Pristine Power Inc. Enters Into Pre-Acquisition Agreement with Fort Chicago

Calgary, Alberta – September 22, 2010 – Pristine Power Inc. (TSX: PPX) ("Pristine") announced today that it had entered into a pre-acquisition agreement dated September 21, 2010 (the "Agreement") with Fort Chicago Energy Partners L.P. ("Fort Chicago") pursuant to which Fort Chicago has agreed to make an offer (the "Offer") by way of a take-over bid to purchase all of the issued and outstanding common shares of Pristine ("Shares"), as well as Shares issuable upon exercise of outstanding options, for 0.2703 Class A limited partnership units of Fort Chicago ("Class A Units") for each Share. In addition, holders of outstanding warrants to purchase Shares at $3.25 per Share ("Warrants") will be offered $0.02 in cash for each Warrant.

Pristine currently has 35,622,556 issued and outstanding Shares, 3,537,500 issued and outstanding options to acquire Shares and 2,895,835 issued and outstanding Warrants. The take-over bid materials are expected to be mailed to shareholders, warrant holders and option holders of Pristine (the "Pristine Securityholders") together with the Directors' circular on or about September 30, 2010. The Offer is expected to expire in November, 2010, unless otherwise extended by Fort Chicago. The consideration represents a premium of approximately 17% to the closing price of the Shares on the Toronto Stock Exchange (the "TSX") on September 21, 2010 based on Fort Chicago's closing price on the TSX on September 21, 2010. The consideration represents a premium of approximately 28% to the 20-day volume weighted average price of the Shares on the TSX for the 20 day trading period ending September 21, 2010, based on Fort Chicago's 20-day volume weighted average price on the TSX for the same trading period. The total consideration offered to Pristine Securityholders is approximately $118.4 million, calculated on a fully diluted basis.

The Offer and the Agreement have been unanimously approved by the Board of Directors of Pristine following receipt of a recommendation of an Independent Committee of the Board of Directors (the "Independent Committee") formed to evaluate the Offer. Under the Agreement, the Board of Directors has agreed to unanimously recommend that Pristine Securityholders accept the Offer. Haywood Securities Inc. acted as financial advisor to Pristine in connection with certain matters. Capital West Partners acted as financial advisor to the Independent Committee and has provided the Independent Committee with its verbal fairness opinion that the consideration to be received by holders of Shares under the Offer is fair, from a financial point of view, to such holders.

Fort Chicago is organized in accordance with the terms and conditions of a limited partnership agreement which provides that no Class A Units may be held by or transferred to, among other things, a person who is a "non-resident" of Canada, a person in which an interest would be a "tax shelter investment" or a partnership which is not a "Canadian partnership", each for purposes of the *Income Tax Act* (Canada) (the "*Tax Act*"). As a result of these ownership restrictions and subject to receiving all necessary regulatory approvals from Canadian securities regulatory authorities, the terms of the Offer will provide that the Class A Units issuable pursuant to the Offer to a beneficial owner of Pristine Shares who is for purposes of the Tax Act (i) a "non-resident" of Canada or a partnership which is not a "Canadian partnership", or (ii) a person in which an interest would be a "tax shelter investment", will be sold by, or on behalf of, a depositary appointed by Fort Chicago and such beneficial owner shall receive, instead of Class A Units, a cash payment in Canadian dollars equal to such beneficial owner's proportionate share of the proceeds from the sale of all Class A Units sold by such depositary net of all applicable expenses in respect of such sales, including applicable commissions and withholding taxes.

Certain Pristine Securityholders, including Pristine management and directors, have entered into lock-up agreements with Fort Chicago in which they have agreed to tender their Pristine Shares and Pristine Warrants pursuant to the Offer. Pristine has agreed not to, directly or indirectly, solicit or initiate any inquiries, discussions or negotiations with any third party with respect to any take-over proposal, subject to fiduciary obligations, including the right to respond to superior proposals, which Fort Chicago has the right to match. In addition, Pristine has agreed to pay a non-completion fee of $3 million to Fort Chicago in certain circumstances. Fort Chicago has received lock-up agreements in respect of approximately 57% of the Shares on a fully diluted basis.

Completion of the proposed transaction is subject to a number of conditions including acceptance of the Offer by Pristine Securityholders holding, together with the Shares and Warrants held by Fort Chicago, at least 66 2/3% of the Shares and 66 2/3% of the Warrants.

"After evaluating several alternatives and taking into consideration the stage of the corporation, its growth prospects and access to necessary capital to deliver on such growth, we believe the Fort Chicago offer provides the best value for Pristine Securityholders," said Jeffry Myers, President and Chief Executive Officer of Pristine. "The combination with Fort Chicago will catalyze Fort Chicago's growing power business through the addition of Pristine's successful pipeline of assets and robust development pipeline. In addition, Pristine Securityholders will also benefit from exposure to Fort Chicago's diverse suite of assets as well as from monthly cash distributions."

About Pristine

Pristine (TSX: PPX) is in the business of developing, owning and operating independent power plants that produce and sell electricity and in some cases, sell process steam to industrial users. Pristine capitalizes on opportunities in the independent power market by actively pursuing the development of dependable, cost-effective and environmentally responsible power generation facilities utilizing technology with proven past performance. Pristine pursues a mix of large gas-fired, bioenergy and hydroelectric projects, and smaller replicable waste heat recovery ERG® and bioenergy projects. Pristine currently has three projects in operation, and one under construction. Pristine is developing projects in strategic regions of North America. Visit www.pristinepower.ca for more information.

Forward Looking Statements

Certain statements in this news release may constitute "forward-looking information" or "forward-looking statements" which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this news release, such information uses such words as "estimates", "expects", "plans", "anticipates" and other similar terminology. This information reflects the Company's current expectations regarding future events relating to the Offer for Pristine Shares and Warrants by Fort Chicago and including, but not limited to, expectations on premiums, timelines and benefits of the transaction. Forward-looking information involves significant uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information. Although the forward-looking information in this news release is based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with this forward-looking information. This forward-looking information is provided as of the date of this news release, and, subject to applicable securities laws, the Company assumes no obligation to update or revise such information to reflect new events or circumstances.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Jeffry M. Myers
President & Chief Executive Officer
Telephone: (403) 444-5571
jmyers@pristinepower.ca

Geoffrey D. Krause.
Chief Financial Officer
Telephone: (403) 444-6405
gkrause@pristinepower.ca