

January 27, 2011

Dear Shareholders and friends,

I hope this finds you all well, and enjoying a good start to 2011.

We are proud to announce that our Research and Development unit, our TC3, is up and running at our Kittyhawk Project site in Santee. Its been two years since we last ran it and its definitely good to be back.

Attached you will find a couple of photos showing how the R&D unit looked just before we sealed it up with steel plating, how it looks in its final form with steel plating, the boiler installation, fuel running up to it for a test run, and "fire in the hole" for a test burn. Look for more pictures to be published on our website at www.envirepel.com soon showing our construction progress.

A few of our shareholders have called recently asking for a status on where the Company was in funding for the project in Santee, do we have a date set for this years annual shareholder meeting, and do we have any future project opportunities.

I would like to take this opportunity to briefly answer those questions:

Funding Santee: We have put roughly \$1.31 million in cash into the effort since June of 2010 from a handful of our own stockholders. That includes the cost of removal and relocation of 1.5 million pounds of equipment from Vista to Santee, reconstruction of our Test Cell and Kittyhawk project to date. We have about \$million to go to bring the Kittyhawk facility on line generating power. When we get done with Kittyhawk, we qualify to file for a rebate check from the Dept. of the Treasury of something like \$3 million plus under Section 1603 of the American Recovery and Reinvestment act, and at that point, we don't ever look back. At that point we should be debt free, and making money from Santee. When we had our Shareholder Special meeting in April of 2009, this is the program I was referring to that would refund about 30% of what we have spent back to us in the form of a check. Something like \$5.8 billion has been paid out to energy projects under this program since the summer of 2009 through January 2011.

If you can help us finish this first effort for our Company, please contact me. Every dime helps.

Shareholder Meeting: Our Bylaws require us to have an annual Shareholder meeting each year, on a date that the Board sets. I am hoping that we are able to notice our Shareholders in mid March for a Shareholder meeting in either late April or early May, about the time we hope that our Santee project goes into commercial operations. We hope to have a Board meeting soon to set that date, and when done, you will be notified.

Future Projects: In our original business plan, we had planned on building a second site in Vista, our Vista 2 project. That's still the plan, and we are well underway with the initial efforts to secure a building, financing, and project development partners for the Vista 2 project. Construction will probably start by about June of this year. Many of you probably don't follow the State financial channels, but last month we were awarded a pretty good sized Tax Exempt allocation for a Bond financing to pay for the construction costs of our Vista site. We are working to put the package together so that the underwriters can sell the bonds for this project, or first formal structured financing. We also have a second Project coming together in Pensacola Florida with our Strategic Partner Rainbow Disposal, which just might be in construction later this year as well.

We will keep sending out updates periodically as we move forward, but if you have specific questions, please don't hesitate to write me an email.

Once again, we hope that this message finds you and your families well.

Sincerely,



Anthony J Arand
CEO

