources, such as forest residuals and agricultural wastes, into a high-quality synthesis gas, which will then be catalyzed by the well-established Fischer-Tropsch (F-T) process to generate renewable transportation fuels (sulfur-free biodiesel).

“As you can imagine, we are very pleased that our technology approach has been recognized by the Department of Energy as a viable way to produce biofuel from forest residuals – one of the most abundant renewable resources in the U.S.” said William “Butch” Johnson, whose company Johnson Timber is both a project partner and a supplier to the biorefinery. “Since day one, our project has received strong support from Governor Doyle, Chairman Obey and Senator Kohl and we wish to thank them for all their efforts. Once operational, the biorefinery will serve to validate the technology while creating a compelling new model for the pulp and paper industry that can be proliferated throughout the U.S.”

“A clean energy future depends on combining Wisconsin ingenuity with our state’s resources, and I want to congratulate Flambeau River BioFuels for leading the way,” Governor Jim Doyle said. “Their proposed biorefinery shows us all that we can have an energy future that creates jobs, protects our environment and relies less on Mideast oil and more on Midwest know-how.”

The Flambeau River BioFuels biorefinery will create permanent, high-skilled operating jobs in the region, long-term logging jobs, and short-term, engineering and construction jobs, thus contributing to the economic stimulus of Park Falls, Wisconsin. The biorefinery is expected to be in operation in 2010.

The project team leading this endeavor is comprised of premiere engineers and scientists with demonstrated successes in implementing new technologies. It will also be supported by the expertise of university and government laboratories.

Flambeau River Biofuels received this grant through their partnerships with: ANL Consultants, Auburn University, Brigham Young University, Citigroup Global Markets, CleanTech Partners, Emerging Fuels Technology, Flambeau River Papers, Johnson Timber, National Renewable Energy Lab, Michigan Technological University, NC State University, Oak Ridge National Laboratory, ThermoChem Recovery International, University of Wisconsin, and the USDA Forest Products Laboratory.

“This grant will help meet our government’s goals of creating new jobs, stimulating remote areas, re-positioning traditional industries for a new world era, and, most importantly, producing clean fuels from renewable resources abundantly found in the U.S.”, said Bob Byrne. “We are proud to be a part of this important initiative by taking a leading position in the advancement of bioenergy technologies and the development of cellulosic biofuels.”

For all questions related to the business operation of Flambeau River BioFuels, please contact Mr. Bill Johnson at 1-715-558-1630.

For all questions related to the technologies deployed by Flambeau River BioFuels, please contact Mr. Bob Byrne at 1-715-661-0235.

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