

September 9, 2005

0586050100-LTR-M0002-00

Joe Williams, CEO
Innovative Hydrogen Solutions

Subject Proof of Concept Validation

Dear Joe,

Wardrop's assessment of IHS's HGV-N14 Experimental Model unit is as follows:

The H2N-Gen HGV-N14 unit output verified based on the Bench Test Protocol 0586050100-TP-M0001-01 was in compliance with the performance data claimed by IHS.

Wardrop Engineering Inc. can validate the test results obtained by verifying two HGV-N14 Experimental Model units, and can validate the Proof of Concept for the unit in a "static" mode of operation.

Further improvements of the output performance for the HGV-N14 unit could be obtained in the future, by implementing Wardrop's recommendations for improving the unit design in the areas mentioned in Memorandum 0586050100-MEM-M0001-00.doc.

Regards,

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