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PROJECT FINANCE CORP.
2633 Carnation Street
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NEWS RELEASE
TSX Venture Exchange
Trading Symbol: PF.P

PROJECT FINANCE CORP.
Announces Agreement for Qualifying Transaction

December 8, 2009 – North Vancouver, British Columbia – Project Finance Corp. (the “Company”) is pleased to announce that it has entered into a letter of intent dated December 7, 2009 (the “LOI”) with Cascade Creek, LLC, an Alaska limited liability corporation (“Cascade”). Cascade is in the business of energy development in Southeast Alaska. The main focus of Cascade to date has been the advancement of its Cascade Creek Project, a lake-tap hydroelectric project on Swan Lake in the Thomas Bay area of Alaska. The Cascade Creek Project is in phase two of the application process with the Federal Energy Regulation Commission (“FERC”) and has a preliminary design capacity of 70 MW and generation potential of 205 GWh of electricity. In addition, Cascade is the holder of service contracts relating to two other hydroelectric power projects in the Thomas Bay area (together with the Cascade Creek Project, the “Projects”). Cascade is a closely-held entity owned by Tollhouse Energy Company, Steven C. Marmon, Kulin Revocable Trust and Kwaan Power and Energy, LLC (collectively, the “Vendors”).

Under the terms of the LOI, the Company has agreed to acquire all of the issued and outstanding capital of Cascade (the “Transaction”) from the Vendors. It is intended that the Transaction will be the Company’s Qualifying Transaction in accordance with the policies of the TSX Venture Exchange (the “Exchange”). The Company and the Vendors are at arm’s length, accordingly the Transaction is not a “Non-Arm’s Length Qualifying Transaction”. As such, it is anticipated the approval of the shareholders of the Company will not be required. Upon completion of the Transaction, it is expected that the Company will be listed on the Exchange as a Tier 2 industrial issuer.

Upon signing of the LOI, the Company advanced to Cascade \$25,000 as a non-refundable deposit. As consideration for the acquisition of Cascade, the Company has agreed to issue to the Vendors an aggregate of 40,000,000 common shares of the Company at a deemed price of \$0.20 per common share (the “Share Consideration”). The Company and Cascade have agreed that the payment for the Share Consideration shall be issuable to the Vendors in three stages upon the occurrence of certain milestone events:

Milestone Event	Common Shares of the Company Issuable to the Vendors
Upon completion of the Transaction	16,000,000 common shares
Upon filing an application for a FERC licence for the Cascade Creek Project	12,000,000 common shares
Upon receipt of a FERC licence for the Cascade Creek Project	12,000,000 common shares

Funding for the operation and further development of the Projects will be provided by the existing working capital of the Company and Cascade. In addition, prior to Completion of the Transaction, Cascade will raise up to US\$150,000 in convertible debentures (the “Debentures”). The Debentures will: (i) have a maturity date of one year from issuance; (ii) bear interest at a rate of 10% per annum; and (iii) automatically convert to capital of Cascade immediately prior to completion of the Transaction so that the

holders of the capital of Cascade issued upon such conversion will participate in the Transaction as Vendors and be entitled to receive a *pro rata* portion of the Share Consideration.

Concurrently with completion of the Transaction, the Company will also complete a non-brokered private placement financing in the amount of \$1,000,000 (the "Financing"). The terms of the Financing have not been finalized and will be disclosed in due course. Finder's fees may be paid in relation to the Financing in accordance with the policies of the Exchange.

Closing of the Transaction will take place on or before February 28, 2010. Completion of the Transaction is subject to the following conditions precedent:

- (a) completion of due diligence by the Company with respect to Cascade and the Projects;
- (b) completion of definitive Transaction documents, including but not limited to:
 - (i) a definitive agreement formalizing the terms of the LOI and the structure of the Transaction;
 - (ii) a satisfactory business plan with respect to the Projects;
 - (iii) a satisfactory valuation report with respect to the Projects; and
 - (iv) audited financial statements with respect to Cascade;
- (c) completion of the Financing; and
- (d) acceptance by the Exchange.

Further key provisions of the LOI include:

- (a) the reconstitution of the board of directors of the Company upon completion of the Transaction to consist of Thom Fischer, Steve Marmon, Duff Mitchell, Stephen Kulin, Matthew Bell, Cliff Grandison, Michael Hoole and Doug Bishop, subject to the acceptance of the suitability of each individual by the Exchange.;
- (b) the appointment of the following individuals as officers of the Company:
 - (i) President and Chief Executive Officer: Thom Fisher, P.E.;
 - (ii) Chief Financial Officer: Len Schmidt, C.A.;
 - (iii) Secretary: Michael Hoole;
 - (iv) Chairman of the Board: Cliff Grandison;
 - (v) Vice President, Business Development: Duff Mitchell;
 - (vi) Vice President, Marketing and Sales: Doug Bishop;
 - (vii) Vice President, Operations: Steve Marmon.

Sponsorship of the Qualifying Transaction of a capital pool company ("CPC") is generally required by the Exchange, unless exempted in accordance with Exchange policies. The Company is currently reviewing Exchange requirements for sponsorship and intends to comply with all applicable policies; however a sponsor has not yet been engaged.

ABOUT THE COMPANY

The Company is a CPC within the meaning of the policies of Exchange. The Company commenced operations when it completed its initial public offering; however, it presently has no assets other than

cash. Since the date of listing of the Company's shares on the Exchange, the Company has identified and evaluated several businesses and assets with a view to completing a "Qualifying Transaction" under the Exchange's CPC policies. Trading of the common shares of the Company on the Exchange is currently halted and it is anticipated that trading will remain halted until completion of the Qualifying Transaction.

Further information regarding the Projects and the terms of the Transaction are required to be disclosed in a subsequent news release. Such news release will be issued in due course.

For further information, please contact Cliff Grandison, President, at:

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Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and, if applicable pursuant to the Exchange requirements, a majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This news release does not constitute an offer or a solicitation of an offer to sell any securities in the United States. Securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Person unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Caution Regarding Forward-Looking Statements - This news release contains certain forward-looking statements, including statements regarding the business and anticipated financial performance of the Company. These statements are subject to a number of risks and uncertainties. Actual results may differ materially from results contemplated by the forward-looking statements. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and should not place undue reliance on such forward-looking statements. The Company does not undertake to update any forward looking statements, oral or written, made by itself or on its behalf.