



NEWS RELEASE

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New England Wood Pellet and Zilkha Biomass Energy Announce Agreement on High Tech Wood-Fired Energy Cogeneration Unit

Jaffrey, NH and Houston, TX -- New England Wood Pellet, LLC (NEWP) and Zilkha Biomass Energy LLC (Zilkha) announced today they have executed definitive agreements whereby Zilkha will build, own and operate a 1.5 megawatt (MW) renewable energy cogeneration facility at the Jaffrey, New Hampshire location of NEWP. The cogeneration unit will be fueled with wood chips supplied by NEWP and the electrical and thermal output will be delivered to NEWP under a multi-year contract.

The project represents the first installation of a high efficiency, direct-fired, wood-fueled gas turbine power generation facility in the United States.

"We are excited that New England Wood Pellet will be Zilkha's first commercial installation of its state of the art cogeneration technology that uses wood as its fuel source," said Steve Walker, President and CEO of NEWP. "Our company is dedicated to advancing high efficiency small scale electric power and thermal energy generation using renewable energy resources." The 1.5 MW unit will provide all of NEWP electric power needs and a substantial percentage of the heat it uses to dry wood toward the manufacturing of 100,000 tons per year of clean burning wood pellet fuel.

"NEWP is the perfect customer for the Zilkha build-own-operate business model," said Joe Romano, Chief Executive Officer of Zilkha. "NEWP is purchasing power from the grid and we are able to save them significant amounts by installing a Zilkha unit at their site without NEWP having to invest in or maintain cogeneration equipment," said Mr. Romano. Zilkha expects the installation to be fully operational in 2007.

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The Zilkha Biomass Unit generates electrical and thermal energy by burning solid biomass in a patented pressurized combustor which powers a gas combustion turbine. By not relying on gasification or conventional boiler technology, the energy efficiency of the Zilkha Biomass Unit is superior to other cogeneration alternatives, and provides environmental benefits through cleaner air emissions and reduced reliance on non-renewable fossil fuels.

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Founded in 1992, **New England Wood Pellet LLC** is the largest manufacturer of wood pellet fuel in the northeastern U.S. The company has an ambitious growth plan that includes construction of a new manufacturing plant in New York State. For more information, go to www.pelletheat.com.

Zilkha Biomass Energy LLC, a Houston, Texas company, owns a proprietary cogeneration technology that uses solid renewable fuel to power a gas combustion turbine. Zilkha is focused on the wood products industry to deploy its build-own-operate business model to reduce energy costs for its customers while promoting the use of renewable energy technology. For more information, visit the Zilkha website at www.zilkhabiomass.com.