



Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM

October 10, 2005

MR. NIÑO DE SANTIS
President & CEO
TECTANE CORPORATION
881 Bord de L'Eau South
Noyan, Quebec, J0J 1B0

Dear Mr. Santis,

The Department of Agrarian Reform is a national government department and the lead agency in the implementation of Comprehensive Agrarian Reform Program (CARP) in the Philippines. At present, a total of 3.5 million hectares of agricultural lands have been distributed to 2 million farmer-beneficiaries in the whole country.

As part of the 10-Point Agenda of Her Excellency, President Gloria Macapagal-Arroyo, and as embodied in the Medium Term Philippine Development Plan (MTPDP), one of the main programs is the development of 2 million hectares of "new lands" into agribusiness enterprises that includes production and manufacturing of alternative sources of energy from agricultural products such as coco diesel from coconut, ethanol from sugarcane, and maybe AQUAHOL fuel from sorghum.

I understand that your company, TECTANE Corporation, has developed the proprietary methods for sweet sorghum to produce ethanol, pulp for paper manufacturing and AQUAHOL fuel through research done in Canada and the United States of America.

The Department of Agrarian Reform welcomes your interest in promoting Philippines as the center for your investments in the Southeast Asian region. Further, we are very much interested in the proposal to have sweet sorghum cultivated in the Agrarian Reform Communities (ARCs) in the Philippines and be processed into AQUAHOL fuel and ethanol which will continue to benefit the environment in general. Given the availability and large tracts of land required for this type of project, we are expressing our serious interest in working with your company, with the UN/UNDP and the World Bank to bring this project to fruition in the Philippines.

We believe that, as an environment-friendly country, our continued contribution and support to environmental projects will have a tremendous effect on the world at large. In order to ensure continuity of this proposal, Undersecretary Gerundio "Khaliq" C. Madueño will directly coordinate with your company on this matter.

Very truly yours,

NASSER C. PANGANDAMAN
Secretary