

# AMERICAN LIGNITE ENERGY

## NEWS RELEASE

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### **North Dakota Coal to Liquids Project Establishes “American Lignite Energy” for Development Effort**

BISMARCK, North Dakota - Three companies exploring development of a North Dakota coal-based refinery to produce ultra clean liquid transportation fuels and electricity have now established a single company, American Lignite Energy, to evaluate the project. Partners in American Lignite Energy include Headwaters Energy Services, Great River Energy, and The North American Coal Corporation.

American Lignite Energy will continue activities to determine if development of a coal-based refinery is a viable option. If constructed, the facility could play a significant role in helping the United States achieve energy independence by producing ultra clean liquid transportation fuels such as gasoline and LPG (both propane and butane). The facility will also produce electric power, certain petrochemical feedstocks, and carbon dioxide for enhanced oil recovery and sequestration. All production would be done in an environmentally sensitive manner.

During the past several months, the American Lignite Energy partners have completed several preliminary engineering, environmental and market studies that indicate North Dakota could be an outstanding location for a coal-to-liquids facility. Although this is a very large development with many uncertainties, the partners are confident that the project warrants additional investigation and that potential is significant. Therefore, the partners are forming American Lignite Energy and are commencing more detailed engineering activities to further their analysis.

American Lignite Energy is now focusing on the potential for development of a production facility that would produce approximately 32,000 barrels of fuel per day and utilize approximately 10 million tons of North Dakota lignite annually. Final site identification is under way. If the project were to move forward, engineering and permitting of the facility could take at least two years. Financing and construction of the facility would take at least four additional years.

Engineering activities are being supported in part by the North Dakota Lignite Research Fund. The North Dakota Industrial Commission has committed \$10 million toward the project – \$1.2 million of which is expected to be expended in the next phase of engineering, permitting, and site development. American Lignite Energy will provide matching funding in order to receive the state assistance.

*Headwaters Energy Services is a division of Headwaters Incorporated (NYSE:HW) a world leader in creating value through innovative advancements in the utilization of natural resources. Headwaters is a diversified growth company providing products, technologies and services to the energy, construction and home improvement industries. Through its alternative energy, coal combustion products, and building products businesses, the Company earns a growing revenue stream that provides the capital needed to expand and acquire synergistic new business opportunities.*

*Great River Energy is a not-for-profit generation and transmission cooperative providing electricity to 28 distribution cooperatives in Minnesota and Wisconsin. It is the second largest power supplier in the state of Minnesota, and the fourth largest cooperative of its type in the nation.*

*The North American Coal Corporation, a subsidiary of NACCO Industries, Inc. (NYSE: NC), mines and markets lignite coal primarily as fuel for power generation and provides selected value-added mining services for other natural resources companies. Corporate headquarters are located in Dallas, Texas, with surface mining operations in Texas, North Dakota, Louisiana and Mississippi, and limerock mining operations in Florida.*

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