

PRESS RELEASE

UMOE postpones Miramichi solar project

Umoe has decided to postpone construction of its project for making polysilicon in Miramichi, New Brunswick. Capital costs have become too high in a world with an appreciating Canadian dollar, international finance crises, and increased uncertainty on potential international sales of renewable energy, particularly solar. Umoe will continue developing the site in Miramichi, as well as its forestry and lumber activities in New Brunswick. The cooperation with the government of New Brunswick has been excellent, and Umoe looks forward to extending that into the future.

Umoe's CEO Jens Ulltveit-Moe comments: "The postponement is a serious disappointment, but I am still very pleased with the cooperation with the government of New Brunswick, and will continue developing our diverse activities in Miramichi and our forestry operations in New Brunswick."

The capital cost of the project has become too high given that the Canadian dollar has appreciated by 20% during the project period, Canadian construction costs are higher than other countries in the world, energy costs are higher in New Brunswick than other jurisdictions, and the finance crisis has not resulted in significant reduction in capital costs. All this has happened while the price of solar panels has dropped sharply, so that the economics of the project no longer make sense.

The Miramichi site remains an attractive option, with its available infrastructure and skilled workforce, and the overall business conditions in New Brunswick. Umoe would hope to implement the project at a future point in time should economic conditions improve sufficiently.

This decision comes at the end of an intensive period of studies and project development by two competing engineering groups. Project development costs to date exceeds CAD 10 mill, and the project is now comprehensively developed, and can be restarted at a future point. The winner of the two proposals was Shaw Group in combination with the Canadian construction company Aecon, and Umoe will maintain a future relationship with this group.

The government of New Brunswick has been very supportive of this project for nearly two years, and contributed greatly to Umoe's interest in investing in the Province, particularly through its comprehensive plan to lower taxes; both in the site in Miramichi, and in a considerable forestry operation. Umoe will continue with the development of the forestry business where already important investments have been made, and will work closely with the Government to explore

alternative options for the Miramichi site, possibly in connection with second generation bio fuel, or further development of the forestry industry. Umoe will also continue its development with solar research in New Brunswick, by financing one research position at the University of New Brunswick in Fredericton.

Umoe appreciates the hard work and dedication of all the people working on the project, and regrets that the current economic climate does not allow the project to be implemented.

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