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**ATD Waste Systems Inc.**

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February 5, 2007

DRAFT

**Letter of Intent**

ATD Waste Systems Inc. has developed a hog manure management system with the following characteristics and benefits.

The systems goals are:

- treats all of the hog manure currently being produced
- produces sterile, recycled water not exceeding 3,000 ppm TDS
- substantially reduces odours by eliminating lagoons and land disposal
- produces a dry, storable, pathogen and weed free, pelleted fertilizer for use or export
- reduces water consumption by over 50%

Initial funding for the plant will be provided by ATD on the understanding that the demonstration host agrees to purchase the system at a discount from the costs of construction at the end of the construction and trial period, estimated at 18 months, and on the basis that ATD achieves these stated goals.

The host agrees that after due diligence, suitable financial arrangements will be made for the potential purchase prior to the start of construction.

The host further agrees that if expansion is required to utilize the capacity of the plant, that permitting authorities have agreed to provide necessary permits to allow that expansion to proceed by signing the demo offer.

The operator also agrees to enter in the standard ATD licence agreement for the continued operation of the system

Signed for the host:

\_\_\_\_\_ Date: \_\_\_\_\_

Signed for the permitting authority:

\_\_\_\_\_ Date: \_\_\_\_\_

Signed for ATD Waste Systems Inc.

\_\_\_\_\_ Date: \_\_\_\_\_