

Ministry of the Environment

Environmental Assessment and
Approvals Branch

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Ministère de l'Environnement

Direction des évaluations et des
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May 14, 2010

Mitchell Shnier
Mitchell_Shnier@iecc.org

Dear Mitchell Shnier:

As you may be aware, I received numerous elevation requests for Swift River Energy Limited's (SREL) proposed North Bala Small Hydro Project (Project).

I am taking this opportunity to inform you that, pursuant to the Environmental Screening Process for electricity projects, I am requiring SREL to conduct further study with respect to navigation matters and economic impacts before I make a decision on the elevation requests. This decision was made after giving careful consideration to the issues raised in the elevation requests, SREL's response to these issues, and the Project documentation.

Following the submission of the elevation requests, staff at the Ministry of the Environment (MOE) thoroughly reviewed the numerous issues raised in the requests, SREL's response to the requests, and the Project documentation and have concluded that there are outstanding concerns that have not been adequately addressed by SREL. As a result, I have determined that SREL must conduct further study and report back to me on how the further study has addressed concerns regarding navigation and economic impacts.

I have provided SREL with 60 days to conduct further study regarding these matters, at which time, SREL will report back to me directly. My staff will then continue to review the issues you raised in your request during the comment review period. I will make a decision on your request based on the issues you raised in your requests, the Project documentation, SREL's response to your issues and the additional study I have required of SREL.

Should you have any questions about the information provided in this letter, please

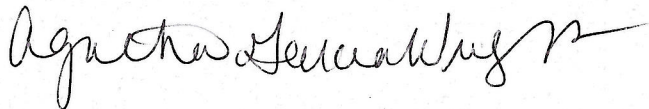


Mitchell Shnier
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contact Mr. Michael Harrison, Supervisor, Project Review Unit, Environmental Assessment and Approvals Branch at 416-314-7237.

Thank you for your attention to this matter.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Agatha Garcia-Wright". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Agatha Garcia-Wright
Director
Environmental Assessment and Approvals Branch

c: Trion Clarke, Hatch Energy
Al Robertson, Transport Canada