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For Immediate Release

NORTH WEST UPGRADING FILES FOR REGULATORY APPROVAL

Calgary Company Submits Application to Construct a Heavy Oil Upgrader in Alberta's Industrial Heartland

Calgary, AB, January 31, 2006 – North West Upgrading (North West), a Calgary-based, privately-owned company, today announced it has filed its application to construct and operate its \$4.8 Billion, independent, heavy oil upgrader in Sturgeon County, in Alberta's Industrial Heartland, approximately 45 kilometres northeast of Edmonton. This is an integrated application made jointly to the Alberta Energy and Utilities Board (EUB) and Alberta Environment (AENV).

“By filing for regulatory approval, we take an important step toward making this initiative a reality,” said Robert Pearce, President and CEO of North West Upgrading. “Once we receive approval, North West will play a key role in maximizing the value of Alberta's rapidly increasing bitumen production and help secure the Province's standing on the international stage.”

North West began its Environmental Impact Assessment (EIA) for the Upgrader project in 2004, and received the independent environmental reports required for the application in late 2005. The EIA determined the Upgrader, to be situated on land zoned for heavy industrial use, will have a relatively insignificant environmental effect on its proposed location, and will be beneficial to the economies of the region, as well as the Province as a whole.

North West also undertook an extensive public disclosure and consultation process, including hosting public open houses and participating in public and personal consultations with Heartland-area residents and stakeholders since the public announcement of the Upgrader in February 2005.



“North West has received a great amount of public feedback; most is very supportive of this development,” said Doug Bertsch, Vice President of Regulatory Affairs of North West Upgrading. “We have used this feedback to improve our project design prior to this application and will continue to involve the public throughout the project’s development.”

The Upgrader will be completed in three phases which allows the company to better control capital costs and minimize environmental and socio-economic effects. Each phase has an estimated capital cost of \$1.6 Billion with the total capital cost estimated at \$4.8 Billion. North West anticipates it will receive regulatory approval by early 2007, allowing construction to begin mid 2007 and start up for Phase One in early 2010. All three phases are expected to be operating by 2015.

Once complete, the Upgrader will enhance the economic value of Alberta’s bitumen and heavy oil production. The Upgrader will produce light, low sulphur synthetic crude oil and condensate diluent by processing bitumen on a fee for service or merchant basis. This benefits all bitumen and heavy oil producers, but particularly those with non-integrated production. The Upgrader will have a total processing capacity of 231,000 barrels per day (150,000 barrels per day of crude bitumen) over the three phases.

“The Upgrader will be a significant, long-term contributor to Alberta’s economy and is expected to have an especially positive influence on the economy of Alberta’s Industrial Heartland,” adds Pearce. “The economic structure will facilitate development of Alberta’s oil sands and will help position Canada as one of the world’s leading oil suppliers.”

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About North West Upgrading

North West Upgrading Inc. is a Calgary-based, privately-owned company which is committed to building an independent, heavy oil upgrader in Alberta’s Industrial Heartland. The Upgrader will play a key role in maximizing the value of Alberta’s rapidly increasing bitumen production. Please visit www.northwestupgrading.com for more information.