



Primary Energy Recycling to be Acquired by a Consortium led by Fortistar LLC for US\$5.40 (estimated C\$6.07 equivalent) per Share in Cash

-Primary Energy's Board of Directors Unanimously Recommends Transaction-

Oak Brook, Illinois, October 20, 2014, – Primary Energy Recycling Corporation (TSX: PRI) (“Primary Energy” or the “Company”), a clean energy company that generates revenue from capturing and recycling recoverable heat and byproduct fuels from industrial processes, and Fortistar LLC (“Fortistar”), today announced that the Company has entered into an agreement (the “Arrangement Agreement”) with a newly-formed company (the “Purchaser”) owned by a consortium led by Fortistar, under which the Purchaser will acquire all of the outstanding common shares of Primary Energy (the “Common Shares”) for cash at a price of US\$5.40 per Common Share.

The cash price will be paid in U.S. dollars at closing, and is equivalent to approximately C\$6.07 per Common Share (based on the daily noon exchange rate of the Bank of Canada on October 17, 2014). This price represents a premium of approximately 29% to the closing price of the Common Shares on the TSX on October 17, 2014.

The transaction will be carried out by way of a statutory Plan of Arrangement. The transaction will be financed through a US\$215 million senior credit facility arranged by Investec USA Holdings Corp., with the balance through equity commitments from Fortistar and its partners, including John Hancock Life Insurance Company (U.S.A.) and Prudential Capital Group.

Following completion of the transaction, the Common Shares will be de-listed from the TSX and no longer traded publicly.

Speaking on behalf of the Board of Directors, Chairman Robert A. Peiser said, “Through a broad and thorough process, the Company and its financial advisor, Moelis & Company LLC, contacted a large number of potential purchasers and reviewed a number of other alternatives to enhance shareholder value. This transaction with Fortistar, which is the culmination of this extensive review of strategic alternatives, provides clear and compelling value to our shareholders, while providing the same level of service that is now offered to our customers. On behalf of the Board, I would like to take this opportunity to thank our shareholders and customers for their support throughout the years.”

Mark Comora, President of Fortistar, said, “We believe energy recycling is an important component of providing affordable, reliable and renewable energy to industrial America in general, and the steel industry in particular. We look forward to working with the existing

management team, led by John Prunkl, to continue to deliver excellent service to the Company's host steel mills. I would like to thank our equity partners and lenders for their continued support."

Unanimous Approval of the Board

The Arrangement Agreement, entered into by the Company and the Purchaser in connection with the transaction, has been approved unanimously by the Board of Directors. In so doing, the Board of Directors determined that the transaction is in the best interests of the Company and recommends that holders of Common Shares (the "Shareholders") vote in favour of the transaction at the upcoming special meeting of Shareholders. It is anticipated that this special meeting will be held before the end of the calendar year.

Moelis & Company LLC, financial advisor to the Board of Directors, has provided an opinion to the Board of Directors that, as of October 19, 2014, and subject to the assumptions and limitations upon which the opinion is based, the consideration to be received by Shareholders in the transaction is fair, from a financial point of view, to the Shareholders. The Moelis opinion did not consider the fairness of the transaction to certain of the Shareholders and their respective affiliates who entered into lock-up agreements with the Purchaser. The opinion will be included in the management information circular that will be mailed to Shareholders. The opinion is solely for the use and benefit of the Board of Directors and may not be relied upon by any other persons.

Shareholder Lock-Up Agreements

All of the directors and senior officers of the Company who own Common Shares, as well as certain of the Shareholders (who collectively hold approximately 44.5% of the Company's outstanding Common Shares) have entered into lock-up agreements pursuant to which, among other things, they have agreed to vote their Common Shares in favour of the transaction.

Details of the Transaction

The transaction will be carried out by way of a statutory Plan of Arrangement under the Business Corporations Act (British Columbia). The implementation of the transaction will be subject to Shareholder approval at the special meeting, including approval by a majority of the votes cast at the special meeting by disinterested Shareholders (which includes the Common Shares held by certain of the Shareholders who entered into lock-up agreements with the Purchaser described above, representing approximately 44.5% of the outstanding Common Shares), in addition to approval by 66 $\frac{2}{3}$ % of the votes cast at the special meeting by all Shareholders.

The transaction is also subject to approval by the Supreme Court of British Columbia, as well as certain customary closing conditions.

In addition, the transaction is subject to the following conditions in favour of the Purchaser, many of which are beyond the control of the Company: (i) subject to certain exclusions, none of the Company's facilities having sustained a failure, a condition in the assets of such facility, damage or be subject to labor unrest that renders such facility unable to achieve production

levels and financial performance, in each case, generally consistent with the Company's projected production levels and projected financial performance for that facility; and (ii) none of the Company's host facilities being subject to any outage or interruption for any reason (including force majeure, casualty or strike) that decreases the sale or delivery of coal product, electricity, energy or services to the host facility from the Company's facilities where such decrease has or would have a material negative effect on the Company's projected financial performance for such facility. The Purchaser also has the right to terminate the Arrangement Agreement in certain circumstances, including if the Company incurs specified liabilities as a result of outages, governmental fines and environmental matters. There can be no assurance that all conditions precedent to the transaction will be satisfied or waived, or of the timing of their satisfaction or waiver, or that any of the events giving rise to the Purchaser's termination rights under the Arrangement Agreement will not occur on or prior to closing of the transaction. If the transaction is not completed or is delayed for any reason, among other consequences, the market price for the Common Shares may decline. The terms and conditions of the transaction are detailed in the Arrangement Agreement, the complete text of which will be available on SEDAR at www.sedar.com. Investors are urged to read carefully the full text of the Arrangement Agreement.

The Arrangement Agreement provides for, among other things, a non-solicitation covenant on the part of the Company (subject to customary fiduciary out provisions). The Arrangement Agreement also provides the Purchaser with a right to match potential third party proposals received by the Company. The Company is permitted to terminate the Arrangement Agreement in certain circumstances, including, subject to certain conditions, to allow the Company to accept a superior proposal on the payment to Purchaser of a termination fee of US\$4 million. In addition, the Company is entitled to a reverse break fee from the Purchaser of US\$6.25 million in certain circumstances, including where all conditions to closing have been satisfied and the Purchaser breaches its obligation to pay the consideration.

The terms and conditions of the transaction will be disclosed in more detail in a management information circular that will be mailed to Shareholders as of the record date to be established. It is anticipated that the transaction, if approved by Shareholders and the Supreme Court of British Columbia, will be completed by the end of 2014.

Moelis & Company LLC is acting as financial advisor to the Board of Directors of the Company and Torys LLP is acting as legal counsel to the Company. Credit Suisse is acting as financial advisor to the Purchaser, and Shearman & Sterling LLP and Stikeman Elliott LLP are acting as legal counsel to the Purchaser.

Copies of the Arrangement Agreement, the management information circular for the special meeting and certain related documents will be filed with Canadian securities regulators and will be available on the SEDAR profile of the Company at www.sedar.com. In addition, investors and security holders may obtain free copies of the documents the Company files with Canadian securities regulators by directing a written request to Primary Energy Recycling Corporation, 2215 So. York Road, Suite 202, Oak Brook, Illinois, 60523, Attention: Corporate Secretary.

Investors and security holders of the Company are urged to read the management information circular and the other relevant materials when they become available because such materials will contain important information about the transaction.

Suspension of Future Dividends

In accordance with the terms of the Arrangement Agreement, the Board of Directors has determined that the declaration and payment of all future dividends on the Common Shares will be suspended pending completion of the transaction.

About Primary Energy Recycling Corporation

Primary Energy Recycling Corporation, headquartered in Oak Brook, Illinois, owns and operates four recycled energy projects and a 50 percent interest in a pulverized coal facility (collectively, the “Projects”). The Projects have a combined electrical generating capacity of 298 megawatts and a combined steam generating capacity of 1.8M lbs/hour. Primary Energy Recycling Corporation 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 resale back to its customers. For more information, please see www.primaryenergy.com.

About Fortistar

Fortistar, headquartered in White Plains, New York, has a 30 year history of investing in and managing power assets. From its inception, Fortistar has focused on cogeneration facilities and renewables. Fortistar currently has ownership stakes in over 40 projects in North America, including 265 MW of cogeneration and 400 MW of renewable facilities. Fortistar has a strong record of operational excellence and demonstrated capability of enhancing output and improving efficiency at its other facilities. Most recently, through its TruStar Energy affiliate, Fortistar has become a leading provider of compressed natural gas infrastructure in the United States. For more information, please see www.fortistar.com.

Forward-looking statements

This press release contains “forward-looking information” or “forward-looking statements” within the meaning of applicable Canadian securities laws, including statements regarding the expected timing and completion of the transaction, the preparation, delivery and availability of a management information circular and other relevant materials in connection with the transaction, and the holding of the special meeting, which forward-looking statements may use forward-looking terminology such as “may”, “will”, “expect”, “anticipate”, “believe”, “continue”, “potential”, or the negative thereof or other variations thereof or comparable terminology. Such statements are subject to certain risks, uncertainties and assumptions pertaining, but not limited, to the fact that the expected completion of the transaction is subject to closing conditions and termination rights in favour of the Purchaser, many of which are beyond the Company’s control, the Purchaser’s inability to complete the anticipated financing as contemplated by applicable commitment letters prior to the contractually required time for closing of the transaction or otherwise secure favourable terms for such financing, required Shareholder approval and necessary court approvals, the satisfaction or waiver of certain other

conditions contemplated by the Arrangement Agreement, disruptions resulting from the transaction making it more difficult to maintain business relationships, and changes in applicable laws or regulations, which could cause actual results to differ materially from future results expressed, projected or implied by the forward-looking statements.

As a result of these risks and uncertainties, the transaction could be modified, restructured or may not be completed, and the results or events predicted in these forward-looking statements may differ materially from actual results or events. 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, except as required by applicable securities laws.

For more information please contact:

Chief Commercial Officer
Christopher Fanella
630.560.4227

investorinfo@primaryenergy.com

Media and Investor Relations

Adam Peeler

416.815.0700 ext. 225

apeceler@tmxequicom.com