

Posted 2/11/92 \$1.26, Rec'd 11/11/92

300 Bayview Drive  
Port Clements, B. C. VOT 1R0  
November 1, 1992

Dear Mr. Reber

Your letter of October 23 arrived on the 31st.

Sir, this is one of the hardest letters I have ever had to write. We seem to be going around in circles.

Ninety five percent of the land in British Columbia is owned by Crown Land. Any of the land on the Queen Charlotte Islands, for a flat block the size you need is owned by Crown Lands. To put this very clearly - if you want land you will deal under the laws, regulations and procedures set down by Crown Lands, not what YOU want. You will LEASE crown land through your corporation. You will have it surveyed. You will be taxed and there will be some kind of lease payment that can be negotiated. These are the laws of Canada. What is done in Tasmania has nothing whatsoever to do with what is done here.

The Queen Charlotte Islands are used for logging. It is not practical nor economically feasible to commercially farm here. Actually, there are poles on the property you wish (not enough, however) that would meet your requirements. We also have trees 250 feet high and 14 feet in diameter.

The unauthorized digging of holes on crown land is unlawful. We could end up in jail by going out there without permission, and that permission will not be granted until you are negotiating with Crown Lands.

Mr. Beachy and I have no comprehension of the expenses incurred in Tasmania, such as wage rates, machine rates, and etc. This is a brief break down of island rates:

- Common labor - \$15 an hour.
- Journeyman - up to \$50 an hour.
- Excavator - (and this is the only thing you can use on the Charlottes, there being up to 50 of these mammoth machines on the islands) - \$100 to \$175 an hour.
- The logging companies pay \$60,000 a kilometer for a logging road. You could be looking at up to 8 months of excavator work and pole setting.
- Poles will run you anywhere from \$800 to \$1200 each. And they are readily available right here on Graham Island.
- The above prices are MARKET value.

The foregoing points will give you an idea that you are looking at hundreds of thousands of dollars to put this project into operation. Are you prepared for such an expense?

Both Mr. Beachy and I are more than willing to help you with the project, as we have stated in past letters. But we want it clearly understood that we will work only under the laws, regulations, and policies of the federal government of Canada and the

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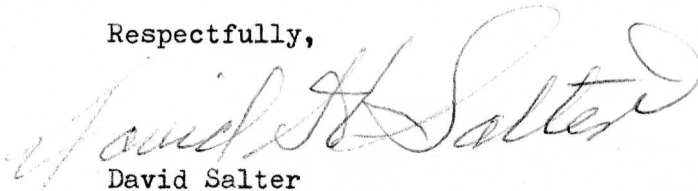
provincial government of British Columbia. The project is most certainly a possibility. However, it is our concerted opinion after reading your communications that you understandably have no comprehension of these things, let alone the PAPERWORK that is necessary to put a project such as this into operation in Canada. WE DO.

The following suggestion should help tremendously in giving you a better idea of the land to be dealt with. It would take \$1252.75 CDN to hire a helicopter for one hour to make a camcording of the Port Clements site. The tape could be played back on your TV, thus giving you a visual, working knowledge of the whole area.

You will not be allowed to use the Tow Hill site!

Your corporation name has been approved. I have until December 22 to file the corporate papers. All forms and documents will be here in the next two days. I am holding these in Abeyance until Mr. Beachy and I hear from you. Mr. Beachy's fax number is (604) 557 - 4233. We strongly suggest you fax further instructions, including a fax number you have access to.

Respectfully,



David Salter