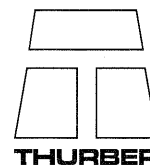


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May 7, 2004

File: 19-4324-0

Renewal Land Company
c/o J.E. Anderson & Associates
4212 Glanford Avenue
Victoria, B.C.
V8Z 4B7

Attention: Phillip C. Buchanan, P.Eng.

SECTION 7 SAYWARD LAND DISTRICT CORTES ISLAND, BC GROUNDWATER SUPPLY STUDY PRELIMINARY REPORT ADDENDUM #1

Dear Phil:

On May 6, 2004, we were contacted by Laurel Brewster who asked us to expand our report of April 28, 2004 to include comments on the potential impact of the proposed single family residential wells; on the existing wells in the immediate area and Hague/Gunflint Lakes.

1. POTENTIAL IMPACT ON EXISTING WELLS

As noted in our report the potential for domestic and higher water supplies in the area of the proposed development is very good. Indications from the hydrogeological information indicate that a highly productive overburden aquifer (likely Quadra sediments) exists beneath the Sutil Peninsula. Driller's estimated potential yields from the existing wells infer that the potential water supply from this aquifer may greatly exceed the current withdrawal.

The average yield of existing wells in the study area is 0.75 L/s (12 USgpm)¹. The required domestic supply by the MoT is 0.42 USgpm per lot (500 l/gpd). Assuming one well per single family lot, the actual usage would normally be far less than the average well yield.

When wells have a high potential yield capability and the withdrawal is considerably less, the cone of influence during pumping is relatively small. Considering the size of the area's existing lots and the proposed subject lots (1.5 - 2.0 ha each), the separation distance between wells can be several tens or hundreds of metres.

¹ See table on page 3 of Thurber Engineering Ltd. report of April 28, 2004

Continued....

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It is our opinion that any adverse impact on the existing wells from the drilling of new domestic wells on the 26 lot residential property would likely be extremely low.

2. IMPACT ON HAGUE & GUNFLINT LAKES

As noted in our report, we are of the opinion that there may potentially be some hydraulic connection between the lakes and the aquifer. When the drilling and geological information indicates an aquifer has such a potentially high yield as the confined Sutil Peninsula aquifer exhibits, there is often a connection to a surface water source (lake, river, stream) in the recharge area. As stated, the recharge is expected to come primarily from runoff created by the annual precipitation falling on the bedrock controlled terrain to the north. The two lakes are located within this recharge area.

The information also infers that the aquifer has a significant storage capacity for groundwater.

Considering the aquifer storage potential and the limited withdrawal from domestic wells in the area, we are of the opinion that any impact on the lakes from the pumping of domestic wells in the aquifer would be insignificant on lake water levels.

We trust this meets your requirements. Should you have any questions please contact us at your convenience.

Yours truly,
Thurber Engineering Ltd.
C.T. Maber, P.Eng.
Review Engineer


Bruce I. Ingimundson, P.Geo.
Senior Hydrogeologist

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