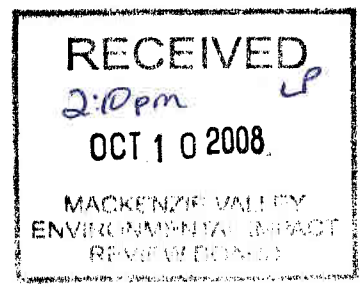




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Tawanis Testart
Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board
Box 938, 2nd Floor – 5102 - 50th Avenue
Yellowknife, NT, X1A 2N7



October 10th, 2008

Re: TALTSON EXPANSION - Update on Developer's Assessment Report

Dear Tawanis,

This is to confirm that Dezé Energy met with Review Board staff on September 15th, 2008 to advise the following:

1. A revised date for submission of the Developer's Assessment Report to the end of November 2008; and
2. That further progress has been made on the optimization of the expansion facility proposed at Twin Gorges.

With respect to Item 2, the potential for expansion plant sizing above the 36 MW concept was discussed in the Project Description. It is noted that plant capacity optimization is an iterative process evolving from the continuing field work, and hydrological, environmental and economic analysis. Current information suggests that a new plant sized between 36 MW and 56 MW will provide the greatest flow consistency within the Taltson watershed. We will provide an independent impact assessment for affected components for 36 MW and 56 MW expansions, encompassing the capacity limits within which the proposed new plant will be sized.

Thank you for clarifying the Review Board's approach to effects of the environment on the project, as per your October 1st note to file. We will consider the potential for associated impacts and incorporate relevant information into our submission, as appropriate.

Sincerely,

Dan Grabke