

**Primary
Energy®**



Investor Presentation Winter 2011/2012



**Primary
Energy®**

Forward-Looking Statement

Forward-Looking Statements

When used in this presentation, the words “anticipate”, “expect”, “project”, “believe”, “estimate”, “forecast” and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions pertaining, but not limited, to operating performance, regulatory parameters, and weather and economic conditions and the factors discussed in the Company’s public filings available on SEDAR at www.sedar.com. These forward-looking statements are made as of the date hereof and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as required by applicable securities laws.

Adjusted EBITDA Definition

As used herein Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, and amortization and certain one time adjustments including major maintenance/outage work expenses, G&A adjustments. Adjusted EBITDA is not a recognized measure under U.S. GAAP or Canadian GAAP and does not have standardized meanings prescribed by U.S. GAAP or Canadian GAAP. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other companies.

Free Cash Flow Definition

References to “Free Cash Flow” are to cash provided by operating activities as adjusted for capital expenditures.

All dollar amounts in thousands of U.S. dollars except per share amounts.



What Is The Best Way To Meet Supply?

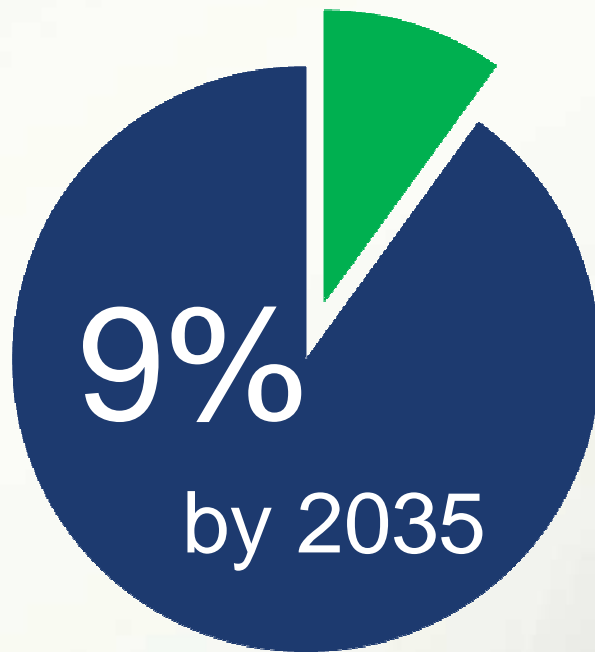


Energy demand is constantly growing while supply is becoming more uncertain.



Part Of The Solution...But We Need Others

Solar, wind and biomass
total net U.S. generation



Source: U.S. Department of Energy



That Can't Be Right.....Can It?



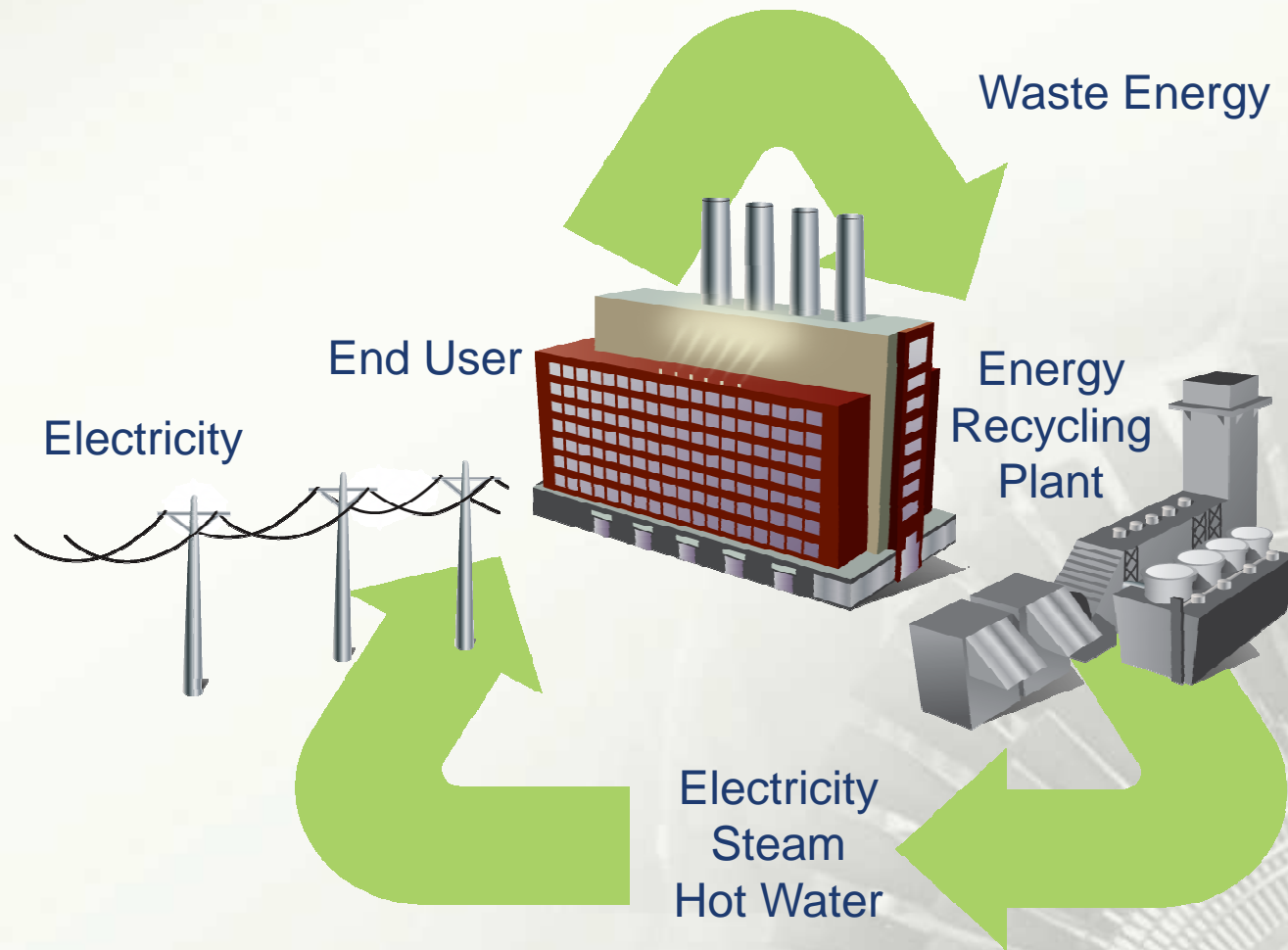
87% of all energy produced is wasted.

How About We Use Resources Efficiently?

Greater efficiency is the
ultimate alternative energy.



Zero Emissions & Low Cost

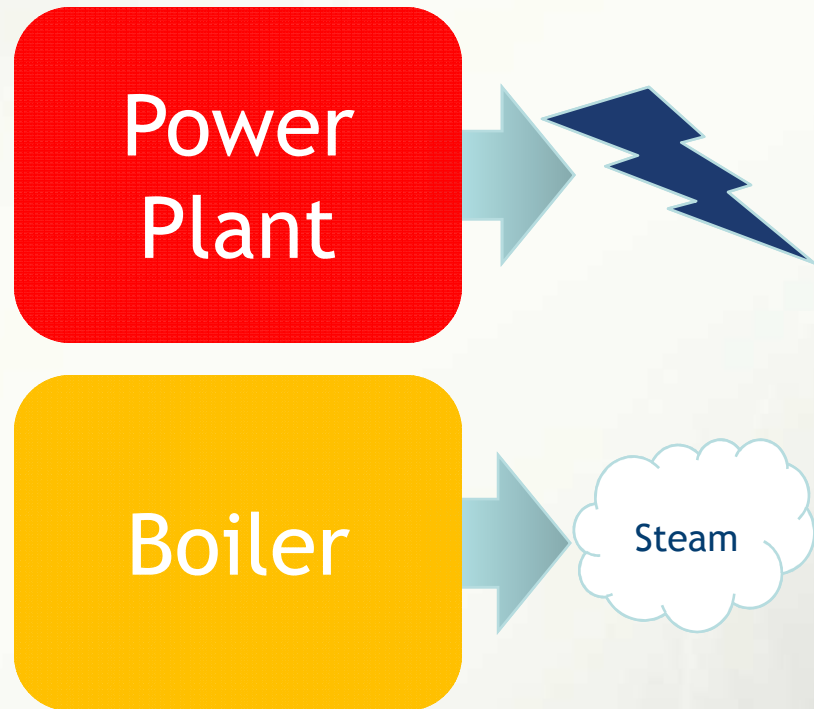


**Operates
24/7/365**



2 x the Work = Less Cost & Half Emissions

Traditional Systems



45% efficiency

Source: DOE

Combined Heat and Power

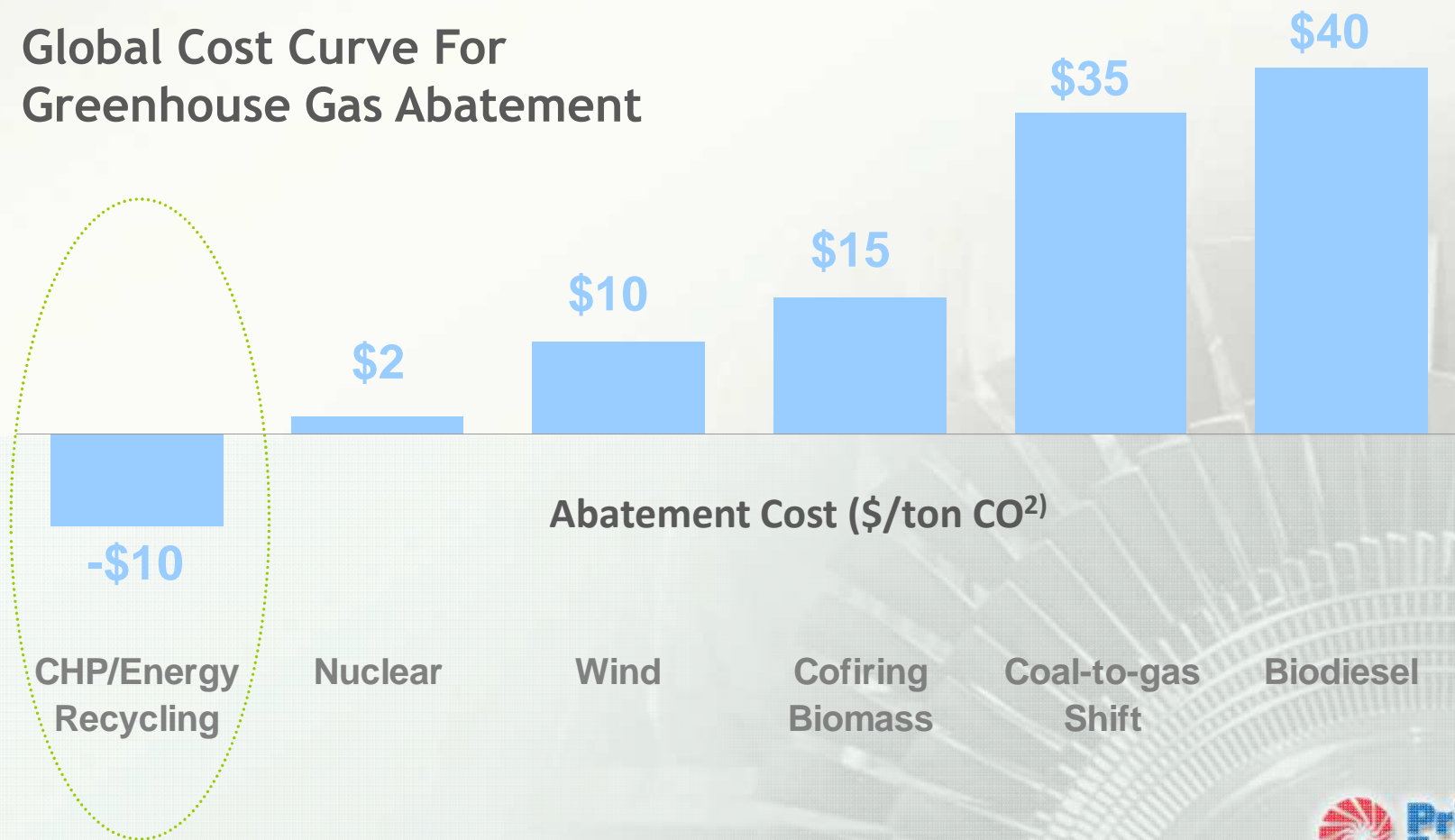


80% efficiency



Hard to Monetize Today...Tomorrow?

Global Cost Curve For Greenhouse Gas Abatement



Source: The McKinsey Quarterly

Company Facilities



IRONSIDE

East Chicago, IN
ELECTRIC CAPACITY
50 MW
STEAM CAPACITY
460 Mlbs/hr



COKENERGY

East Chicago, IN
ELECTRIC CAPACITY
95 MW
STEAM CAPACITY
896 Mlbs/hr



NORTH LAKE

East Chicago, IN
ELECTRIC CAPACITY
75 MW
NEW 30 Year Contract



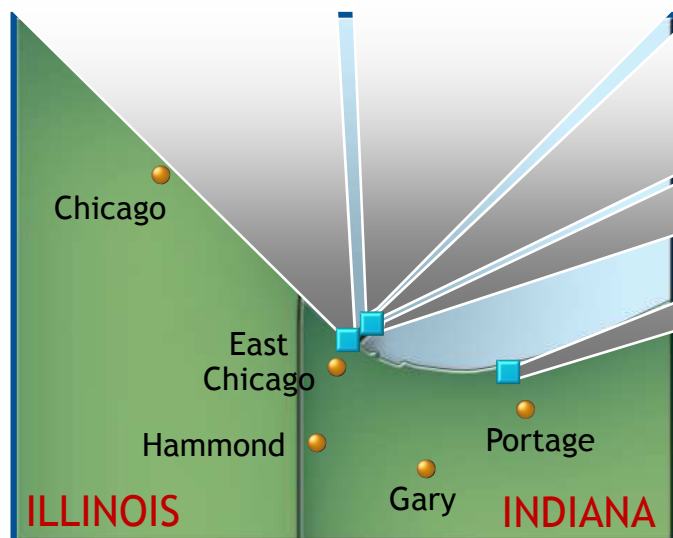
HARBOR COAL

East Chicago, IN
ELECTRIC CAPACITY
110 tons per hour
Pulverized coal for
blast furnaces



PORTSIDE

Portage, IN
ELECTRIC CAPACITY
63 MW
STEAM CAPACITY
495 Mlbs/hr



**PRECLUDED 1.185 M TONS
OF CARBON DIOXIDE**

2010 Financial Results

2010 Revenue

\$61.2 million

2010 revenue represents an increase of 6.6% over 2009 revenue
(Note - Canadian GAAP basis)

2010 Adjusted EBITDA

\$40.2 million

2010 adjusted EBITDA was 7.5% higher than in 2009

Debt

32% reduction

Since the end of 2009, Primary Energy has paid down its senior credit facility by \$33.6 million. At the end of 2010, \$71.4 remained on the facility

Going forward

Results expected to be consistent with 2010

Third Quarter 2011 Financial Results

3Q11 Revenue

\$13.8 million

+8.3% above 3Q10 due primarily to the variable portion of Energy Service revenue

3Q11 Adjusted EBITDA

\$10.1 million

3Q11 adjusted EBITDA was flat compared to 3Q10

Debt

36.3% reduction

\$28.9 million of debt repaid from 3Q10 to 3Q11, resulting in \$50.6 million remaining

Cash

\$6.7 million

Free cash flow generated during 3Q11

\$21.6 million

Cash on-hand

Near term Contract Renewals

North Lake

- Completed May 3 , 2011
- 30 years or longer
- Aligned operational objectives with host
- Upgrade from current 75 MW to 90 MW

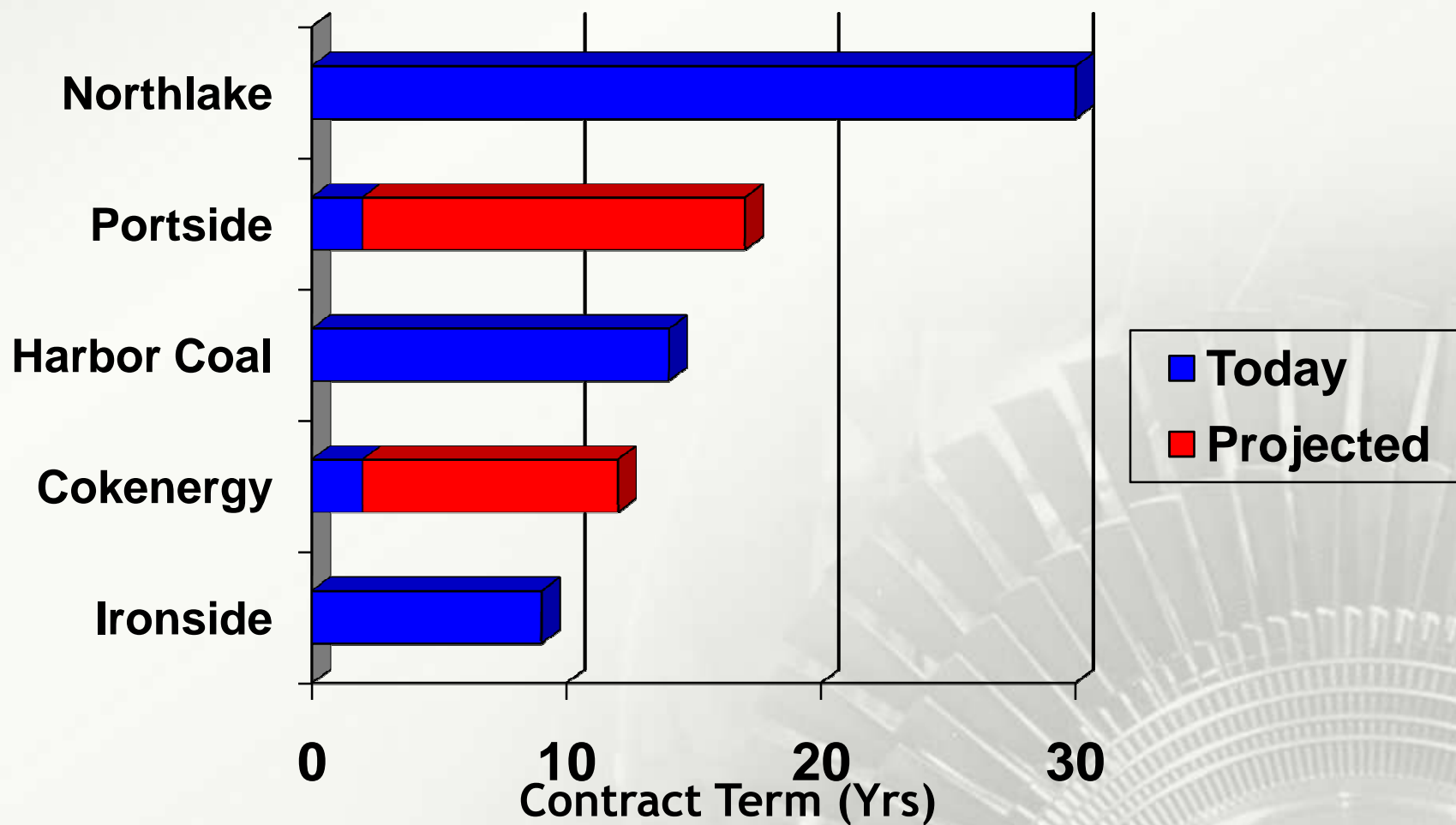
Portside

- Expires in 2013
- Preliminary discussions have begun
- 10-15 year term more likely
- Possible capital upgrade costs

Cokenergy

- Expires in 2013
- Three-party transaction
- 10-15 year term more likely
- Possible capital upgrade costs

Projected Contract Duration - Example



Expected weighted contract life ~ 15+ years



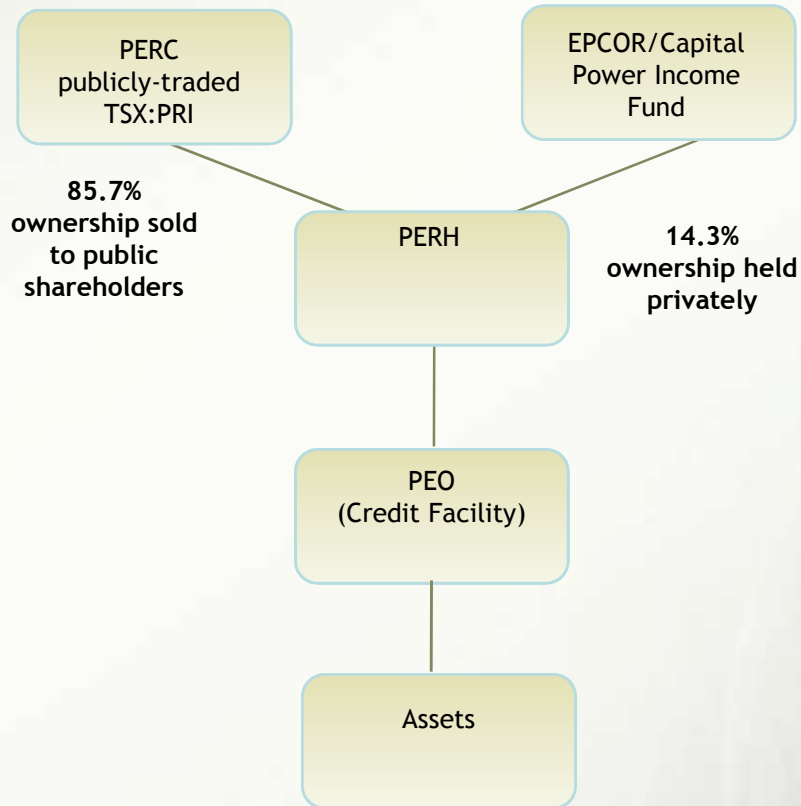
Rapid Deleveraging & Building Equity



■ Outstanding Credit Facility Balance Actual

■ Outstanding Credit Facility Balance Proj.

Primary Energy Structure



Common shares outstanding: *44.7 million*

Recent share price: *\$4.18*

Market cap (CDN): *\$187 million*

Private (share equivalent) *7.46 million*

Cash and cash equivalents (US\$): *\$21.6 million*

Shareholders: *MSD, West Face, Cumberland & Kingstown*



Priorities Are Clear

**Restructure
& Deleverage
2009-2012**

**Extend
contracts
2010-2012**

**Finance &
Buy out
manager
2010-2011**

**Releverage
& Invest
2011-2012**

Stability

**Stability
&
Growth**

Potential Growth Areas

ENERGY RECYCLING OPPORTUNITIES

Primary Energy has historically pursued large-scale energy recycling projects such as those found at steel making plants. However, there are many mid-market energy recycling opportunities at facilities like universities, food processing plants, specialty chemical plants and hospitals where a significant amount of fuel used to generate power is lost as heat.

IN NORTH AMERICA, THERE ARE MORE THAN:

4,000

University and college campuses

10,000

Food processing plants

5,000

Hospitals

4,000

Specialty chemical plants

10,000 MW of Recycled Energy Projects

A photograph of the Chicago skyline, featuring several prominent skyscrapers like the Willis Tower. The image is overlaid with a semi-transparent blue rectangle containing white text. The text reads: "There are enough industrial recycling waste energy opportunities to power Chicago." The background shows a clear blue sky with some white clouds and a body of water in the foreground with a bridge.

There are enough industrial recycling waste energy opportunities to power Chicago.

Management and Board of Directors

John D. Prunkl
*President and Chief
Executive Officer*

V. Michael Alverson
Chief Financial Officer

Joseph Powell
Chief Accounting Officer

David Hermanson
VP Operations

A. Michel Lavigne
Chair of the Board of Directors

Rodney Boulanger

Christopher H. Pickwood

Lorie Waisberg

Don Pether

John D. Prunkl

Doug Graham

Why Invest? Proven, Clean, Today

- ✓ Save our customer's millions of dollars per year with low carbon emissions facilities
- ✓ Stable, predictable cash flows under long-term contracts
- ✓ No fuel price exposure and limited operating expense exposure
- ✓ Very Conservative financing structure, tax shield to 2015
- ✓ World class steel companies and premier host facilities with re-contracting opportunities
- ✓ Proven assets which provide significant high reliability and capacity factors
- ✓ Proven success in re-contractings
- ✓ Priorities are clear, building equity each quarter, value opportunity



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