



NEWS RELEASE – For immediate release

**KRUGER PRODUCTS TO CONVERT BRITISH COLUMBIA
PAPER MILL OPERATIONS TO GREEN TECHNOLOGY**

New, first-in-Canada gasification system to reduce carbon footprint by 22,000 tonnes.
The equivalent of removing nearly 5,500 cars from Canadian roads.

New Westminster (British Columbia), November 19, 2008 – Kruger Products, Canada’s leading manufacturer and distributor of bathroom and facial tissue and paper towel products for consumer and commercial use, announced today that it will reduce the carbon footprint at its New Westminster, B.C. paper mill by more than 22,000 tonnes CO₂(e) per year. Kruger Products will also reduce its use of natural gas at this facility by about 445,000 gigajoules (GJs) per year, equivalent to the amount of natural gas used to heat roughly 3,500 homes in Canada for a year.

The carbon footprint reduction, part of Kruger Products’ continuing effort to utilize “green” processing technology, will result from implementing a new biomass gasification system from Nexterra Energy Corp., a B.C. based gasification development company. This first-in-Canada implementation will allow Kruger to reduce its greenhouse gas emissions by approximately 22,000 tonnes CO₂(e) per year — equivalent to planting 3 million trees each year. Products manufactured at the New Westminster mill include Purex Bathroom Tissue, Western Canada’s best selling bathroom tissue, and Scotties Facial Tissue, Canada’s market leader.

This project is part of a long list of environmental programs Kruger Products has initiated, including its recent introduction of EnviroCare, Canada’s first line of premium quality paper products made from 100 per cent recycled fibre. The EnviroCare brand includes SpongeTowels, Cashmere Bathroom Tissue and Purex Bathroom Tissue.

“Kruger Products has taken a leadership role incorporating green technology in our business practices for 20 years,” says Mario Gosselin, COO of Kruger Products. “Today, we’re at the forefront. Our goal is to be North America’s foremost provider of quality tissue products that embrace a commitment to sustainability for future generations. Our new biomass gasification system brings us closer to achieving our goal,” he says.

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Kruger Mill A New Westminster Landmark

“The Kruger Mill has been a landmark in the community of New Westminster for many years,” says Ida Chong, B.C. Minister of Technology, Trade and Economic Development. “Kruger Products’ commitment to the environment is clearly demonstrated by its new gasification system, which is a perfect example of a world-class, home-grown, clean technology that will play a key role in building a vibrant and prosperous green economy in B.C.

“Kruger Products, FPInnovations, Ethanol BC, and the federal and provincial governments have been tremendous partners in this project, and we look forward to completing the plant later next year,” said Nexterra’s president and CEO Jonathan Rhone. “Kruger’s new gasification system at the New Westminster mill is a significant demonstration of the company’s commitment to the environment and the sustainability of the community in which they operate.”

Kruger’s ongoing commitment to the environment:

- Kruger Products’ EnviroCare is Canada’s first line of premium quality paper products made from 100 per cent recycled fibre. It features environmentally responsible packaging and a larger roll format that uses less packaging per sheet compared to smaller rolls.
- Kruger Products has achieved EcoLogo Certification for its 100 per cent recycled fibre products. EcoLogo is North America’s most widely recognized and respected assurance of environmental leadership.
- Kruger Inc. was the first North American company to manufacture 100 per cent recycled paperboard in 1961.
- Kruger Inc. recycles more than 700,000 tons of paper and paperboard each year, making it one of North America’s leading recyclers.
- Kruger Inc. has created Kruger Energy, a business unit dedicated to developing energy projects that promote the optimal and respectful use of natural resources, leveraging hydroelectric, wind power, biomass cogeneration and biogas energy plants.

Kruger, Nexterra and FPInnovations have formed a consortium to build the new system, the first commercial demonstration of Nexterra’s direct fired gasification solution. The project has received support from Natural Resources Canada (NRCan), Western Economic Diversification (WED) Canada, the British Columbia Innovative Clean Energy (ICE) Fund and Ethanol BC.

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About Kruger Products and Kruger Inc.

Kruger Products, a wholly owned subsidiary of Kruger Inc., is Canada's leading tissue manufacturer. It serves the Canadian consumer market with such well-known brands as Cashmere, Canada's best-selling bathroom tissue; Purex, SpongeTowels, Scotties and White Swan; as well as away from home products for industrial and commercial use across Canada.

Founded in 1904, Kruger Inc. is a major producer of publication papers, tissue, lumber and other wood products, corrugated cartons from recycled fibers, green and renewable energy and wines and spirits. The Company is also a leader in paper and paperboard recycling in North America. Kruger operates facilities in Quebec, Ontario, Alberta, British Columbia, Newfoundland and Labrador, in the United States and the United Kingdom and has 9,000 employees.

- 30 -

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