

AQUEOUS

INTERNATIONAL

January 1, 2010

LETTER OF INTENT

To acquire a bulk freshwater export license/contract from the City/Borough of Sitka

Garry White, Executive Director
Sitka Economic Development Association
Sitka, Alaska

Mr. White and Members of your Board of Directors:

It is the intent of AQUEOUS International, its associates and investors, to immediately secure a freshwater bulk export license/contract for no less than **3 billion gallons per year** initially from the City and Borough of Sitka for the purpose of shipping water to Asian markets which will be identified at a later date. Mr. White has been kept informed of our interest for some months.

We are well along in our discussions with our engineering firm on the design and construction of a bulk water loading system in Sitka and look forward to working with all appropriate parties on this component of our project. Although it is our intention to be eventually ship no less than **7.665 billion gallons a year** from this site, requiring our tankers to be in Sitka **every four (4) days** to load **84 million gallons**, thus practically limiting any other access to this facility, it is our understanding that the community wishes to maintain some ownership/control. We look forward to discussions with you on this facility ownership and/or management issue. We do not think this will in anyway retard our efforts and the time required to secure final design, permits, and initiate construction. This will thus allow ample time for us to resolve this issue. As soon as possible we would like to formalize our discussions with you on design and permitting so that we can coordinate what will be federal, state, and local permitting/compliance issues.

Given the design of our venture, and our initial markets, we anticipate having a minimum of nine (9) VLCC class tankers operating out of Sitka for one of our Asian markets. We anticipate the first lift to be within 30 to 36 months from the date we receive our Agreement with Sitka. This timeline/delay is necessary due to our need to design, permit, construct, and test our loading system in Sitka, our off loading systems in our markets, and the launching of our first group of tankers. The tankers alone will require 23 months each in construction and at least one month of sea trials and system testing.

In the interim it may be possible for us to acquire an existing VLCC tanker already in construction that has lost its backers. Such things do happen, and with the current downturn in the global tanker market our tanker brokers are hopeful. Our tanker broker is working on this option with the target of operation, or first lift, as soon as the loading and off loading systems are completed. This option may allow us to push our first lift to the 20th month of our contract/license, something we would prefer. Obviously you will be kept informed of such developments as they occur.

AQUEOUS International will soon change its name to AQUEOUS USA which will become a wholly owned subsidiary of AQUEOUS Global Holdings, SA a Luxemburg registered global entity. The principle of AQUEOUS International, Ric Davidge, will be a partner in AQUEOUS Global Holdings, SA and will also function as a member of its Board and an officer with that company as well as remaining the Chairman and majority shareholder of AQUEOUS USA. We make note of these corporate changes to ensure you are advised in advance of them. We will notify you just as soon as these changes are in place and provide you with the appropriate documents for your due diligence.



Not a dream - inevitable!

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We are keenly aware of the frustration of the Sitka community in their efforts over the past many years to begin this new export industry for Alaska. Let us assure you, we would not be making this offer unless we were absolutely confident of our success. Once we release to you the names of our investors and their respective business/market connections both in our Phase I and Phase II markets, let alone the stature and integrity of our other investors, we are confident you will feel far more optimistic about the future of this industry and its long term positive impacts on the community of Sitka.

Please understand that we are in a very competitive business and due to the laws of Alaska that require full public disclosure of our proposals, we must keep confidential a number of components of our venture until all contracts are secured and protected. Once such is attained, we will be more that willing to share such information with you. We would like to open discussions with your legal counsel on what can and cannot be kept confidential in our efforts with Sitka to open and expand this industry. We believe it important for you as a party to this venture to know and have confidence in what we are doing that will impact your community, but we must protect our investment at the same time.

It is our intent to present a down payment towards our first lift in no less than \$250,000 USD as soon as our contractual issues are resolved with Sitka.

An important part of our business plan is of course the marketing of our products. Fundamental in this effort is the fact that this water comes from Sitka, Alaska and we intend to us that fact in our marketing. But we also intend to go a little further and work very closely with your Convention and Visitors Bureau in the marketing of Sitka as a business and tourist destination. This is, after all, in our best interest in the marketing of Sitka's water. We believe this will be a very rewarding relationship for both of us.

We have also made contact with the owners of the marine fueling facility in Sitka as we will need to refuel our tankers when they are in port taking on the water. Obviously this will be a boon to their fuel sales and should have significant economic impact in Sitka as well. We will be outlining other needs that will need to be located in Sitka as our design plans for the loading system are finalized. We should be able to then specifically identify the number and type of jobs that will be necessary in Sitka to facilitate our four day turnaround. By the way, the four days are broken down as:

- Half a day to anchor
- Just less then three days to load the water
- Half a day to depart

Given the total hours we anticipate being required for loading, we are allowing about half a day for "the oops factor". We think this is appropriate given the nature of cross sea conveyance and the development of this new industry.

As of this date we have meetings scheduled in New York City with all of our investors and our new management team to work out the final details of our Phase I business plan. We anticipate these meetings being completed before the January 26th meeting of the City/Borough of Sitka Assembly at which we plan to attend. It is our intention to have at least Mr. Davidge and two other investors at this important meeting, arriving the evening of Sunday the 24th. This should allow staff level meetings prior to the formal Assembly meeting in an effort to further focus our mutual interests in proceeding as quickly as possible.

If you have any questions regarding our interest in the acquisition of this bulk freshwater export license/contract or any other questions about our organization etc, please contact Ric Davidge at 907-222-6927 in Anchorage.

We look forward to our meetings with you and the Assembly later in January.

Ric Davidge
Chairman

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