

Dear Shareholder:

This letter will serve to provide an update on our various projects. This week marks the one year anniversary of the Oak Ridge North Renewable Power Plant. I have attached a certificate honoring Biofuels Power Corp. for its efforts presented by the hon. Phil Wilson Texas Secretary of State. There were a series of commemorative visits involving dignitaries (including four congressmen from both parties) that visited the plant following the Energy conference in Houston during the Texas primary.

The turbine power plant has been running smoothly as a peaker unit for the last month. As with the ORN plant, we make the decision to run based on power prices. Much of the Houston area has electric heat so periods of cold weather generate relatively high power prices. There are no syncing issues with the individual engines as with the ORN plant so, once a decision is made to run, the turbine is started and enters the grid immediately. This turbine project powers The Woodlands, Texas, a high net worth community that can become a showplace green energy throughout the United States. We have kept up with press releases from the rest of the industry and we know that Oak Ridge North was the nation's first biofueled power plant and we now believe that the turbine project is the world's largest. For these two milestones to be achieved within one year is a real achievement for a new public company.

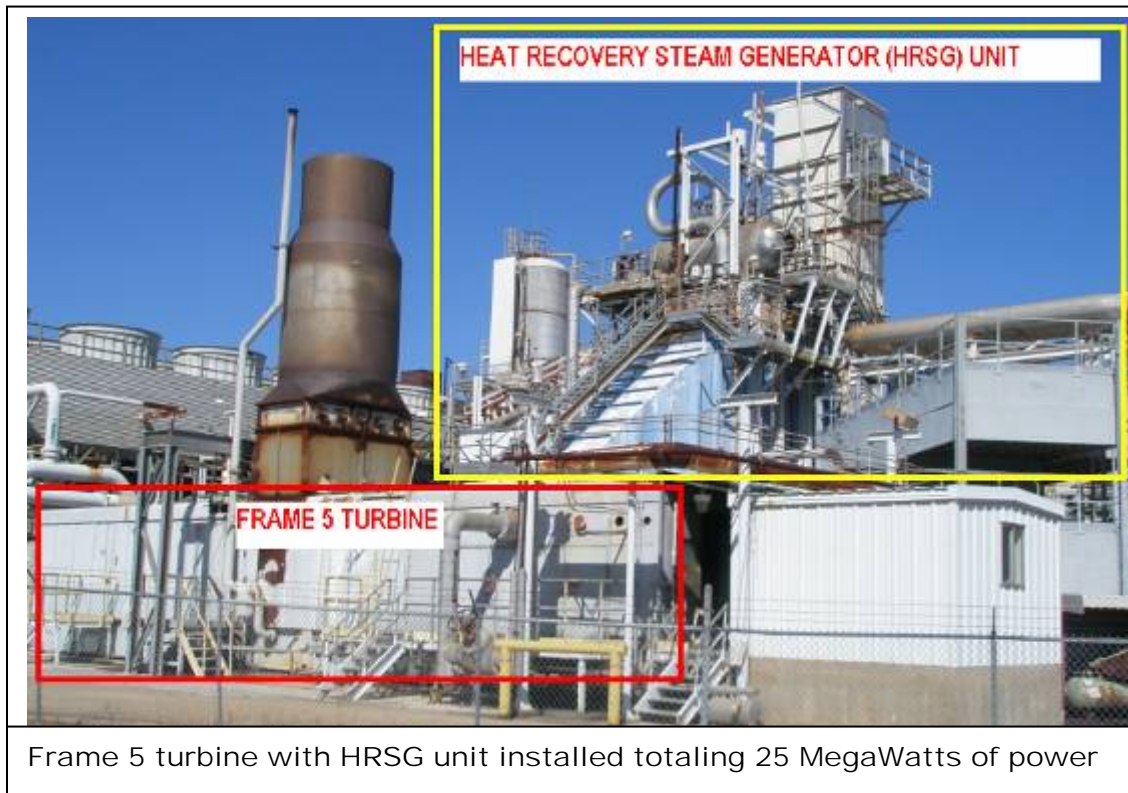
With respect to the public filing we just filed an amended Form 10SB with September 30 financials and we have received the first comments from the Securities and Exchange Commission. One of the issues addressed involved the independence of our Board of Directors. We have elected to reduce the board to three members so as to attract some new independent members. We thank our General Counsel Bob Webb and our power contractor Mike McGee for their months of service. Our answers to the remaining issues should be filed within ten days and we should go effective as a listed company in March. We have also begun the process of courting potential market makers from NASDAQ and specialists from AMEX as we decide the best exchange to pursue. We will also begin road shows in other cities to attract interest in the Company's story.

As part of this process, we are assembling an offering of approximately 5 million shares of stock to be sold at \$3.00 per share. This price per share is the trading threshold required by the AMEX exchange so we would like to enter the market with sufficient cash to expand our operations as well as a completed financing at the threshold price.



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These funds would be used to dramatically increase our current power output. To this end, we have executed a purchase of the 15MW Heat Recovery Steam Generator (HRSG – pronounced Herzeg) that will be assembled on the turbine. This unit is in Massachusetts and will need to be disassembled and moved once the weather allows for access. This HRSG is enormous at over 3 stories tall and 120 feet long. Three individual components weight 200,000 pounds each and will need to be delivered to our site on eleven-axle tractor trailers. We expect that the parts can show up over the next four months, after which it will take about six months to reassemble. We still need a companion steam turbine and we have a lead on more than one that would fit.

Now that both power plants are producing, we are also pushing the Alternative Energy Consultant projects. Our biodiesel refinery project is back on track with the financing team and a number of military base officers are interested in seeing the turbine project proposal now that there is a new pentagon budget. We are also awaiting the Dept. of Energy project for \$8 million which should be awarded this month.



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We have also made strides with our Talon Energy Company subsidiary. The recent oil price spikes of over \$100 per barrel have created interest in this business plan of using advanced technologies to enhance hydrocarbon recovery. The corporation has been formed in Delaware, an initial staff has been engaged and two acquisitions are planned. The first involves an equity purchase of sophisticated process systems from our Safer Energy biodiesel partners. These hydrocyclone designs are critical components in our production of biodiesel in the Safe Renewables plant. Similar systems are being used to increase the flow of oil and gas in wells with high water production. In addition, Talon is purchasing patented exploration tools that are used to uncover overlooked hydrocarbon deposits in old wells. We will now have an inventory of equipment to use to earn oil production revenue.

These plans are ambitious for a company of our size but we have created momentum with our public filing coupled with the continued strong interest in renewable energy projects. We will provide more updates in the near future and, in the meantime, feel free to call me with questions.

Best regards,

Fred O'Connor
Chief Executive Officer

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