



## MPAC INDUSTRIES CORPORATION

Suite 508 - 4438 West 10<sup>th</sup> Avenue

Vancouver, B.C.

V6R 4R8

### NEWS RELEASE

July 3, 2007

SYMBOL: "MPN"

### MPAC SIGNS BINDING MOU WITH SOMA OWNER

**July 3, 2007: Vancouver, British Columbia** – MPAC Industries Corp. (the "Company" or "MPAC") is pleased to announce that the Company has entered into a binding Memorandum of Understanding (the "MOU") with the Soma coal mine owner to refine their coal using the Company's coal upgrading and refining process.

As previously articulated in the Company's News Release of June 20, 2007, Soma (and the surrounding area) is the number-one coal producing area of Turkey. In addition to the various advantages to the Soma location outlined in the aforementioned News Release, there are further advantageous business terms negotiated in this MOU. These include:

- The base refining price for each tonne of refined coal (the "Coal") produced will be forty-eight US Dollars (USD \$48) for all Coal delivered by MPAC with a kilo-calorie ("KCal") value between four thousand (4,000) and fifty-five hundred (5,500);
- The refining price escalates to fifty-one US Dollars (USD \$51) for Coal delivered with a KCal value between 5,501 and 6,000;
- The refining price escalates to fifty-five US Dollars (USD \$55) for Coal delivered with a KCal value between 6,001 and 6,500;
- The refining price escalates to sixty US Dollars (USD \$60) for Coal delivered with a KCal value at or above 6,501;
- The minimum annual ROM tonnage that the Soma coal mine owner must provide to MPAC has been agreed to as adequate for MPAC to produce a minimum of three hundred & sixty-three thousand (363,000) tonnes of Coal each year, for the first five-year (5) term; and
- It is the intention of the parties to the MOU to commence commercial production within 120 days of signing the Definitive Agreement, and be in full capacity production prior to the end of 2007.

The remaining terms contained within the Soma MOU are substantially in accordance with the previous MOU's entered into by the Company.

There is also a fourteen percent (14%) royalty payable to an arms-length third-party. This Royalty is, as before, is based on the actual audited EBITDA of MPAC.

The Company would also like to comment on the chain of events that led MPAC to switch from the Tokat / Zile mine site to the new Soma mine site.

Upon the Company becoming aware of the potential problem that could impede MPAC from moving to full production at Tokat / Zile as called for in the Corporate Business Plan, the management immediately launched an enquiry to ascertain the nature of the problem and evaluate its ramifications. Legal counsel was sought forthwith both in Turkey and in Canada.

Whilst awaiting the above clarification and advice, the management began to assess the best way of mitigating the situation and to explore alternate avenues that would result in the best possible business solution.

MPAC has long been cognizant of the fact that the Company's greatest potential for coal refining lay in the western part of Turkey where an accumulation of good coal mines, as well as the market for refined coal, is concentrated. In fact, MPAC had entered into an MOU with the Soma mine in the December of 2006 (see Corporate News Release dated December 7, 2006) with the intention of pursuing this opportunity once the Tokat / Zile operation was in commercial production.

However, in order to penetrate this western region of Turkey, the Company has been very aware, through numerous discussions with mine owners in that area, that MPAC would have to have its technology demonstrated in Turkey using Turkish coal and the test results being verified by a reputable Turkish laboratory. With this in mind, it was the management's decision to re-open discussions with the Soma mine owner with a view to carrying out the testing of the Soma coal under MPAC's process, and having the test results certified by a reputable Turkish laboratory.

The management first completed testing of the Tokat / Zile coal as intended, and then, after a brief interval of a few days, prepared to process the Soma coal through MPAC's coal refining technology and deliver the end product to a recognized Turkish laboratory for certification.

The management is very satisfied with the Tokat / Zile results, but not surprised by the results given the laboratory testing results previously obtained in Canada. However, the test result of the Soma coal is very impressive vis-à-vis the market demand for coal over 5,500 to 6,000 KCal - both from the pricing and the demand

point of view. With these results in hand, the management aggressively commenced negotiating the pricing for refinement of the Soma coal (with both of the parties being very aware of the potential price increment that could be realized by the Soma mine owner based on the incremental KCal resulting through MPAC's refinement of the coal).

Once the management had received the legal opinions confirming that the Company's operation at Tokat / Zile would be impeded in its effort to unfold the corporate Business Plan as intended, coupled with the very favorable indication that a more profitable refining arrangement could be realized in Soma, the management decided that it would be in shareholders' best interest to capitalize on this opportunity in Soma.

The pricing for Tokat / Zile coal refining was set at approximately forty-seven US Dollars and forty cents (USD \$47.40) per tonne for the first five years of the Term (or forty-three US Dollars (USD \$43) per short ton). Should the Soma coal consistency prove to be substantially in line with quality of the coal provided for testing, the Company would receive a refining fee of approximately fifty-five US Dollars (USD \$55) per tonne. This additional seven US Dollars (USD \$7) per tonne difference between the Tokat / Zile coal and the Soma coal, would, other things being equal, drop down to the EBITDA in the financial statements of the Company – improving the bottom-line substantially.

Since testing of the Soma coal through the Company's coal refining process, the owner of the Soma coal mine has conducted additional drilling on the property. MPAC has been informed that these results appear to prove out the consistency of the coal at Soma to be substantially in line with, and in some areas of the coal mine, to be better than the coal used for testing. Furthermore, the Company has learned that the total tonnage of coal at Soma could be significantly in excess of the reported forty (40) million tonnes, which, in itself, was substantially more than the tonnage at Tokat / Zile.

Whilst, at first blush, the events at Tokat / Zile appear to be negative for the Company, it is the management's considered opinion that the business decisions taken by it, with due consideration and evaluation, has expedited the Company's move to the center of coal mining activity in Turkey and also potentially improved the Corporate Business Plan meaningfully.

MPAC had not planned to penetrate the Western Turkey coal market until much later in 2008 at the very earliest. The management remains of the opinion that time will prove that the decisions taken by the Company will be in the best interest of the shareholders, given the circumstances, and that the stock price will reflect this in time to come.

The Company is currently in the process of transferring all of the previous value-added tax ("VAT") exemptions and other concessions from the Tokat / Zile mine site to the Soma mine site. MPAC expects to have this formality completed by the end of July 2007.

*This news release contains forward-looking statements, which are based on MPAC Industries' current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. The forward-looking statements are not guarantees of future performances and undue reliance should not be placed on them. Actual results may differ materially as a result of any number of factors and uncertainties, many of which factors are beyond the Company's control. MPAC Industries Corporation undertakes no obligation to revise any forward-looking statements except as required by applicable securities laws.*

For further corporate information, please contact:  
RICHARD HALL, Investor Relations at (604) 644-2244

BY THE ORDER OF THE BOARD

---

Firoz Lakhani  
President & CEO

The TSX Venture Exchange neither approved nor disapproved the contents of this news release. The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this news release.