

July 15, 2008

Dear Shareholders;

I am pleased to provide you with this update on our Company and the Independent Power Industry.

There have been some exciting changes over the past six months, but the most important development so far is the long-awaited release of BC Hydro's Clean Power Call. The Clean Power Call Request For Proposal (RFP) was announced on Thursday, June 11 and the deadline for proposal submissions has been set for November 25, 2008. The acquisition target is 5,000 GWh per year of seasonal and hourly firm energy through a competitive process. Up until now, the Clean Power Call has been a tender process. It was changed to an RFP process to give BC Hydro additionally flexibility in working with developers in the production of cost-effective projects. The re-designed process makes it easier for Hydro to address the needs of larger and more complex developments. The process will align with the [BC Energy Plan: A Vision for Clean Energy Leadership](#), which was released in early 2007.

On Tuesday, July 8, senior staff at Max Pacific attended an all-day information session for potential Proponents in the Clean Power Call Request for Proposal (RFP), which was jointly hosted by BC Hydro and the British Columbia Transmission Corporation (BCTC). The event was divided into two sessions. The morning session provided an overview of the Clean Power Call RFP, while the afternoon session, conducted by BCTC provided information on the important details and deadlines for the transmission and distribution interconnections processes.

Currently, Max Pacific Power Inc. has thirty two (32) applications on rivers and creeks in British Columbia and approximately ten (10) other applications are being considered. Of these, we are currently developing three projects in preparation for the upcoming Call.

The **Jade and Kinskuch Rivers** are located Northwest of Terrace and are fed by Kinskuch and Jade Lakes. The location of these projects near the lakes may provide an excellent opportunity for natural water storage which can be used to enhance firm power delivery capabilities. We are currently reassessing the total plant capacity for these two projects and expect to have a firm working number in the near future. Also, we are currently in the process of drafting a Memorandum of Understanding between Max Pacific Power Inc. and the Gitanyow Hereditary Chiefs.

Culliton Creek is located near the Sea To Sky Highway, approximately ten to twenty (10-20) kilometers North of Squamish. The project itself is just north of the bridge known to local as "BOB" (Big Orange Bridge). At present, we estimate the plant capacity to be approximately twenty four (24) MW. There are a number of unique advantages related to this project. First, the connecting transmission line is located on the other side of the highway from the project, which greatly reduces infrastructure and engineering costs, and the site is easily accessed through an established network of roadways throughout the area.

Chipmunk and Airplane Creeks are located near Chilliwack. Although each of the two creeks are relatively small, together they could provide approximately fifteen (15) MW of plant capacity.

In addition to the above, we are looking closely at another two projects that may also be included in the Clean Power Call.

Our Company has undergone an exciting transformation over the past six months and we now possess the organizational abilities, technical knowledge and professional expertise to position us to become a leader in the green energy industry in British Columbia. In preparation for the Clean Call For Power, we have hired a talented group of professionals to assist with the development of our projects.

Dr. R.B.Herath oversees the Land Tenure and Water Licence application and extensive permitting processes for Max Pacific. Bob served as Assistant Regional Water Manager and Section Head for the B.C. Ministry of Environment, Land and Water. He supervised and directed water allocation functions under the Water Act of B.C .which included hydropower. He was also the Head of Land Allocation in 2002, directing allocation functions and staff under the Land Act of B.C.

As VP of Corporate Finance, **Michael Weiss** is responsible for conducting the financial modeling and analysis of our projects. Mike has a Bachelor of Commerce specialized in Utilities and Transportation, and a Masters of Business Administration in Finance and Accounting from the University of British Columbia. He has been providing financial consulting services to the energy industry for over 15 years.

Kevin Boothroyd is Vice President, Corporate Communications and Public Affairs. His responsibilities include brand development, reputation management, internal and external communications, and stakeholder and First Nations relations. Kevin has more than eighteen years of senior executive management experience in corporate communications and public affairs with unique experience with public-private partnerships.

Brent Waldie has recently joined our senior engineering team. He will direct project development and construction and oversee the project team. Brent has more than 35 years of construction management and supervision experience in heavy civil construction projects.

Akemi Siu is our new manager of Community Relations. Her responsibilities include developing key relationships during project development and overseeing the First Nations and Stakeholder engagement consultation process. She has over thirteen years of experience working with various municipalities and First Nations on water and wastewater infrastructure projects throughout the province.

This recent addition of staff has caused us to outgrow our present accommodations at The Landing (375 Water Street). In response to this growth we have recently secured new office space at AXA Place located at 999 West Hastings at Burrard, and expect to move into the new building sometime in late July. The many changes at the company and in the industry have caused us to review our current brand strategy. That review is now substantially complete and we have concluded that we need to create a new strategy that more accurately reflects our company, our emerging corporate culture and our place in the industry. Max Pacific Power intends to create long-lasting, symbiotic relationships with investors, key stakeholders, First Nations and the public, while developing green power solutions for the future of British Columbia. Part of the branding process includes the development of a new logo, website and other collateral materials.

Our dedicated staff continues its efforts to ready projects for the BC Hydro Clean Call. The deadline for proposal is November 25, 2008. I will provide you with a progress update on these projects in the next Investors Update, scheduled for September 2008. Your continued support is greatly appreciated. Have a great summer!

Best Regards;

Robert Fraser,
President & CEO