

**EARTHWORKS INDUSTRIES INC.**

**NOTICE of ANNUAL GENERAL and SPECIAL**

**Meeting of Shareholders**

**To be held August 20, 2024**

**Notice, Information Circular  
& Report to Shareholders**



**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**OF**

**EARTHWORKS INDUSTRIES INC.**

**TAKE NOTICE** that the Annual General and Special Meeting of Shareholders of EARTHWORKS INDUSTRIES INC. (hereinafter called the “Company”) will be held at Suite 615 - 800 West Pender Street in the City of Vancouver, BC on Tuesday, August 20, 2024, at the hour of 11:30 a.m. local time, for the purpose of:

1. Setting the number of Directors to be elected at five.
2. Electing Directors for the ensuing year.
3. Reappointing Crowe MacKay LLP, Chartered Professional Accountants, as the Auditors of the Company for the ensuing year, and to authorize the Directors to fix the remuneration to be paid to the Auditors.
4. Receiving and considering the Report to the Shareholders from the Board of Directors.
5. Receiving and considering audited year-end November 30, 2023, financial statements of the Company and the Auditor’s Report thereon.
6. Considering re-approval of the Company’s Stock Option Plan.
7. Considering approval of Directors’ actions and activities during the period since the last shareholders’ meeting.
8. Transacting such other business as may properly come before the Meeting or any adjournment thereof.

Shareholders who are unable to attend the Meeting in person are requested to date and sign the accompanying form of Proxy and to return or file it by:

- (a) mail or delivery to Computershare, 8<sup>th</sup> floor, 100 University Avenue, Toronto, Ontario M5J 2Y1
- (b) Fax to (604) 681-0139 or 1 866-249-7775
- (c) scanned email to: [jonsson@securitieslaw.bc.ca](mailto:jonsson@securitieslaw.bc.ca)
- (d) the internet pursuant to the instructions contained on the Proxy.

Not later than 11:30 a.m. (Vancouver local time) on Friday, August 16, 2024.

DATED at Vancouver, British Columbia, this 15<sup>th</sup> day of July 2024.

**INFORMATION CIRCULAR**

WITH RESPECT TO SOLICITATION OF PROXIES BY MANAGEMENT OF **EARTHWORKS INDUSTRIES INC.** FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON TUESDAY, AUGUST 20, 2024, AT 11:30 A.M. VANCOUVER LOCAL TIME.

**PROXIES:**

(a) A SHAREHOLDER GIVING A PROXY CAN DELETE THE NAMES OF THE NOMINEES NAMED IN THE ACCOMPANYING FORM AND INSERT, IN THE SPACE PROVIDED, THE NAME OF SOME OTHER NOMINEE. A PROXY NOMINEE NEED NOT BE A MEMBER OF THE COMPANY.

(b) A shareholder forwarding the attached proxy may indicate the manner in which the nominee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. IN SUCH INSTANCE THE NOMINEE, IF ONE PROPOSED BY MANAGEMENT, WILL VOTE THE SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH ITEM LEFT BLANK. A discretionary authority so granted may be exercised with respect to amendments or variations to matters which may properly come before the Meeting, unless the shareholder deletes the discretionary authority from the proxy.

(c) The shares represented by the proxies submitted by the shareholders will be voted in accordance with the directions, if any, given in the proxies.

(d) A shareholder giving a proxy shall have the right to attend or appoint someone else to attend, as his proxy, at the meeting and the proxy earlier submitted can be revoked in the manner described in the next item below entitled "Revocability of Proxy".

(e) A Proxy will not be valid unless it is completed and delivered to Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 2Y1 or via fax to 1-866 249-7775 or 1 604 681-0139 - or submitted electronically - not later than 2:30 p.m. (Toronto local time) on Friday, August 16, 2024.

**REVOCABILITY OF PROXY:**

A shareholder giving a proxy has the power to revoke it. Revocation can be effected by an instrument in writing signed by the shareholder giving the proxy or the shareholder's duly authorized attorney, either deposited at the Registered Office of the Company at 1710 - 1177 West Hastings Street, Vancouver, B.C., on or before the day of the Meeting, or any adjournment thereof, or by sending it to jonsson@securitieslaw.bc.ca or by Fax to 604-681-0139.

**PERSONS MAKING THIS SOLICITATION:**

This solicitation is made on behalf of Management of EARTHWORKS INDUSTRIES INC. and the cost of it will be borne by the Company. No Director has given Management notice that he intends to oppose any action intended to be taken at the Meeting.

**INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON:**

The Directors may be considered to have an interest in the resolution which the shareholders will be asked to pass reapproving the Company's Option Plan - pursuant to which the Directors presently hold options and may be granted additional options in the future. Otherwise, no Director or Officer, past, present or nominated, or any person on behalf of whom this solicitation is made, has any interest, direct or indirect, in any matter to be acted upon at the Meeting, except that such persons may be indirectly involved in the normal business of the Meeting or general affairs of the Company.

**VOTING SHARES AND PRINCIPAL HOLDERS THEREOF:**

(a) There are 113,190,572 shares of the Company outstanding, all of one class known as common. All are entitled to vote at the Meeting and each share has one non-cumulative vote.

(b) Shareholders entitled to vote at the Meeting will be those of record as of 11:30 a.m. (Vancouver local time) on Friday, August 16, 2024. The record date established to determine who is entitled to receive a copy of the Notice of Meeting is July 15, 2024.

(c) To the best of the knowledge of the Company the only shareholder holding, directly or indirectly, shares carrying more than 10% of the voting rights attached to the issued shares of the Company is North Bay Corporation (“North Bay”) of 1313 McDonald Avenue, Santa Rosa, California, USA – which owns 15,241,600 shares of the Company. North Bay is also the holder of Warrants entitling it to purchase additional shares of the Company – the details of which are:

<u>Warrant Date</u>	<u>No. of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
December 8, 2020	125,000	\$0.30	December 3, 2024
November 27, 2023	3,335,000	\$0.40	October 30, 2025
June 24, 2024	<u>2,887,600</u>	\$0.40	October 30, 2025
	6,347,600		

North Bay has not exercised any of the Warrants.

(d) The Company has issued a total of 23,649,360 share purchase warrants – including those detailed in sub-clause (c) above – which are exercisable until various dates in 2024 and 2025 at prices of \$0.30 and \$0.40 per share.

(e) Non-Registered Holders

Only registered shareholders or duly appointed proxy holders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm - or a nominee of the brokerage firm - through which they purchased the shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the “Non-Registered Holder”) but which are registered either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“CDS”)) of which the Intermediary is a participant. In accordance with the requirements as set out in National Instrument 54-101 of the Canadian Securities Administrators, the Company will have distributed copies of the Notice of Meeting, this Information Circular and the form of Proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (i) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with the Company’s Registrar and Transfer Agent as provided above; or

- (ii) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “proxy authorization form”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions, which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit a Non-Registered Holder to vote - or direct the voting of the shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the management proxy holders named in the form and insert the Non-Registered Holder’s name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.

There are two kinds of beneficial owners - those who object to their name being made known to the issuers of securities which they own (called OBOs for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called NOBOs for Non-Objecting Beneficial Owners). Pursuant to National Instrument 54-101 issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy-related materials directly to NOBOs.

The Company, as allowed by NI 54-101, is sending its proxy-related materials directly to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form (VIF). These VIFs are to be completed and returned in the envelope provided or by facsimile. In addition, the VIF provides both telephone voting and internet voting - as described on the VIF itself which contains complete instructions.

### **ELECTION OF DIRECTORS:**

The following persons are proposed to be nominated for election as Directors at the Annual Meeting. All are presently Directors. Their terms of office as Directors will expire as of the date of the Meeting, but other offices held by them with the Company will be continued unless they are not re-elected Directors. All of the Directors who are elected will have their term of office expire at the next Annual General Meeting of the Company.

Name and present office held	Five Year History of Principal Occupations	No. of Shares beneficially held directly or indirectly
David B. Atkinson <sup>(1)</sup> Vancouver, B.C. Director, President and Chief Executive Officer	Director and President of the Company since November 12/92; Director and President of the Company’s subsidiary, Cortina Integrated Waste Management, Inc. since 1993;	1,173,242
Giulio Bonifacio <sup>(1)(2)</sup> Vancouver, B.C. Director	Director since January 22, 2024; Founder, President, Chief Executive Officer and Director of Nevada Copper Corp. from 2005 until February 2018; President, Chief Executive Officer and Non-Executive Chair of Faraday Copper Corp. from May 2018 until April 2022; Currently Executive Chair of Alta Copper Corp and Non-Executive Chair of NevGold Corp.	250,000

David Russell Vancouver, B.C. Director and Chief Financial Officer	Involved in business consulting, accounting and management. Responsible for accounting and reporting functions for Earthworks since 2010. CFO of Earthworks since 2013.	487,500
Calvin Woroniak <sup>(1)</sup> Comox, B.C. Director	Independent business including farming, construction/real estate and retail. Owned, operated Freedom Farm Ltd., an organic farming operation from 2008 to 2018. Director of Earthworks since December 20, 2018.	6,227,890
Richard Dean Powell Santa Rosa, California, USA Director	Director of Earthworks since August, 2019. Since June, 2020 Director and Chief Executive Officer of Cortina Integrated Waste Management, Inc. and Cortina Project Manager.	Mr. Powell holds his positions as the representative of North Bay Corporation which is the owner of 15,241,600 shares

(1) Members of the Company's Audit Committee

(2) Chair of Audit Committee

### **STATEMENT OF EXECUTIVE COMPENSATION:**

Applicable securities rules define "Named Executive Officers" ("NEO's") to mean the Chairman and any Vice-Chairman of the Board of Directors of the Company, where the functions of the office are performed on a full-time basis, the President, any Vice-President in charge of a principal business unit such as sales, finance or production, and an officer of the Company or of a subsidiary who performs a policy-making function in respect of the Company, whether or not the officer is also a director of the Company or the subsidiary.

The Company's wholly owned Subsidiary, Cortina Integrated Waste Management, Inc. is the principal business unit of the Company. Accordingly, the following information is given with respect to compensation paid or accrued in favour of the NEOs of the Company and the Subsidiary – although the subsidiary has no separate NEO.

### **Summary Compensation Table**

The Company had only one NEO during its 3 fiscal years – being David Atkinson. The compensation paid to Mr. Atkinson for the fiscal years ending November 30, 2021, 2022 and 2023 are set out below:

	Annual Compensation				Long Term Compensation			
					Awards		Payouts	
Name and principal positions during periods ending November 30, 2022		Salary (\$)	Bonuses (\$)	Other Annual Compensation (\$)	Securities Under Option/SARs Granted(1)	Restricted Shares or Restricted Share Units (\$)	Long Term Incentive Plan Payouts (\$)	All Other Compensation (\$)
David Atkinson(1) Director, President and Chief Executive Officer	2021	131,769	-	-		-	-	-
	2022	131,771	-	-		-	-	-
	2023	134,021	-	-		-	-	-

(1) David Atkinson was, on July 14, 2022 granted – and still holds - options to purchase 3,750,000 shares exercisable for \$0.15 per share on or before July 31, 2027.

### Outstanding share-based awards and option-based awards

(a) As at the close of business on July 15, 2024, 6,850,000 share purchase options were outstanding – the details of such are:

<u>No. of Shares</u>	<u>Exercise Price per Share</u>	<u>Expiry Date</u>
5,600,000	\$0.15	July 31, 2027
550,000	\$0.25	Nov. 30, 2025
150,000	\$0.35	Jan. 23, 2026
250,000	\$0.20	July 31, 2025
300,000	\$0.35	July 31, 2025

(b) The Company does not provide any pension, retirement plan or other remuneration for its Directors or Officers that constitutes an expense to the Company nor are there any plans or arrangements in respect of compensation received or that may be received by executive officers in the Company's most recently completed or current financial year to compensate such officers in the event of the termination of employment or a change in control of the Company.

(c) Since the beginning of the last completed financial year, there has been no indebtedness to the Company by any Director, Senior Officer, or proposed nominee for election as a Director or associate of any such person.

### **APPOINTMENT OF AUDITORS:**

The Company will move to reappoint Crowe MacKay LLP, Chartered Professional Accountants, of Vancouver, British Columbia, as the Auditors of the Company, at a remuneration to be negotiated between the Auditors and the Directors.

### **PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING:**

In addition to the appointment of Directors and Auditors and consideration of the annual audited Financial Statements, the Meeting will be asked to consider the following items:

- (a) Consideration of the Annual Report to the Shareholders from the Board of Directors as supplemented at the Meeting by verbal comments by management officials present at the Meeting.
- (b) Re-approval of the Stock Option Plan, adopted by the Board of Directors of the Company effective February 28, 2003, as amended April 20, 2009, and July 5, 2022. The Plan has been re-approved annually, as required by the TSX Venture Exchange (“Exchange”), since the original adoption. The Plan has been structured to comply with the rules of the Exchange. The principal features and terms of the Plan are:
  - (1) The aggregate number of shares which may be subject to option at any one time may not exceed 10% of the issued shares of the Company as of that date – including options granted prior to the adoption of the Plan;
  - (2) When options are exercised their exercise prices may not be less than the minimum then specified by the rules of the Exchange;
  - (3) Options may not be granted to any one Optionee which would exceed 5% of the issued shares of the Company in any 12-month period;
  - (4) No more than 2% of the issued shares of the Company may be optioned at any one time to consultants or investor relations agents to the Company;

- (5) Options may not be granted for a term exceeding 10 years – which will be, if the Optionee dies, reduced to a term of one year following the date of death – and if the Optionee ceases to be qualified to receive options from the Company options held by such optionee will expire 30 days after the date of such cessation;
- (6) Options granted under the Plan may not be assigned by the Optionees.
- (7) The Plan is a “rolling” plan. This means that if options that are outstanding under the Plan are exercised additional options can be granted – so long as the total, with the new options, does not cover in excess of 10% of the issued shares of the Company outstanding on that date.

Copies of the Plan can be secured, in advance of the Meeting, by registered or beneficial shareholders of the Company, upon request made to the Company at:

Earthworks Industries Inc.  
 615 – 800 West Pender Street  
 Vancouver, B.C. V6C 2V6  
 Tel: (604) 669-3143  
 Fax: (604) 669-3107  
 Email: [jonsson@securitieslaw.bc.ca](mailto:jonsson@securitieslaw.bc.ca)

As the Company, as of the date of this Information Circular, has 113,190,572 shares issued, options cannot be granted on this date as to more than 11,319,057 shares of the Company. As options are already outstanding as to 6,850,000 shares, the Company could, as of this date, grant options on an additional 4,469,057 shares.

### **ADDITIONAL INFORMATION**

Additional Information concerning the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website [www.earthworksincc.com](http://www.earthworksincc.com)

### **COMPLIANCE WITH CORPORATE GOVERNANCE RULES AND RECOMMENDATIONS**

The Board of Directors of the Company has responsibility for the stewardship of the Company. It satisfies the only corporate governance rule binding on the Company – namely the appointment and maintenance of an Audit Committee. The Canadian securities commissions have published recommendations and guidelines with respect to corporate governance. However, these are only recommendations - and because the Company has only a small Board of Directors and no business activities the recommended corporate governance rules have not been adopted. With respect to the corporate governance rules:

### **CORPORATE GOVERNANCE**

Pursuant to National Policy 58-101 – Disclosure of Corporate Governance Practices the Company is required to and hereby discloses its corporate governance practices as follows:

#### 1. Board of Directors

The Board of Directors of the Company facilitates its exercising of independent supervision over the Company’s management through periodic meetings of the Board, usually with members of the Company’s management being in attendance.

Giulio Bonifacio and Calvin Woroniak are “independent” directors in that they are independent and free from any interest and any business or other relationship, which could reasonably be perceived to materially interfere with their ability to

act in the best interests of the Company, other than interests and relationships arising from their holdings of shares and options, and their positions as Directors.

David Atkinson as the President and Chief Executive Officer of the Company is a member of Management and is not independent. David Russell receives remuneration for acting as the Company's Chief Financial Officer. Richard Powell, who holds positions with the Company and its California subsidiary, is an officer of North Bay Corporation.

2. Directorships

None of the directors of the Company are presently directors of any other reporting issuers except Giulio Bonifacio:

3. Orientation and Continuing Education

The Company has no programs for the orientation or education of new directors.

4. Ethical Business Conduct

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity.

In addition, the Board must comply with conflict of interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in order to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

5. Nomination of Directors

The Company does not have a process for recruiting new members of the Board.

6. Other Board Committees

Other than the Audit Committee, the Company does not have any Board committees. Due to the small number of Directors and the limited scope of operations and activities by the Company, the Board of Directors considers that it can deal with all matters as a full Board and that it is not necessary for any matters to be separately considered by committees. When the Board considers compensation for David Atkinson, he excuses himself from the Board's deliberations.

7. Assessments

The Board will annually review its own performance and effectiveness as well as review annually the Audit Committee Charter and recommend revisions to the Board as necessary. Neither the Company nor the Board has adopted formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions.

The Company feels its corporate governance practices are appropriate and effective for the Company, given its relatively small size, and limited operations. The Company's method of corporate governance allows for the Company to operate efficiently, with simple checks and balances that control and monitor management and corporate functions without excessive administrative burden or cost.

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

Multilateral Instrument 52-110 of the Canadian Securities Administrators ("MI 52-110") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth in the following.

The Company’s Audit Committee is governed by an Audit Committee Charter, a copy of which can be obtained, upon request, from the Company.

The Company’s Audit Committee is comprised of three directors; Giulio Bonifacio (Chair), David Atkinson and Calvin Woroniak. Mr. Atkinson is not “independent” whereas Messrs. Bonifacio and Woroniak are independent. As defined in MI 52-110, all of the Audit Committee members are “financially literate”.

The Company has not relied on the exemptions contained in sections 2.4 or 8 of MI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided.

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The engagement of non-audit services is considered by the Company’s Board of Directors on a case-by-case basis.

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
November 30, 2023	\$60,500*	-	\$3,000	-
November 30, 2022	\$37,500	-	\$2,500	-

\*Amount proposed by the Auditor – but under discussion by Company Management.

DATED: July 15, 2024

**ON BEHALF OF THE BOARD OF DIRECTORS**

**EARTHWORKS INDUSTRIES INC.  
REPORT TO SHAREHOLDERS**

July 15, 2024

During our fiscal year ending November 30, 2023 – and to the present date - Earthworks has continued to move the Cortina Integrated Waste Management Project (Project) in California towards fruition through our wholly owned California subsidiary Cortina Integrated Waste Management, Inc. (CIWM).

Earthworks also exercised its Buy-Out Option on the outstanding loan from North Bay Corporation (NB). Earthworks may settle the balance of the debt by, no later than November 15, 2024, paying to NB \$US 1,650,000 plus accrued interest.

Management had a Net Present Value (NPV) determined for the Project. The NPV was determined to be \$US 158 million to \$US 200 million, based on a 5% or 7% discount. The NPV was calculated for disposal operations only and did not include other potential operations such as compost and material recovery.

After our year-end, the U.S. Environmental Protection Agency (EPA) issued a public Notice of Deficiency (NOD) beginning a 30-day comment period for the Project, which was based on our current submission of the Site-Specific Flexibility Requests (SSFRs). Once the NOD was issued Management arranged to bring in a team to assemble and finalize the SSFR submission by addressing EPA's concerns.

However, less than a month later, on July 1, Earthworks received a notice from the U. S. Department of the Interior Board of Indian Appeals (IBIA), that it had affirmed the March 1, 2019, decision of the Pacific Regional Director, Bureau of Indian Affairs, cancelling the lease between CIWM and the Kletsel Dehe Wintun Nation of the Cortina Rancheria, California.

Management is engaged with its attorneys and advisors who have extensive experience dealing with the EPA and BIA and will be issuing further updates as it determines the next steps with respect to the lease cancellation.

Earthworks' management has continued to follow the most efficient and productive critical path to final construction of the Project, and has moved forward as far as possible, pending approval of the SSFRs by EPA, and was shocked at the termination notice.

During the fiscal year we successfully completed financings of 7,500,000 Units for \$0.20 per Unit and 4,500,000 Units for \$0.20 per Unit. These transactions provided funding for the Company totaling \$2,400,000.

We thank our shareholders for their ongoing support.

David Atkinson  
President & CEO

**ON BEHALF OF THE BOARD OF DIRECTORS**