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Company Forterra Environmental Corp.
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Press Release

" BC-Forterra-3rdQ-Results 12-01 2100
News release via Canada NewsWire, Toronto 416-863-9350 -ME-

Attention Business/Financial Editors:
^Forterra Environmental Reports Third-Quarter 2008 Results@

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- Successful focus during the quarter on strengthening financial position; securing new, more cost-effective manufacturing and office location; building product inventory and worms population; and dealing with potential new, major customers

- Move of manufacturing to new plant completed and production increasing

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TORONTO, Dec. 1 /CNW/ - Forterra Environmental Corp. (TSX-V: FTE), an emerging leader in the production and sale of premium organic soil-enrichment products based on worm castings, today announced its financial results for the 2008 third quarter and first nine months ended September 30, 2008. Financial results conform to Canadian generally accepted accounting principles (GAAP) and all currency amounts are in Canadian dollars.

"During the third quarter," said Donald Green, chairman and chief executive officer, "Forterra focused on strengthening our financial position to provide us with additional working capital to fund the growth we anticipate, securing a new location to which to move our production operations and consolidate them with our head office, building our product inventory, increasing our population of worms, and discussions and negotiations with a number of potentially large customers that, if signed, could result in a substantial increase in our business in 2009," Mr. Green reported.

"We made very good progress in each of these areas," he continued. "At the end of the third quarter, our working capital was \$951,948, compared with \$365,156 at the end of the 2007 third quarter, and compared with a working capital deficiency at June 30, 2008 of \$841,501. We accomplished this improvement mainly through a successful private placement on July 28, 2008 that raised \$2.5 million. The additional funds also enabled us on August 5, to pay off an outstanding note of \$208,263 owed to a shareholder who had dissented in 2006 to the company's Reverse Takeover Transaction.

"We believe that our funding is adequate for Forterra to carryout our current growth strategies, including increasing production and sales and marketing efforts. We have established a plan to participate in a number of trade shows and exhibitions in 2009 to reach additional potential customers for our products. If we are successful in signing a number of contracts with potential large-volume customers, we will need to consider opening additional production plants, which could require further funding at that time," Mr. Green said.

"We also were successful in locating a new facility for our manufacturing and offices, leasing a 51,000-square-foot building in the Township of Puslinch, Ontario, just south of Guelph. As previously reported, we expect that the new facility will result in annualized cost savings to Forterra of nearly \$100,000. By mid-November, we had fully moved into the new building and were again increasing our production of worms, worm castings, and Forterra's soil-enrichment products," reported Richard Denyes, president and chief operating officer.

"We are increasing our active production of tray beds of worms to 1,500 from about 600 prior to the move to the new plant, and also will be sourcing additional castings from our new partner, Pagonis Live Bait Ltd., from which we acquired WormSense Inc., which we announced on November 17. We are very satisfied with the performance of the breeding process that we have been employing and refining since late last year. We now also are breeding worms for sale to Pagonis," Mr. Denyes said.

"The signing of major new customers has taken somewhat longer than we had anticipated, however, we feel very encouraged by the ongoing discussions and negotiations. We are working with several potential major customers to meet their specific product requirements, including volumes. Testing of our products is at various stages of completion with several potential customers. We are seeking to develop long-term relationships with these organizations," Mr. Denyes said.

Financial Highlights

Forterra continues to be a developing-stage company and, as such, the progress that the company is making is not fully reflected in the financial statements.

Third-quarter 2008 sales were \$28,136, compared with \$19,834 in the 2007 period. One customer, Shenandoah Growers, accounted for most of the 2008 third-quarter sales (\$27,200). Various parties accounted for the balance of sales, including potential large-volume customers purchasing for testing purposes. Sales for the first nine months of 2008 were \$80,344, compared with \$36,941 in the 2007 period with Shenandoah Growers accounting for \$68,425 of the 2008 total.

Gross margin for the 2008 third quarter and first nine months was 68.8 percent and 71.0 percent, respectively. In 2007, the gross margin was 88.2 percent and 74.1 percent in the respective periods.

After expenses for the 2008 third quarter, including sales and marketing, general, and administrative (G&A), and research and development (R&D) (\$3,314), Forterra recorded a lower operating loss of \$488,583, compared with

an operating loss of \$540,070 in the 2007 period (including R&D of \$24,994). For the first nine months of 2008, the operating loss amounted to \$1.192 million (R&D of \$54,754), compared with a loss of \$1.293 million (R&D of \$74,779) in the 2007 period.

G&A expenses increased in 2008 (\$484,463 for the third quarter and \$1.137 million for the nine months) compared with the 2007 periods (\$450,899 for the quarter and \$1.080 million for the nine months) mainly as the result of higher legal expenses related to the preparation of a debenture agreement and in preparation for a private placement and higher consulting fees. These were offset, in part, by reduced sales and marketing expenses with the completion of web page development and an adjustment of some expenses as consulting services, lower management salaries, and a decline in the costs related to the manufacturing facilities. Management salaries, however, rose from the 2008 second quarter and are expected to continue to be higher as the reflecting key additions made to the management team.

The net loss for the 2008 third quarter, including other expenses such as stock compensation, amounted to \$531,304 (loss of \$0.007 per basic and \$0.005 per diluted share), compared with a net loss of \$3.119 million (a loss of \$0.51 per basic and \$0.032 per diluted share) in the 2007 period. The 2007 third quarter results included a one-time writedown of equipment and intangibles of \$2.426 million. For the first nine months of 2008, the company recorded a net loss of \$1.417 million (loss of \$0.018 per basic and \$0.012 per diluted share), compared with a net loss in the 2007 period of \$4.266 million (\$0.069 per basic and \$0.044 per diluted share).

About Forterra Environmental Corp.

Forterra manufactures and markets environmentally friendly soil enhancers, using worm castings, which boost fertility while restoring the soil with organic matter for sustainable, longer-term benefits, including stronger root growth, and drought and pest resistance. Forterra products contain only organic material. They are ideal for golf courses, sports fields, lawn care, parks, nurseries, orchards, and vineyards. Essentially, Forterra uses red wiggler and big red worms to convert organic waste into vermicompost or worm castings. Worm castings contain micronutrients, which are required for healthy plant development. Worm castings also contain microbes, which increase the rate at which plants take up available macronutrients and micronutrients. Further information is available on the company's website at www.forterra.com.

Forward-Looking Statements

This news release contains forward-looking statements based on current expectations. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Such statements are based on current expectations, are subject to a number of uncertainties and risks, and actual results may differ materially from those contained in such statements. These uncertainties and risks include, but are not limited to, availability of resources, competitive pressures, changes in market activity, the ability to sign contracts with customers, the development of markets for worm castings, its ability to breed and maintain a sufficiently large worm population, and regulatory requirements. Risks and uncertainties about Forterra's business are more fully discussed in the company's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada. Forterra assumes no obligation to update any forward-looking statement or to update the reasons why actual results could differ from such statements.

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The TSX Venture Exchange Inc. has neither approved nor disapproved of the contents of this news release.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

3 Months ended Sept 30, 2008 \$	3 Months ended Sept 30, 2007 \$	9 Months ended Sept 30, 2008 \$	9 Months ended Sept 30, 2007 \$		
SALES		28,136	19,834	80,344	36,941
COST OF GOODS SOLD		8,746	2,347	23,306	9,557
GROSS PROFIT		19,390	17,487	57,038	27,384
EXPENSES					
General and administrative	484,463	385,621	1,137,134	676,580	
Sales and marketing	20,196	81,664	57,554	166,214	
Research and development	3,314	90,272	54,754	477,783	
(LOSS) before other expenses	(488,583)	(540,070)	(1,192,404)	(1,293,193)	
OTHER EXPENSES					
Stock compensation	27,222	53,500	184,327	170,500	
Amortization equipment	5,034	83,835	15,102	251,504	
Writedown of equipment and intangibles	-	2,426,332	-	2,426,332	
Amortization intangibles	-	21,252	-	63,756	
Interest	10,465	(6,342)	25,450	60,331	
NET (LOSS) FOR THE PERIOD	(531,304)	(3,118,647)	(1,417,283)	(4,265,616)	
DEFICIT, beginning of period	(8,985,025)	(4,469,872)	(8,099,046)	(3,301,177)	
adjustment to beginning RTO deficit	-	(64,965)	-	(64,965)	
DEFICIT pickup resulting from RTO	-	-	-	(21,726)	
DEFICIT, end of period	(9,516,329)	(7,653,484)	(9,516,329)	(7,653,484)	

CONSOLIDATED STATEMENTS OF CASH FLOWS

3 Months ended Sept 30, 2008 \$	3 Months ended Sept 30, 2007 \$	9 Months ended Sept 30, 2008 \$	9 Months ended Sept 30, 2007 \$	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	(531,304)	(3,118,647)	(1,417,283)	(4,265,616)
Changes to income not involving cash				
Adjust beginning RTO deficit	-	(64,965)	-	(64,965)
Amortization	5,037	2,531,419	15,105	2,741,592
Shares issued for services	6,500	-	6,500	-
Stock-based compensation	27,224	53,500	184,327	170,500
Leasehold inducement	6,513	8,009	19,539	24,029
Accrued interest on debt	5,164	-	20,202	(28,500)
Loss (gain) on foreign exchange	-	(36,575)	-	(36,575)
(480,866)	(627,259)	(1,171,610)	(1,459,535)	
Changes in non-cash working capital balances				
(Increase) decrease in prepaid expenses	(36,005)	(20,539)	(23,324)	(20,539)
(Increase) decrease in amounts receivable	(595)	(25,071)	(16,034)	(46,418)
(Increase) decrease in inventory	(33,385)	-	(71,520)	(2,401)
Increase (decrease) in amounts payable	(116,970)	(33,016)	52,179	(314,782)
Cash flows from operating activities	(667,821)	(705,885)	(1,230,309)	(1,843,675)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loans payable Shareholders'	(12,500)	(12,499)	(37,500)	(152,500)

loans payable	(321,594)	-	(11,594)	(153,992)
Issuance of common shares	2,502,000	-	2,502,000	3,951,546
Share issue costs	(150,570)	-	(150,570)	(930,671)
Notes payable	(208,263)	-	(208,263)	-

-----Cash flow from
financing
activities

	1,809,073	(12,499)	2,094,073	2,714,383
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CASH FLOWS FROM
INVESTING ACTIVITIES

Additions to equipment	(54,139)	(39,243)	(113,799)	(121,017)
Additions to intangible assets	-	-	-	-
Deferred public offering costs	-	-	-	-

Cash flows from
investing
activities

	(54,139)	(39,243)	(113,799)	(121,017)
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(Decrease)
increase in cash

	1,087,113	(757,627)	749,965	749,691
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Cash, Beginning
of period

	4,044	1,587,197	341,192	79,879
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Cash, End of
period

	1,091,157	829,570	1,091,157	829,570
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SUPPLEMENTAL
INFORMATION

Interest paid	26,820	4,388	33,318	76,561
Income taxes paid	-	-	-	-

CONSOLIDATED BALANCE SHEETS

30-Sep-08 31-Dec-07
\$ \$

ASSETS

CURRENT ASSETS

Cash and cash equivalents	1,091,157	341,192
Amounts receivable	82,681	66,648
Inventory	83,783	12,263
Prepaid expenses and deposits	76,491	53,167

TOTAL CURRENT ASSETS

	1,334,112	473,270
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PROPERTY AND EQUIPMENT

	295,275	205,589
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INTANGIBLE ASSETS

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TOTAL ASSETS

	1,629,388	678,860
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LIABILITIES

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EXPENSES					
General and					

administrative	484,463	385,621	1,137,134	676,580
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DEFICIT, end of period	(9,516,329)	(7,653,484)	(9,516,329)	(7,653,484)
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CONSOLIDATED STATEMENTS OF CASH FLOWS

3 Months ended Sept 30, 2008	3 Months ended Sept 30, 2007	9 Months ended Sept 30, 2008	9 Months ended Sept 30, 2007
\$	\$	\$	\$
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CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period	(531,304)	(3,118,647)	(1,417,283)
Changes to income not involving cash			
Adjust beginning RTO deficit	-	(64,965)	-
Amortization	5,037	2,531,419	15,105
Shares issued for services	6,500	-	6,500
Stock-based			

compensation	27,224	53,500	184,327	170,500
Leasehold inducement	6,513	8,009	19,539	24,029
Accrued interest on debt	5,164	-	20,202	(28,500)
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	(480,866)	(627,259)	(1,171,610)	(1,459,535)
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(Increase) decrease in inventory	(33,385)	-	(71,520)	(2,401)
Increase (decrease) in amounts payable	(116,970)	(33,016)	52,179	(314,782)
Cash flows from operating activities	(667,821)	(705,885)	(1,230,309)	(1,843,675)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loans payable	(12,500)	(12,499)	(37,500)	(152,500)
Shareholders' loans payable	(321,594)	-	(11,594)	(153,992)
Issuance of common shares	2,502,000	-	2,502,000	3,951,546
Share issue costs	(150,570)	-	(150,570)	(930,671)
Notes payable	(208,263)	-	(208,263)	-
Cash flow from financing activities	1,809,073	(12,499)	2,094,073	2,714,383
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to equipment	(54,139)	(39,243)	(113,799)	(121,017)
Additions to intangible assets	-	-	-	-
Deferred public offering costs	-	-	-	-
Cash flows from investing activities	(54,139)	(39,243)	(113,799)	(121,017)

(Decrease)					
increase in cash	1,087,113	(757,627)	749,965	749,691	
Cash, Beginning of period	4,044	1,587,197	341,192	79,879	
Cash, End of period	1,091,157	829,570	1,091,157	829,570	
SUPPLEMENTAL INFORMATION					
Interest paid		26,820	4,388	33,318	76,561
Income taxes paid		-	-	-	-

CONSOLIDATED BALANCE SHEETS

	30-Sep-08	31-Dec-07		
	\$	\$		
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents			1,091,157	341,192
Amounts receivable			82,681	66,648
Inventory			83,783	12,263
Prepaid expenses and deposits			76,491	53,167
TOTAL CURRENT ASSETS			1,334,112	473,270
PROPERTY AND EQUIPMENT			295,275	205,589
INTANGIBLE ASSETS			1	1
TOTAL ASSETS			1,629,388	678,860
LIABILITIES				
CURRENT LIABILITIES				
Amounts payable and accrued liabilities			329,084	476,622
Current portion of loans payable			50,000	50,000
Current portion of capital lease payable	3,080	3,080		
TOTAL CURRENT LIABILITIES			382,164	529,702
LOANS PAYABLE			45,833	83,333
CAPITAL LEASE PAYABLE			1,707	4,155
LEASEHOLD INDUCEMENT			43,902	24,362
TOTAL LIABILITIES			473,606	641,552
CONTINGENCIES				
SHAREHOLDERS' EQUITY				
CAPITAL STOCK			9,027,272	6,675,842
WARRANTS			688,521	965,850

CONTRIBUTED SURPLUS	956,318	494,662
(DEFICIT)	(9,516,329)	(8,099,046)

TOTAL SHAREHOLDERS' EQUITY	1,155,782	37,308

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,629,388	678,860

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12/01/2008

/For further information: Investor and Media Relations, Richard W. Wertheim, Wertheim + Company Inc., Email: wertheim(at)wertheim.ca, (416) 594-1600, (416) 518-8479 (cell)/ (FTE.)

CO: Forterra Environmental Corp.
ST: Ontario
IN: AGR
SU: ERN DSC

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