

ROCKLAND CAPITAL ENERGY INVESTMENTS, LLC

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Confidential

July 26, 2005 noon
Draft

Tradewinds, LLC
2574 Northwest Thurman Street
Portland, Oregon 97210

Attention: Don Bryan

Dear Don:

This letter sets forth the intent of Rockland Capital Energy Investments, LLC or an affiliate ("Rockland") to provide up to \$1,300,000 but not less than \$700,000 of equity capital to Tradewinds, LLC (or a newly-formed substituted entity) for development of the Tradewinds Veneer Mill and Cogeneration Facility located on the Island of Hawaii (the "Project"). As part of the arrangements, Tradewinds intends to execute fee and management arrangements with Don Bryan (the "Developer" or "Management"). The Parties acknowledge that Tradewinds is in discussions with other investors for the provision of up to \$600,000 of equity capital ("Other Phase I Investors").

The significant terms of this letter of intent are as follows:

1. Principal Terms. The principal terms of the proposed arrangements would be as set forth in Annex A.
2. Equity Agreements. The proposed arrangements would be completed in accordance with terms and conditions to be set forth in definitive agreements governing the arrangements which shall be satisfactory in form and substance to Rockland, Tradewinds, the Developer and the Other Phase I Investors (the "Equity Agreements").
3. Closing. The closing of the arrangements would be subject to (i) entering into the Equity Agreements, (ii) completion of Rockland's due diligence investigation with results satisfactory to Rockland, (iii) obtaining final investor approval with Rockland investors and Board, (iv) formal approval from the State of Hawaii acknowledging that the Waiakea Timber Contract is in full force and effect, including an extension of the Phase II funding deadline satisfactory to Rockland. The parties contemplate that the Equity Agreements would be executed after completion of (ii) and (iii) above which is expected prior to July 28th, and will close after Tradewinds receives formal State approval mentioned in (iv), which is expected on August 12.

4. Access and Cooperation. For the period commencing on the date of acceptance of this letter of intent by Tradewinds through the earlier of August 31, 2005 or the date the definitive documents are executed, Rockland and its representatives will have full access to Tradewinds and Management and their respective officers, employees, counsel, accountants and other experts, and full opportunity to investigate Tradewinds' businesses, properties, books, records and liabilities and to discuss Tradewinds' and Management's affairs with their respective officers, employees, counsel, accountants and customers, in each case upon reasonable notice and during normal business hours.

5. Additional Limitations. Except for the Other Phase I Investors, for the period commencing on the date of this letter of intent through August 31, 2005, none of Tradewinds, Management or any Person acting on behalf of Tradewinds or Management will (i) solicit, initiate, encourage, enter into or conduct any discussions, or enter into any agreement or understanding, with any other person or entity regarding the transfer, directly or indirectly, of any equity interest in, or a substantial part of the assets of, Tradewinds or the formation of any joint venture or strategic alliance involving Tradewinds, or (ii) disclose any information relating to Tradewinds or afford access to the properties, books or records of Tradewinds to any other person or entity that may be considering acquiring an interest in Tradewinds or entering into a joint venture or strategic alliance involving Tradewinds.

6. Confidentiality; Publicity. The parties agree to keep the existence of this letter and its terms confidential except as necessary in discussions with the Other Phase I Investors and the State of Hawaii, Board of Land and Natural Resources. Neither party to this letter shall make any public announcements about this letter or the proposed transaction without the consent of the other party.

7. Costs. Tradewinds and Rockland shall each bear their respective costs related to the proposed transaction, including fees and expenses of their respective lawyers and financial advisers. Upon a successful closing of the proposed transaction and effectiveness of the funding commitments, Tradewinds will pay all third party transaction related expenses, including reasonable legal fees and expenses of Rockland and Tradewinds, including fees due to Greg Retzlaff.

8. Letter of Intent Only. This document is an expression of the intent of the parties only, and nothing herein shall create any legally binding obligation on the part of any party (except as to those matters referred to in paragraphs 4, 5, 6 and 7 above, which shall be binding). Neither party shall have any obligation to pursue or complete any transaction or arrangement contemplated by this letter and, consequently, no such obligation shall arise unless and until mutually satisfactory definitive agreements concerning the proposed equity arrangements shall have been entered into by Tradewinds and Rockland.

9. Phase II Equity Funding. Rockland desires to contribute all the equity capital required to complete the development and construction of the Project through the date of commercial operations currently estimated at \$14 million ("Phase II Equity Needs"). However, Rockland has the irrevocable option to contribute 70% of the total Phase II Equity Needs in exchange for 70% of a new series of interest in Tradewinds which purchase shall represent 45.5% of the total equity interests in Tradewinds (the "Phase II Equity Option"). The Phase II

Equity Option expires 30 days after all milestones have been achieved allowing Tradewinds to present well-developed economic forecasts to potential Phase II equity and debt providers. These milestones include the following:

- a) Tradewinds has executed contracts to procure all of its timber resources required to operate one shift five days per week.
- b) Tradewinds has executed contracts for the sale of at least 50% of the Project's output;
- c) Tradewinds has executed a Power Purchase Agreement with HELCO;
- d) Tradewinds has executed an Engineering, Procurement and Construction contract with a credit-worthy company; and
- e) Tradewinds, or its financial advisor, has prepared well-developed financial forecasts for inclusion in debt and/or equity offering memos and has delivered those forecasts to Rockland.

If Rockland exercises this Phase II Equity Option, then, (i) after Rockland has contributed its 70% portion of such Phase II Equity Needs, Rockland shall have the right to appoint an additional two directors to the Board of Directors of Tradewinds (the "Board"), and (ii) upon completion of the funding of all of the Phase II Equity Needs, the Board will be expanded to five members: Three will be appointed by Rockland, one by the Developer and one by the other Phase II equity investors. Phase II equity will earn a preferred return of 12% prior to any distributions to common members.

10. Restructuring of the Veber Engagement Agreement. At or prior to closing of Phase I funding, Tradewinds will restructure the VEBER Engagement Agreement (i) to reduce by 50% the fees associated with Rockland's Phase II equity contribution, (ii) to limit the application of warrants to Phase II equity provided by parties other than Rockland

The terms of this letter and the definitive documentation shall be construed in accordance with and governed by the laws of the State of New York.

If the foregoing accurately summarizes our understanding with respect to the proposed equity arrangements, please date and execute the duplicate original of this letter that is enclosed and return the same to the undersigned by 5:00 p. m. on July 28, 2005, after which time if not so executed it shall be null and void.

Very truly yours,

ROCKLAND CAPITAL ENERGY
INVESTMENTS, LLC

By: [Signature]
Scott Harlan,
Managing Director

Agreed to this 28th day
of July, 2005

TRADEWINDS, LLC

By: [Signature]
Don Bryan
President