



*Piikani Investment Corporation
C/o Piikani Nation P.O. Box 70
Brocket, AB T0K 0H0*

February 3, 2006

COPY

Piikani Nation
P.O. Box 70,
Brocket, Alberta
T0K 0H0

Attention: Chief and Council

Dear Sirs:

**RE : MEMORANDUM OF UNDERSTANDING -
ACCOUNTABLE ADVANCE FOR LAND USE**

Piikani Energy Corporation, which is a subsidiary corporation of Piikani Investment Corporation, has proposed that the Piikani Nation enter into a business relationship which would allow the Corporation to fulfill its mandate to ensure development of wind-driven electrical energy generating facilities on Piikani Nation lands.

A. The Spirit of Our Understanding

Piikani Energy Corporation (Piikani Energy), pursuant to Band Council Resolution No. 7738/2004-05 dated December 14, 2004 was incorporated to assume overall responsibility for the implementation of all phases of the Piikani Integrated Energy Strategy, which included developing the wind power potential of Piikani Nation lands, as defined in the Settlement Agreement, and to develop that potential on a commercial and business basis in the best interest of the Piikani Nation.

Having assessed certain tax and legal implications that would benefit the Piikani Nation, Piikani Energy's best course of action is to establish a separate legal entity that will manage and control the Piikani Nation lands on which wind driven generating facilities will be built.

After deliberation by the Directors of Piikani Energy Corporation and Piikani Investment Corporation, the best course of action is to provide an annual lease payment, an amount that would be comparable for example, to a municipal tax,

to be paid to the separate legal entity that will hold Piikani Nation lands dedicated to a wind-park development.

Pursuant to the Settlement Agreement of July 16, 2002, the Piikani Investment Corporation has been mandated to establish business plans and financial arrangements for the development of Piikani wind power facilities. It is therefore incumbent upon PIC to ensure that the development of a large scale wind-park can be pursued.

Piikani Investment Corporation has determined jointly with Piikani Energy Corporation that the first and necessary step in the process is to provide an accountable advance to the Piikani Nation to secure the use of Piikani Nation lands for such development. It is further proposed that an accountable advance of \$2,000,000.00 (TWO MILLION DOLLARS) be made to the Piikani Nation for access to the lands on which to develop a large-scale wind park.

B. Proposed Business Relationship

The accountable advance will have the following conditions:

1. The Piikani Nation, through the Piikani Investment Corporation and in consultation with the Piikani Energy Corporation will set up a separate legal entity that will make a sufficient number of acres available from the Piikani Nation for the development of a large-scale wind park. It is estimated that the scale of the wind park will be in the vicinity of 300 Megawatts and utilize lands in the South East corner of the Piikani Nation, near or in close proximity to the Weather Dancer I - 900 kW test wind turbine. These lands have been referred to as the "Hay Lease";
2. The Piikani Nation with the Piikani Investment Corporation and Piikani Energy Corporation will establish the terms and conditions of annual land lease payments after an evaluation of similar arrangements in the surrounding areas in Southern Alberta. An initial analysis of a 20 MW wind park pursuant to the 2004 Alberta Linear Property Assessment Guidelines demonstrated that a taxation amount per adjusted capacity per megawatt was in the vicinity of \$80,000 per megawatt for a total of \$1,600,000. (See attached details.) The Piikani wind park will be in excess of 20 MW;
3. The \$2,000,000 in funds will be advanced in three separate tranches based upon the following disbursement schedule:

i. 1st Tranche - on February 6, 2006	\$1,000,000.00
ii. 2 nd Tranche - on 2 weeks' advance notice	\$500,000.00
iii. 3 rd Tranche - on 2 weeks' advance notice	\$500,000.00

4. The Piikani Nation will agree to assign an appropriate interest in the proceeds of the pending right of way deal with AltaLink for the construction of a 240kV transmission line across the Piikani Nation to the Piikani Energy Corporation if the terms and conditions of this accountable advance are not adhered to without delay. (See attached BCR # 7799/2005-06 for details.) The proceeds will be secured by a promissory note payable to the Piikani Energy Corporation;
5. The Piikani Nation Chief and Council will also agree to work with the Piikani Investment Corporation and Piikani Energy Corporation to update and conclude a Wind Park Development Plan for the construction of a large-scale wind park on the Piikani Nation. This plan will include details as to how the return on the equity investment of the Piikani Investment Corporation will be maximized;
6. The Piikani Energy Corporation through the Piikani Investment Corporation will request the \$2,000,000.00 (TWO MILLION DOLLARS) in funds from the Trustee pursuant to the terms and conditions of the July 16, 2002 Settlement Agreement.

C. Working Together

It is the intention of the parties to work closely together and therefore in lieu of the above process the Piikani Nation's company may designate its selected option in writing for a particular Development Project.

The parties will negotiate and execute the necessary operating agreements and other documentation for each interest held in cooperation and good faith.

D. How We May Proceed

We may proceed in the formation of this business agreement as follows:

- (a) Negotiation of a formal lease agreement will commence immediately between the Piikani Energy Corporation and the Piikani Nation incorporating the terms hereunder, including the promissory note, and be finalized by February 17, 2006;
- (b) Piikani Energy Corporation will advance the 1st tranche of funding on February 6, 2006;
- (c) The Piikani Nation will form the separate wind land development corporation whose purpose is to undertake the leasing of land to the Piikani Energy Corporation;
- (d) The Piikani Wind Park Development Plan will be concluded by February 24, 2006 including all necessary documentation including BCR's; and

- (e) Piikani Investment Corporation will request the funds from the Trustee pursuant to the terms and conditions of the July 16, 2002 Settlement Agreement.

E. Expenses

Piikani Nation will be responsible for expenses, such as legal fees and disbursements, travel expenses and other expenses incurred in connection with the negotiation and implementation of this Memorandum of Understanding.

F. Timing

Upon acceptance, the parties hereto agree to proceed with formally documenting the transactions as soon as possible. Time is of the essence.

G. Environmental

The environmental and cultural impacts associated with the development will be managed together with the Piikani Nation.


H. Acceptance on Behalf of Nation

This proposal is open for acceptance until February 6, 2006 unless extended by mutual agreement. Furthermore, the terms of this Memorandum of Understanding are non-binding and an outline only of proposed operations and remain subject to confirmation of the availability of the selected Piikani lands and further discussion and negotiations between the Nation and Piikani Energy Corporation to enter into a formal lease agreement.

Chief and Council may indicate acceptance by signing below and subsequently passing a Band Council Resolution ("BCR") on behalf of the Piikani Nation.

Yours sincerely,

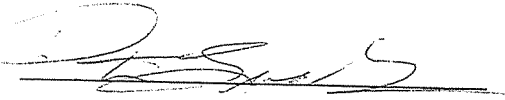
PIIKANI INVESTMENT CORPORATION




Dale McMullen, CA
Managing Director

Proposal Acceptance

As Chief and Council, on behalf of the Piikani Nation, I accept the understanding of this Memorandum of Understanding this 6 day of February 2006 at Calgary, Alberta.



(Chief) Peter Strikes With A Gun



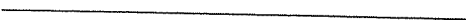
Councillor Edwin Yellow Horn



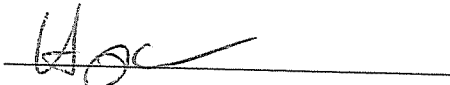
Councillor Peter Yellow Horn



Councillor Jordie Provost



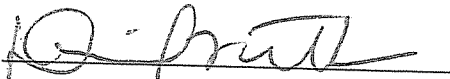
Councillor Rick Yellow Horn



Councillor Howard Yellow Horn



Councillor Edwin Small Legs



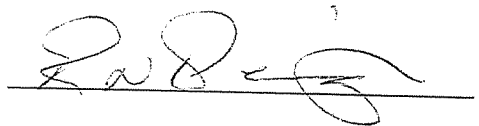
Councillor Daniel Northman



Councillor Janet Potts



Councillor Brian Jackson



Councillor Rod North Peigan