



EXPECT THE BEST

January 24, 2006

Re: Algonquin Claims

Firstly, I wish to extend to you and your family a very happy, healthy and prosperous New Year.

When I last wrote to you in May of 2005, the Algonquin Negotiation Representative ("ANR's") elections had just been completed. Since then, those ANR's, together with myself and legal counsel, Alan Pratt, have worked very hard at preparing for the resumption of negotiations with the governments of Canada and Ontario (the "Governments").

The first order of business was to develop Terms of Reference to govern the meetings and activities of the ANR's. That task was completed in September.

We then created a Trust vehicle for the purpose of managing the government funding from this process so that it would be attended to in a cost-efficient and transparent fashion. The Terms of Reference and the Trust Agreement, together with a number of other useful documents relating to the Claim, can be found at our website <http://www.blaney.com/Algonquin.htm>.

In addition to finalizing these internal arrangements, the ANR's have also compiled and begun reviewing working binders of materials that had been previously prepared during prior negotiations. Our hope is that through this process we will be able to avoid needless duplication and delay. All of these efforts were undertaken in anticipation of the resumption of negotiations with the Governments.

I am pleased to report to you that those negotiations which had been discontinued in 2001 have resumed. Both Governments have formally indicated their willingness to participate in the negotiations with a view to resolving all outstanding Algonquin claims in Ontario and the objective of signing an Agreement in Principle ("AIP") for that purpose within two years.

To achieve this objective will require focused and determined efforts on the part of the negotiation teams and the co-operation of all Algonquin people by participating in the public meetings and focus sessions that are being planned and will be implemented over the next several months.

The attached list of public meetings with the ANR negotiation team and the Governments' negotiation teams in attendance have been scheduled. Other similar meetings to be held in

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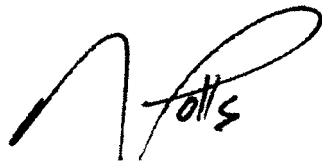
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all of the Communities are being planned and further details on those will be circulated shortly. In addition, meetings are being scheduled by the ANR's in each of their local Communities. A list of the ANR's and their contact numbers is also attached. You are encouraged to contact your Community ANR should you have any questions regarding this process or any constructive advice to offer on how best to resolve the outstanding claims. In addition, you may access the claim website (noted above) or call our toll free information line at 1-877-287-4570.

I look forward to working with each of you with the hope of finally resolving your long outstanding claim in a satisfactory and equitable manner.

All the very best.

Yours very truly,

A handwritten signature in black ink, appearing to read 'R. Potts'.

Robert J. Potts
Principal Negotiator and Senior Legal Counsel
RJP/bmb