

GITXSAN BIO-ENERGY LTD.

Guinness Tower 1070-1055 W. Hastings Street Vancouver, BC V6E 2E9

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AGREEMENTS SIGNED TO LAUNCH GITXSAN BIO-ENERGY PROJECT

PRINCE GEORGE - Many years of co-operative efforts between the provincial government, First Nations, researchers and bio-energy producers led to an important announcement involving the creation of a new era of green energy projects and the potential creation of tens of thousands of jobs in British Columbia and elsewhere.

At the 6th Annual International Bio-Energy Conference and Exhibition 2014 held in Prince George, GITXSAN Bio-Energy Ltd. announced its intention to construct a bioenergy facility to produce white and torrefied black pellets.

GITXSAN Bio-Energy is structured to be owned jointly by a group of First Nations and Korean investors and will be the first large scale commercial deployment of torrefied black pellets in BC destined for export markets.

After more than three years of consultation and negotiations with the Suskwa and Gitsegukla First Nations, agreements have been reached for the construction and operation of the region's first bioenergy facility capable of producing 200,000 tonnes of both white and torrefied black pellets for the Korean market from regional fibre sources. The pellets will be used primarily to reduce emissions from coal-fired power plants. Construction is expected to start this summer and will take about nine months to complete. Engineering and related tasks are currently underway with business details are being finalized.

Planned to be located on First Nations property in Carnaby, adjacent to the CN Rail line 216 km east of Prince Rupert, the \$26 million facility will create 40 local full-time jobs at the plant and an additional 30 in forest operations.

The Suskwa and Gitsegukla First Nations will operate the Morning Glory Sawmill and provide the necessary fibre for pellet production. Carnaby was chosen in part because it is near the centre of the Gitsegukla and Gitxsan fibre sources. Sufficient fibre has been committed to allow the company to produce the 200,000 tonnes of pellets annually with signed offtake agreements in place with large Korean customers in excess of expected production rates for this initial project.

The First Nations are expected to own 50% of the project through their Tricorp development company and other First Nations investors, joining a Korean consortium made up of Samsung,

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Hosanna-GREC (Global Resource Energy Corp.) and other investors including the Halla and Hanwa Groups.

Jack Sebastian, spokesperson for the Suskwa First Nations commented: “The Suskwa Chiefs and the Black Bear Nation fully support the bioenergy plant and Morning Glory Sawmill on the basis that it will not only boost employment in the Hazelton, but it will also boost economic development throughout the Gitksan Nation. The Chiefs and their members are quietly excited about this long-awaited project, thanks to Mr. Haksung Lee.”

Cliff Sampare, Chief Councillor Spokesperson for the Gitsegukla First Nations commented: “Gitsegukla Band Council, along with their Hereditary Chiefs has been involved in negotiating, following technical consultation, to identify actual outcomes of the proposed project once implemented.

Their findings conclude: the project is viable, sustainable, economical; it opens doors for all interested Gitksan Stewardship holders in providing fibre required on the project through partnerships; it will create much needed employment for all, plus enable private sector employment development within the area; its product may be available for local use at much lesser and affordable reach; and It is in high demand.

Gitsegukla First Nation fully supports the project and total involvement insuring that it meets all environmental assessment requirements. Also the proponent is committed to developing partnership agreements within other sectorial needs of Gitsegukla First Nation.”

Global Bio-Coal Energy (GBCE) of Vancouver was chosen to supply their Wyssmont, licensed/patented technology and construction management for the plant construction for the facility.

GBCE CEO John Bennett explained the company has been working for the past five years to find the best available technology to torrefy densified wood fibre and to design a plant that was both scalable and functional at all stages of production.

It has now chosen CWA Engineers Inc., a Vancouver-based multi-disciplinary engineering and project management company to complete the design of the project. GBCE will be joined by KECC-Korea Engineering Consultants Co. (part of the Hanjin Group), and UtilTech, an EPC company specialized in biomass logistics to complete the project.

Mr. Bennett noted that the federal government’s recent signing of a free trade agreement with Korea has had a positive effect on both countries. “I feel the agreement has encouraged more Korean investment in the country and it certainly helped our Korean partners make up their minds to proceed with the Gitksan project and very likely others across the country.”

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Haksung Lee, CEO of GITXSAN Bio-Energy Ltd. agreed the recent free trade agreement between Canada and Korea has already generated positive interest in creating new Korean ventures in the country, especially those that will help reduce greenhouse gas emissions around the world. He concluded that Canada offers many similar opportunities comparable to the GITXSAN Project across the country. A number of future sites have already been identified as having sufficient fibre available.

GITXSAN Bio-Energy Ltd., meanwhile, will provide the general management of the facility and seek out other similar opportunities in the region. A GITXSAN official explained BC was chosen for sustainable biofuel projects because of an abundant, reliable supply of biomass, stable politics, an experienced labour force and a welcoming atmosphere. This investment follows a number of years' technical evaluation by Korean and Canadian investors and supporting stakeholders.

An important factor in BC's favour is the role the University of British Columbia (UBC) Chemical and Biological Engineering Department has played in research and development of biofuel and biofuel technologies.

The BC Bioenergy Network has also been credited with playing a pivotal role in attracting the Korean investment to the province, financial support and advice on equipment selection. Michael Weedon, Executive Director of the BC Bioenergy Network stated: "This is an exciting project and represents the second torrefied black pellet plant this year in BC, the start of what is expected to be the dawn of a brand new energy industry which will ultimately complement and strengthen the forest industry.

This is just the beginning of many bio-energy projects and bio-refineries to be built in BC which will support exports; lower the cost of fuels for local use, including the generation of tens of thousands of jobs."

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