

THREE MONTH REPORT FROM JACK HAFHEY

It has in fact been three months since I began working with the team here at Intrepid. It has been a fast forward and steep learning curve time. Communication with all who are interested in our company is at the top of my list, but not just for its own sake. Rather, I have waited until I had some important matters to report to you, to share with you.

That time is now.

The last six years or so have truly been start-up years. The years have been eventful with important ups and downs. They were necessary though, to bring us to where we are now and to set the stage for the future. By the way, the stock price and the market capitalization of Intrepid certainly matter, but for start-up companies in a start-up industry they simply do not tell the entire story. They tend to either understate or overstate a company's real potential. In our case, they significantly understate it.

Here is the story about where we are and where we are headed, as I see it.

1. Our two plants, Whitesides and WestPoint, are now up and running. Whitesides gas and fiber is being sold in the marketplace. WestPoint is now providing its own plant fuel, has been producing fiber that the WestPoint dairy has been using so far, and will soon be flowing clean natural gas into our high pressure trailer for delivery to Intermountain Gas, and on to households and businesses throughout southern Idaho.
2. We are now ready to invite the dairy farmers in the Western part of the Magic Valley to come and tour our WestPoint digester in action, to "kick the tires" so to speak. We will invite all dairy farmers for that matter and others interested in this planet-enhancing process to tour WestPoint. We are proud of our plants, our operating teams and our process. We believe it is all world class.
3. With both plants operating and producing visible results, we now want to listen to and talk with all the dairy farmers, ask how we can serve them best and start on a growth path to serve the farmers themselves. We want to take care of their manure management needs and help them focus solely on producing milk from their cows.
4. We have a unique product package to offer dairymen and other agricultural and industrial customers. Our systems occupy a much smaller footprint compared to other digester technologies, using about 1/4th the land area to process a similar amount of product. Our modularity allows us to expand as dairy operations expand and allows us great flexibility in operations.

Where do we go from here?

Like most successful start-up companies, we have the know-how and passion for our business. Now we want and need financial partners to go shoulder to shoulder with us to individual farmers and communities of farmers and start projects.

There is nothing but upside opportunity in our future.

We have demonstrated our ability to take manure and process it all the way to sparkling clean, green (renewable) natural gas. We do it as well as or even better than any other company in the world. In fact, to our knowledge, we are the only manure to methane company in the world certified to meet the standards required to inject our gas into natural gas pipelines for delivery to gas utility customers. And, we produce very good nutrient and organic-rich fiber, verifiable methane emission reductions, or carbon offset benefits (carbon credits), and we are also anxiously working on a potential 4th product: a high quality liquid fertilizer concentrated from our otherwise “waste” liquid effluent. Given the tremendous increase in demand for fertilizer products accompanied by the corresponding rise in their price, the costs to produce such a product are becoming much less a barrier.

We have had challenges and met them through these start-up years – financial, weather delays in construction, plant start-up challenges and so forth. These have all been part of getting to today. We of course still have challenges, primarily financial and market-related, and with this report I am happy to tell you we are positioned to turn these challenges into real opportunities.

So, now we are ready to knock on the farmers’ doors and confidently ask them for the opportunity to serve them. We can manage their manure in a full service manner. First and most importantly though, we want to listen to the farmers, know their real needs and how we can help, sign agreements that are in their interest and ours and get going.

Idaho dairy farmers are among the very best in the world. To have the opportunity to serve them, help manage their manure, destroy methane and to create renewable energy in the process will be our honor. It also fits very well with Governor Butch Otter’s renewable energy commitment. We certainly want to be part of that great commitment as well.

It has been a long beginning to a much longer journey. Now we are ready to flourish, by signing with the farmers, with financial partners at our side, build digesters, change manure to green natural gas, fiber and carbon credits, all benefiting the farmers, Idahoans, and the environment in general.

Therefore, my friends, Intrepid expects to announce projects to serve dairy farmers in the very near future, to announce financial partners, and to sell our products in the marketplace. We are, in fact, finally lifting off the launching pad.

It will take work, of course, and for the team here at Intrepid it is truly enjoyable work. We look forward to lots of it.