

PRESS RELEASE – For immediate release

**KRUGER ENERGY TO START CONSTRUCTION
OF A WIND FARM IN MONTRÉGIE**

Montréal, QC, July 12, 2011 – Kruger Energy Inc. today announced that its affiliated company Kruger Energy Montérégie L.P. (KEMONT) will begin construction of a wind farm in Montérégie this August. The announcement was made during a press conference held at the Saint-Isidore Town Hall and attended by Pierre Moreau, Minister responsible for Canadian Intergovernmental Affairs and MNA for Châteauguay. The wind farm is slated to go on line in December 2012.

“We are very pleased to start the construction phase of this project which has required several years of hard work and benefitted from the collaboration of numerous stakeholders, including municipalities, government authorities, owners of land on which the wind turbines will be erected, and residents who turned out in large numbers to take part in our public meetings,” said Jean Roy, Vice President and General Manager of Kruger Energy.

With a capacity of 100 MW, KEMONT’s project will include 44 wind turbines erected in five Montérégie municipalities: Mercier, Saint-Constant, Saint-Isidore, Saint-Michel and Saint-Rémi. The renewable energy generated by the wind farm– enough to power the equivalent of some 10,000 homes heated by electricity – will be sold to Hydro-Québec Distribution under a twenty-year contract.

The Company will be holding public information meetings beginning on July 18, in order to inform local residents of the project’s various stages. The meeting schedule will be published in the local newspapers. Construction will involve building 35 kilometres of access roads and wind turbine foundations, installing a collector network, building an electrical substation, erecting the wind turbines and connecting the project to Hydro-Québec’s network.

Kruger Energy Inc. drew on several partners to carry out this project: wind turbine manufacturer Enercon, general contracting firm Black & McDonald, detail engineering firm S.M. Group International, and civil contracting firm L.A. Hébert. In addition, Montérégie companies that wish to offer goods and services during this project are invited to join the supplier registry by completing the form at www.projeteolienmonteregie.com.

KEMONT’s project represents a \$300-million investment that will have significant direct and indirect economic benefits for the region, such as the creation of 75 jobs during the 18-month construction phase, as well as the creation of 8 to 10 permanent jobs during the operating phase.

About Kruger Energy

Kruger Energy is a business unit of Kruger Inc. that specializes in the development and management of green and renewable energy power plants. Kruger and Kruger Energy own and operate over 30 production sites, ranging from hydroelectric and wind power plants to biomass cogeneration and biogas plants, and whose total installed capacity is approximately 425 MW.

About Kruger

Founded in 1904, Kruger Inc. is a major producer of publication papers, tissue, lumber and other wood products, corrugated cartons from recycled fibres, 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, British Columbia, Newfoundland and Labrador and the United States.

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