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March 21, 2007

Frank Gottfriedson  
Kamloops Indian Band  
355 Yellowhead Highway  
Kamloops, BC

Re: Kamloops Indian Band Wastewater Project – Schedule Update

This is to provide a brief update on the schedule for the Band's proposed Wastewater Collection, Treatment and Disposal System.

We are completing the Feasibility Study now – a few weeks overdue, in order to address some issues raised by INAC staff and our own due diligence. The latest (final) revisions include adding a section to clearly define the INAC funding scenario, which will create a clear path for negotiations. INAC is really viewing their funding role as entering a Municipal-Type Service Agreement, which means they will be “buying space” in a system owned by the Band, on behalf of the community needs.

To fully complete the feasibility study phase, the Band needs to discuss its financing options and finalize commitment levels for spending on the project.

We are now positioned to proceed with the Predesign and design stages of the project from the technical point of view. We also have INAC's agreement for these steps in terms of funding and procedures. We also met with the Ministry of Environment last week and they are impressed with the level of integrity we are building into the system, and they gave some good feedback on the report. We can move this further during the pre-design stage. Pre-design / design is planned to be done in a single step and will be tendered to a number of engineering firms. The plant design will be critical to move forward as soon as possible.

It is still possible for us to make substantial progress on plant construction this construction season, if we keep this process on-track. As for plant start-up which will need extensive pipelines – we are now looking at next summer (2008) at the earliest. As always, we must state that there are numerous factors that could yet slow the schedule, but we are remaining optimistic. The Band will not be held liable for delays in the project.

Sincerely,  
*David Kneeshaw*  
David Kneeshaw, P. Eng.  
Project Manager

cc. Shane Gottfriedson, Fred Seymour, Ray Gauthier, Vicki Manuel