

September 25, 2003

Hydro-Quebec
c/o : Diane Perron
8181 de L'Esplanade
Étage 2B
Montreal, Quebec
H2P 2R5

- Back out -

COMPLAINT: Our losses related to power in CEPC's 3494 Ashby, St-Laurent facility.

Dear Mrs Perron :

We are writing to you in relation to the issues that are related to the power grid and the resulting financial losses we are suffering.

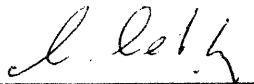
If you refer to the attached UPS log files recorded at C.E.P.C. you will see the times, dates, and voltage levels that caused problems.

We suffered two subsequent power failures on September 25, 2003 at 08:47:32 and at 16:29:42 (see UPS record). For nearly two hours , nobody could perform their duty (see exhibit 1 for cost).

The resulting losses of CEPC, as detailed in the attached Exhibit 1 is \$ 398.05. We would like to be reimbursed for this amount.

Please accept my best wishes and regards,

Sincerely,



Cesur Celik
President & CEO

Copies to:
A. Cote, Hydro Quebec.

Exhibit 1 : Revenue Loss

1) Blackout of September 25, 2003 : Loss of 2 hours of work

- 1 President :
- 1 Superintendant
- 1 Engineer and Sales
- 1 Process Engineer
- 1 Accountant
- 1 Lab. Manager
- 1 Maintenance

391.15

2) High Peak rate charged :

$207,3 \text{ kW} * 11.97 * 1 \text{ day} / 30 \text{ days} / 24 \text{ hrs} * 2 \text{ hrs} =$ 6.89

Total of Revenue loss :

398.05

| Date | Time | Event |
|----------|----------|---|
| 07/27/03 | 23:38:43 | UPS on battery: Deep momentary sag 023.4 V |
| 07/27/03 | 23:38:43 | Normal power restored: UPS on line |
| 07/28/03 | 00:40:20 | UPS on battery: Deep momentary sag 026.6 V |
| 07/28/03 | 00:40:20 | Normal power restored: UPS on line |
| 08/05/03 | 17:06:20 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/05/03 | 17:11:00 | *** PowerChute PLUS Version 5.1 started *** |
| 08/05/03 | 17:11:08 | Communication established |
| 08/05/03 | 17:15:33 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/05/03 | 17:20:02 | *** PowerChute PLUS Version 5.1 started *** |
| 08/05/03 | 17:20:09 | Communication established |
| 08/07/03 | 08:41:54 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/07/03 | 08:46:27 | *** PowerChute PLUS Version 5.1 started *** |
| 08/07/03 | 08:46:34 | Communication established |
| 08/07/03 | 09:18:08 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/07/03 | 09:22:37 | *** PowerChute PLUS Version 5.1 started *** |
| 08/07/03 | 09:23:05 | Communication established |
| 08/07/03 | 10:47:25 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/07/03 | 10:51:58 | *** PowerChute PLUS Version 5.1 started *** |
| 08/07/03 | 10:52:05 | Communication established |
| 08/08/03 | 12:42:41 | Self-test at UPS passed |
| 08/14/03 | 18:10:44 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/14/03 | 18:15:24 | *** PowerChute PLUS Version 5.1 started *** |
| 08/14/03 | 18:15:31 | Communication established |
| 08/14/03 | 18:23:00 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/14/03 | 18:27:29 | *** PowerChute PLUS Version 5.1 started *** |
| 08/14/03 | 18:27:37 | Communication established |
| 08/14/03 | 19:11:26 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/14/03 | 19:15:53 | *** PowerChute PLUS Version 5.1 started *** |
| 08/14/03 | 19:16:21 | Communication established |
| 08/14/03 | 19:27:53 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/14/03 | 19:32:23 | *** PowerChute PLUS Version 5.1 started *** |
| 08/14/03 | 19:32:32 | Communication established |
| 08/14/03 | 19:43:16 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/14/03 | 19:47:47 | *** PowerChute PLUS Version 5.1 started *** |
| 08/14/03 | 19:48:18 | Communication established |
| 08/14/03 | 19:55:58 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/14/03 | 20:00:28 | *** PowerChute PLUS Version 5.1 started *** |
| 08/14/03 | 20:00:39 | Communication established |
| 08/14/03 | 20:07:25 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/14/03 | 20:11:53 | *** PowerChute PLUS Version 5.1 started *** |
| 08/14/03 | 20:12:22 | Communication established |
| 08/14/03 | 20:21:42 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/14/03 | 20:26:16 | *** PowerChute PLUS Version 5.1 started *** |
| 08/14/03 | 20:26:23 | Communication established |
| 08/14/03 | 20:37:26 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/14/03 | 20:41:57 | *** PowerChute PLUS Version 5.1 started *** |
| 08/14/03 | 20:42:04 | Communication established |
| 08/18/03 | 07:54:27 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/18/03 | 08:01:55 | *** PowerChute PLUS Version 5.1 started *** |
| 08/18/03 | 08:02:02 | Communication established |
| 08/19/03 | 07:13:03 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/19/03 | 07:19:56 | *** PowerChute PLUS Version 5.1 started *** |
| 08/19/03 | 07:20:03 | Communication established |
| 08/19/03 | 07:26:16 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/19/03 | 07:29:29 | *** PowerChute PLUS Version 5.1 started *** |
| 08/19/03 | 07:29:36 | Communication established |
| 08/19/03 | 07:47:46 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/19/03 | 07:57:54 | *** PowerChute PLUS Version 5.1 started *** |
| 08/19/03 | 07:58:03 | Communication established |
| 08/19/03 | 08:05:08 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/19/03 | 08:08:25 | *** PowerChute PLUS Version 5.1 started *** |
| 08/19/03 | 08:08:32 | Communication established |
| 08/19/03 | 08:41:06 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/19/03 | 08:45:10 | *** PowerChute PLUS Version 5.1 started *** |
| 08/19/03 | 08:45:17 | Communication established |

| Date | Time | Event |
|----------|----------|---|
| 08/19/03 | 10:45:55 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/19/03 | 10:49:58 | *** PowerChute PLUS Version 5.1 started *** |
| 08/19/03 | 10:50:05 | Communication established |
| 08/19/03 | 12:07:43 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/19/03 | 12:12:41 | *** PowerChute PLUS Version 5.1 started *** |
| 08/19/03 | 12:12:48 | Communication established |
| 08/22/03 | 12:43:01 | Self-test at UPS passed |
| 08/23/03 | 09:14:16 | UPS on battery: Large momentary spike 125.4 V |
| 08/23/03 | 09:14:17 | Normal power restored: UPS on line |
| 09/02/03 | 08:26:27 | *** PowerChute PLUS Version 5.1 stopped *** |
| 09/02/03 | 08:30:41 | *** PowerChute PLUS Version 5.1 started *** |
| 09/02/03 | 08:30:48 | Communication established |
| 09/02/03 | 08:39:16 | *** PowerChute PLUS Version 5.1 stopped *** |
| 09/02/03 | 08:43:17 | *** PowerChute PLUS Version 5.1 started *** |
| 09/02/03 | 08:43:24 | Communication established |
| 09/05/03 | 12:43:26 | Self-test at UPS passed |
| 09/19/03 | 12:43:37 | UPS battery needs replacing |
| 09/19/03 | 12:43:38 | Self-test at UPS failed |
| 09/19/03 | 12:52:26 | *** PowerChute PLUS Version 5.1 started *** |
| 09/19/03 | 12:52:27 | Unable to communicate with UPS |
| 09/19/03 | 16:23:18 | *** PowerChute PLUS Version 5.1 stopped *** |
| 09/19/03 | 16:32:28 | *** PowerChute PLUS Version 5.1 started *** |
| 09/19/03 | 16:32:29 | Unable to communicate with UPS |
| 09/19/03 | 16:33:47 | Communication established |
| 09/21/03 | 17:34:03 | UPS on battery: Large momentary spike 124.8 V |
| 09/21/03 | 17:34:04 | Normal power restored: UPS on line |
| 09/22/03 | 09:42:08 | User-initiated UPS self-test passed |
| 09/23/03 | 03:59:40 | UPS on battery: Blackout 007.1 V |
| 09/23/03 | 04:04:41 | Shutdown started |
| 09/23/03 | 04:05:41 | System shutdown |
| 09/23/03 | 04:44:14 | *** PowerChute PLUS Version 5.1 started *** |
| 09/23/03 | 04:44:21 | Communication established |
| 09/25/03 | 08:47:32 | UPS on battery: <u>Blackout</u> 061.7 V |
| 09/25/03 | 08:52:33 | Shutdown started |
| 09/25/03 | 08:53:33 | System shutdown |
| 09/25/03 | 09:03:29 | *** PowerChute PLUS Version 5.1 started *** |
| 09/25/03 | 09:03:35 | Communication established |
| 09/25/03 | 09:03:45 | UPS on battery: Blackout 000.0 V |
| 09/25/03 | 09:08:45 | Shutdown started |
| 09/25/03 | 09:09:45 | System shutdown |
| 09/25/03 | 10:06:36 | *** PowerChute PLUS Version 5.1 started *** |
| 09/25/03 | 10:06:43 | Communication established |
| 09/25/03 | 16:29:56 | UPS on battery: <u>Blackout</u> 000.0 V |
| 09/25/03 | 16:34:56 | Shutdown started |
| 09/25/03 | 16:35:57 | System shutdown |
| 09/25/03 | 16:35:57 | Self-test at UPS passed |
| 09/25/03 | 16:45:35 | *** PowerChute PLUS Version 5.1 started *** |
| 09/25/03 | 16:45:42 | Communication established |

September 27, 2003

Hydro-Quebec
c/o : Diane Perron
8181 de L'Esplanade
Étage 2B
Montreal, Quebec
H2P 2R5

COMPLAINT: Our losses related to power in CEPC's 3494 Ashby, St-Laurent facility.

Dear Mrs Perron :

We are writing to you in relation to the issues that are related to the power grid and the resulting financial losses we are suffering.

If you refer to the attached UPS log files recorded at C.E.P.C. you will see the times, dates, and voltage levels that caused problems.

We suffered two subsequent power failures on September 27, 2003 at 10:42:54 and at 10:59:48 (see UPS record). We lost approximately 1h10 minutes. Even though it was on a Saturday, CEPC will still be charged.

The resulting losses of CEPC, as detailed in the attached Exhibit 1 is \$ 4.03. We would like to be reimbursed for this amount.

Please accept my best wishes and regards,

Sincerely,



Cesur Celik
President & CEO

Copies to:
A. Cote, Hydro Quebec.

Exhibit 1 : Revenue Loss

1) Blackout of September 27, 2003 : Loss of 1h10 minutes

207,3 kW * 11.97\$ * 1 day / 30 days / 24 hr * 1hr 10 m 4.03

4.03

Total of Revenue loss :

4.03

| Date | Time | Event |
|----------|----------|--|
| 08/19/03 | 10:45:55 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/19/03 | 10:49:58 | *** PowerChute PLUS Version 5.1 started *** |
| 08/19/03 | 10:50:05 | Communication established |
| 08/19/03 | 12:07:43 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/19/03 | 12:12:41 | *** PowerChute PLUS Version 5.1 started *** |
| 08/19/03 | 12:12:48 | Communication established |
| 08/22/03 | 12:43:01 | Self-test at UPS passed |
| 08/23/03 | 09:14:16 | UPS on battery: Large momentary spike 125.4 V |
| 08/23/03 | 09:14:17 | Normal power restored: UPS on line |
| 09/02/03 | 08:26:27 | *** PowerChute PLUS Version 5.1 stopped *** |
| 09/02/03 | 08:30:41 | *** PowerChute PLUS Version 5.1 started *** |
| 09/02/03 | 08:30:48 | Communication established |
| 09/02/03 | 08:39:16 | *** PowerChute PLUS Version 5.1 stopped *** |
| 09/02/03 | 08:43:17 | *** PowerChute PLUS Version 5.1 started *** |
| 09/02/03 | 08:43:24 | Communication established |
| 09/05/03 | 12:43:26 | Self-test at UPS passed |
| 09/19/03 | 12:43:37 | UPS battery needs replacing |
| 09/19/03 | 12:43:38 | Self-test at UPS failed |
| 09/19/03 | 12:52:26 | *** PowerChute PLUS Version 5.1 started *** |
| 09/19/03 | 12:52:27 | Unable to communicate with UPS |
| 09/19/03 | 16:23:18 | *** PowerChute PLUS Version 5.1 stopped *** |
| 09/19/03 | 16:32:28 | *** PowerChute PLUS Version 5.1 started *** |
| 09/19/03 | 16:32:29 | Unable to communicate with UPS |
| 09/19/03 | 16:33:47 | Communication established |
| 09/21/03 | 17:34:03 | UPS on battery: Large momentary spike 124.8 V |
| 09/21/03 | 17:34:04 | Normal power restored: UPS on line |
| 09/22/03 | 09:42:08 | User-initiated UPS self-test passed |
| 09/23/03 | 03:59:40 | UPS on battery: Blackout 007.1 V |
| 09/23/03 | 04:04:41 | Shutdown started |
| 09/23/03 | 04:05:41 | System shutdown |
| 09/23/03 | 04:44:14 | *** PowerChute PLUS Version 5.1 started *** |
| 09/23/03 | 04:44:21 | Communication established |
| 09/25/03 | 08:47:32 | UPS on battery: Blackout 061.7 V |
| 09/25/03 | 08:52:33 | Shutdown started |
| 09/25/03 | 08:53:33 | System shutdown |
| 09/25/03 | 09:03:29 | *** PowerChute PLUS Version 5.1 started *** |
| 09/25/03 | 09:03:35 | Communication established |
| 09/25/03 | 09:03:45 | UPS on battery: Blackout 000.0 V |
| 09/25/03 | 09:08:45 | Shutdown started |
| 09/25/03 | 09:09:45 | System shutdown |
| 09/25/03 | 10:06:36 | *** PowerChute PLUS Version 5.1 started *** |
| 09/25/03 | 10:06:43 | Communication established |
| 09/25/03 | 16:29:56 | UPS on battery: Blackout 000.0 V |
| 09/25/03 | 16:34:56 | Shutdown started |
| 09/25/03 | 16:35:57 | System shutdown |
| 09/25/03 | 16:35:57 | Self-test at UPS passed |
| 09/25/03 | 16:45:35 | *** PowerChute PLUS Version 5.1 started *** |
| 09/25/03 | 16:45:42 | Communication established |
| 09/27/03 | 10:42:54 | UPS on battery: <u>Blackout</u> 007.1 V |
| 09/27/03 | 10:47:54 | Shutdown started |
| 09/27/03 | 10:48:55 | System shutdown |
| 09/27/03 | 10:59:32 | *** PowerChute PLUS Version 5.1 <u>started</u> *** |
| 09/27/03 | 10:59:39 | Communication established |
| 09/27/03 | 10:59:48 | UPS on battery: Blackout 000.0 V |
| 09/27/03 | 11:04:48 | Shutdown started |
| 09/27/03 | 11:05:48 | System shutdown |
| 09/27/03 | 11:55:45 | *** PowerChute PLUS Version 5.1 started *** |
| 09/27/03 | 11:55:52 | Communication established |

September 23, 2003

Blackout - 3:59:40

Hydro-Quebec
c/o : Diane Perron
8181 de L'Esplanade
Étage 2B
Montreal, Quebec
H2P 2R5

COMPLAINT: Our losses related to power in CEPC's 3494 Ashby, St-Laurent facility.

Dear Mrs. Perron :

We are writing to you in relation to the issues that are related to the power grid and the resulting financial losses we are suffering.

If you refer to the attached UPS log files recorded at C.E.P.C. you will see the times, dates, and voltage levels that caused problems. Please note that we started our 12 days long, 24-h/d production campaign at 07:00 am on September 16, 2003 and this production campaign is scheduled to be terminated at 07:00 am on September 27, 2003.

As you will see from the attached log, we encountered a disruption on Tuesday, September 23, 2003, 'during' production at 03:59:40. The blackout lasted until 04:44:21 forcing us to shut down the entire production. Consequently, we lost 50% of our client order of October 2003 .

Following a routine shut-down, CEPC's production schedule requires four shifts of 12 hours to reach steady-state production (including 1st 12h/shift to cool down the reactor; 2nd 12h/shift to dismantle and clean-out the reactor; 3rd 12h/shift to re-build, calibrate and test the system; and 4th 12h/shift to heat-up the system to operating temperature range and fine-tune the process to obtain product quality and throughput). Due to un-planned shut-down during the middle of the night-shift on the 23rd September, we have lost additional three hours, bringing the total of hours to 51. In addition, because of the sudden shutdown, we lost valuable consumables (exhibit 1).

We will have to make another run to compensate for the run of September starting on October 6, 2003. Meaning CEPC will have to pay for the high peak rate a second time for September electricity bill. We would like to be compensated as well for that (see exhibit 2).

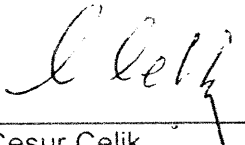
As previously mentioned, we have lost half of our October 2003 order. This failure has cost us a great amount of profit as shown in exhibit 2.

The resulting losses of CEPC, as detailed in the attached Exhibit 2 is \$ 61,551.41. We would like to be reimbursed for this amount. Furthermore, we will appreciate it if you investigate and let us know the cause and remedy for the power grid issues we are experiencing.

We are eager to resolve this nagging problem. On May 15th 2003, we wrote to Mr. Alain Côté about financing an electric generator by Hydro-Quebec. Unfortunately, Hydro-Quebec was not very responsive to our request at that time. This may be a good time for Hydro-Quebec to review its position. An outstanding claim from March 2003 concerning voltage fluctuation is still in progress. We do not enjoy at all having to fill these claims. For us, it is a waste of time, money and energy. We are quite certain that you feel the same. Estimates for a used generator including installation is about \$80,000.00 . We strongly urge you to provide us with a type of diesel generator that we believe will solve this never-ending problem for both Hydro-Quebec and for CEPC. We will be forwarding you an estimate for the purchase and installation of a used generator.

Please accept my best wishes and regards,

Sincerely,



Cesur Celik
President & CEO

Copies to:
A. Cote, Hydro Quebec.

Cost Model for Production Unit at CEPC's 3494 Ashby Facility: Exhibit 1

| Direct Costs | | Qty | Units | Cost per | Total Cost Item |
|---------------------------------|---|--------|-------|----------|------------------------|
| Consumables | | | | | |
| | <i>Ceramics</i> | | | | |
| | Crucible | 1.00 | | 1,747.49 | 1,747.49 |
| | Chamber | 1.00 | | 1,815.61 | 1,815.61 |
| | Torch Sleeve | 1.00 | | 409.81 | 409.81 |
| | Feed Tube | 1.00 | | 262.22 | 262.22 |
| | Castable Cement | 15.00 | lb | 6.15 | 92.25 |
| | Adhesive Cement | - | | 222.81 | 0.00 |
| | Crucible Packing | 50.00 | lb | 7.30 | 365.00 |
| | Complete Nozzle | 1.00 | | 1,051.00 | 1,051.00 |
| | Zirconia insulation | 0.20 | | 145.21 | 29.04 |
| | <i>Graphite</i> | | | | |
| | Crucible Support Part 1 | 1.00 | | 1,104.97 | 1,104.97 |
| | Crucible Support Part 2 | 1.00 | | 214.72 | 214.72 |
| | Crucible Support Part 3 | 1.00 | | 53.03 | 53.03 |
| | Graphite Tube 10" OD | 1.00 | | 1,163.52 | 1,163.52 |
| | Graphite Door | - | | 189.00 | 0.00 |
| | Graphite Felt 1/2 inch | 100.00 | | 6.95 | 695.00 |
| | Graphite Felt 1/4 inch | - | | 4.39 | 0.00 |
| | Feed Tube Insert | - | | 84.56 | 0.00 |
| | Quench Tube Disk 8" OD | 2.00 | | 57.40 | 114.80 |
| | Quench Tube Disk 10" OD | 1.00 | | 62.79 | 62.79 |
| | Anode Connector Part 1 | 1.00 | | 54.21 | 54.21 |
| | Anode Connector Part 2 | 1.00 | | 105.00 | 105.00 |
| | <i>Miscellaneous</i> | | | | |
| | Anod | 1.00 | | 1,200.00 | 1,200.00 |
| | Cathode | 1.00 | | 600.00 | 600.00 |
| | Nickel Rot - 8" | - | | | 0.00 |
| | Raw Nickel | - | | 1,000.00 | 0.00 |
| | Vacuum pump | - | | 343.00 | 0.00 |
| | Torch Body Insulation (AL) | - | | | 0.00 |
| | Porous Tube | - | | | 0.00 |
| | <i>Thermocouples</i> | | | | |
| | Thermocouple-C 8" | - | | | 0.00 |
| | Thermocouple-K | 3.00 | | 43.00 | 129.00 |
| | Labour (2 technicians + 1 analytical + 1 supervisor) :17 hrs @ 50% | | | | 625.60 |
| Total Consumables lost : | | | | | Total 11,895.06 |

Exhibit 2: Revenue Losses

Costs Associated with Loss of Power

September 23, 2003

3:59:00 AM

Duration to Achieve same production level before power failure

| | |
|----------------------|--------|
| Shut-down duration | 12 hrs |
| Shut-down shift lost | 3 hrs |
| Rebuild Duration | 24 hrs |
| Start-up Duration | 12 hrs |
| Total Hours Lost | 51 hrs |

Resources Costs

| | | | |
|-------------------------------|---|----|----------|
| Superintendent | 1 | | |
| Process Engineer | 1 | | |
| Lab Manager | 1 | | |
| Lead Operator | 1 | | |
| Technicians | 5 | | |
| Total Cost for resources used | | \$ | 7,263.82 |

Shutdown Costs

| | | | |
|----------------------------|---------------|----|-------|
| Nitrogen consumption | 70 lpm | | |
| Duration | 12 hrs | | |
| Total Nitrogen Consumption | 50.4 m3 | | |
| Consumption Cost | \$ 0.40 \$/m3 | | |
| Total Cost of Nitrogen | | \$ | 20.16 |

Rebuild Costs

| | | | |
|---|--|----|-----------|
| Consumable Costs (see attached Exhibit 1) | | \$ | 11,895.06 |
|---|--|----|-----------|

Start-up Costs

| | | | |
|--|---------------|----|--------|
| Nitrogen consumption | 39 m3/hr | | |
| Duration | 12 hrs | | |
| Total Nitrogen Consumption | 468 | | |
| Consumption Cost | \$ 0.40 \$/m3 | | |
| Total Cost of Nitrogen | | \$ | 187.20 |
| Extra Delivery Surcharges for Nitrogen | | \$ | 50.00 |

| | | | |
|---------------------|-------|--|--|
| Nickel Consumption | | | |
| Nickel for start-up | 46 kg | | |

| | | |
|---|------------------|---------------------|
| Nickel feeding | | |
| Duration | 8 hrs | |
| Production rate | 2.9 kg/hr | |
| Total powder produced | 23.2 kg | |
| Total Nickel Feed Required | 27.3 kg | |
| TOTAL Nickel Requirements | 73.3 kg | |
| Nickel Price | 20.72 \$/kg | |
| TOTAL Nickel Cost | | \$ 1,518.65 |
| | | |
| Electrical Consumption of Production | | |
| Power Required | 150 kVA | |
| Power charged | 135 kW | |
| Duration | 12 hrs | |
| Total Consumption | 1620 kWh | |
| Electrical Consumption Cost | \$ 0.0372 \$/kWh | |
| TOTAL Electrical Consumption Cost | | \$ 60.26 |
| | | |
| Extra Peak Power Charge | | |
| Total Peak in Production | 230.4 kVA | |
| Total Peak Charge | 207.36 kW | |
| Peak Charge No Production | 136 kW | |
| Difference | 71.36 kW | |
| Peak Charge | \$ 11.97 \$/kW | |
| TOTAL Extra Peak Charge | | \$ 854.18 |
| | | |
| | | \$ 21,849.34 |
| Overhead Costs : 65% | | \$ 14,202.07 |
| Sub-Total with OverHead | | \$ 36,051.41 |
| | | |
| Profit Margin Loss Due to Power Failure | | |
| Missing to complete October order | 250 kg | |
| Cost to produce powder | \$ 167.00 \$/kg | |
| Price of powder | \$ 269.00 \$/kg | |
| Difference | \$ 102.00 \$/kg | |
| TOTAL Margin loss | | \$ 25,500.00 |
| | | |
| TOTAL Revenue Losses | | \$ 61,551.41 |

| Date | Time | Event |
|----------|----------|---|
| 07/24/03 | 19:14:02 | Communication established |
| 07/25/03 | 08:09:07 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 08:13:05 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 08:13:11 | Communication established |
| 07/25/03 | 09:55:25 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 10:00:23 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 10:00:30 | Communication established |
| 07/25/03 | 10:42:52 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 10:46:52 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 10:46:59 | Communication established |
| 07/25/03 | 11:43:34 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 11:47:39 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 11:47:46 | Communication established |
| 07/25/03 | 11:57:49 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 12:01:48 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 12:01:55 | Communication established |
| 07/25/03 | 12:16:46 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 12:20:44 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 12:20:50 | Communication established |
| 07/25/03 | 12:25:36 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 12:29:28 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 12:29:35 | Communication established |
| 07/25/03 | 12:31:15 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 12:35:11 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 12:35:18 | Communication established |
| 07/25/03 | 12:41:20 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 12:45:15 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 12:45:22 | Communication established |
| 07/25/03 | 12:48:09 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 12:54:02 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 12:54:09 | Communication established |
| 07/25/03 | 13:13:36 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 13:17:32 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 13:17:39 | Communication established |
| 07/25/03 | 13:39:05 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 13:43:12 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 13:43:20 | Communication established |
| 07/25/03 | 13:58:52 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 14:02:52 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 14:02:59 | Communication established |
| 07/25/03 | 14:50:35 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 14:54:40 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 14:54:47 | Communication established |
| 07/25/03 | 15:11:18 | *** PowerChute PLUS Version 5.1 stopped *** |
| 07/25/03 | 15:15:52 | *** PowerChute PLUS Version 5.1 started *** |
| 07/25/03 | 15:15:59 | Communication established |
| 07/27/03 | 23:16:44 | UPS on battery: Deep momentary sag 087.7 V |
| 07/27/03 | 23:16:44 | Normal power restored: UPS on line |
| 07/27/03 | 23:38:43 | UPS on battery: Deep momentary sag 023.4 V |
| 07/27/03 | 23:38:43 | Normal power restored: UPS on line |
| 07/28/03 | 00:40:20 | UPS on battery: Deep momentary sag 026.6 V |
| 07/28/03 | 00:40:20 | Normal power restored: UPS on line |
| 08/05/03 | 17:06:20 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/05/03 | 17:11:00 | *** PowerChute PLUS Version 5.1 started *** |
| 08/05/03 | 17:11:08 | Communication established |
| 08/05/03 | 17:15:33 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/05/03 | 17:20:02 | *** PowerChute PLUS Version 5.1 started *** |
| 08/05/03 | 17:20:09 | Communication established |
| 08/07/03 | 08:41:54 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/07/03 | 08:46:27 | *** PowerChute PLUS Version 5.1 started *** |
| 08/07/03 | 08:46:34 | Communication established |
| 08/07/03 | 09:18:08 | *** PowerChute PLUS Version 5.1 stopped *** |
| 08/07/03 | 09:22:37 | *** PowerChute PLUS Version 5.1 started *** |
| 08/07/03 | 09:23:05 | Communication established |
| 08/07/03 | 10:47:25 | *** PowerChute PLUS Version 5.1 stopped *** |

| Date | Time | Event |
|----------|----------|---|
| 8/07/03 | 10:51:58 | *** PowerChute PLUS Version 5.1 started *** |
| 8/07/03 | 10:52:05 | Communication established |
| 8/08/03 | 12:42:41 | Self-test at UPS passed |
| 8/14/03 | 18:10:44 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/14/03 | 18:15:24 | *** PowerChute PLUS Version 5.1 started *** |
| 8/14/03 | 18:15:31 | Communication established |
| 8/14/03 | 18:23:00 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/14/03 | 18:27:29 | *** PowerChute PLUS Version 5.1 started *** |
| 8/14/03 | 18:27:37 | Communication established |
| 8/14/03 | 19:11:26 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/14/03 | 19:15:53 | *** PowerChute PLUS Version 5.1 started *** |
| 8/14/03 | 19:16:21 | Communication established |
| 8/14/03 | 19:27:53 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/14/03 | 19:32:23 | *** PowerChute PLUS Version 5.1 started *** |
| 8/14/03 | 19:32:32 | Communication established |
| 8/14/03 | 19:43:16 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/14/03 | 19:47:47 | *** PowerChute PLUS Version 5.1 started *** |
| 8/14/03 | 19:48:18 | Communication established |
| 8/14/03 | 19:55:58 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/14/03 | 20:00:28 | *** PowerChute PLUS Version 5.1 started *** |
| 8/14/03 | 20:00:39 | Communication established |
| 8/14/03 | 20:07:25 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/14/03 | 20:11:53 | *** PowerChute PLUS Version 5.1 started *** |
| 8/14/03 | 20:12:22 | Communication established |
| 8/14/03 | 20:21:42 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/14/03 | 20:26:16 | *** PowerChute PLUS Version 5.1 started *** |
| 8/14/03 | 20:26:23 | Communication established |
| 8/14/03 | 20:37:26 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/14/03 | 20:41:57 | *** PowerChute PLUS Version 5.1 started *** |
| 8/14/03 | 20:42:04 | Communication established |
| 8/18/03 | 07:54:27 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/18/03 | 08:01:55 | *** PowerChute PLUS Version 5.1 started *** |
| 8/18/03 | 08:02:02 | Communication established |
| 8/19/03 | 07:13:03 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/19/03 | 07:19:56 | *** PowerChute PLUS Version 5.1 started *** |
| 8/19/03 | 07:20:03 | Communication established |
| 8/19/03 | 07:26:16 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/19/03 | 07:29:29 | *** PowerChute PLUS Version 5.1 started *** |
| 8/19/03 | 07:29:36 | Communication established |
| 8/19/03 | 07:47:46 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/19/03 | 07:57:54 | *** PowerChute PLUS Version 5.1 started *** |
| 8/19/03 | 07:58:03 | Communication established |
| 8/19/03 | 08:05:08 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/19/03 | 08:08:25 | *** PowerChute PLUS Version 5.1 started *** |
| 8/19/03 | 08:08:32 | Communication established |
| 8/19/03 | 08:41:06 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/19/03 | 08:45:10 | *** PowerChute PLUS Version 5.1 started *** |
| 8/19/03 | 08:45:17 | Communication established |
| 8/19/03 | 10:45:55 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/19/03 | 10:49:58 | *** PowerChute PLUS Version 5.1 started *** |
| 8/19/03 | 10:50:05 | Communication established |
| 8/19/03 | 12:07:43 | *** PowerChute PLUS Version 5.1 stopped *** |
| 8/19/03 | 12:12:41 | *** PowerChute PLUS Version 5.1 started *** |
| 8/19/03 | 12:12:48 | Communication established |
| 8/22/03 | 12:43:01 | Self-test at UPS passed |
| 8/23/03 | 09:14:16 | UPS on battery: Large momentary spike 125.4 V |
| 8/23/03 | 09:14:17 | Normal power restored: UPS on line |
| 09/02/03 | 08:26:27 | *** PowerChute PLUS Version 5.1 stopped *** |
| 09/02/03 | 08:30:41 | *** PowerChute PLUS Version 5.1 started *** |
| 09/02/03 | 08:30:48 | Communication established |
| 09/02/03 | 08:39:16 | *** PowerChute PLUS Version 5.1 stopped *** |
| 09/02/03 | 08:43:17 | *** PowerChute PLUS Version 5.1 started *** |
| 09/02/03 | 08:43:24 | Communication established |
| 09/05/03 | 12:43:26 | Self test at UPS passed |
| 09/19/03 | 12:43:37 | UPS battery needs replacing |

| Date | Time | Event |
|----------|----------|---|
| 09/19/03 | 12:43:38 | Self-test at UPS failed |
| 09/19/03 | 12:52:26 | *** PowerChute PLUS Version 5.1 started *** |
| 09/19/03 | 12:52:27 | Unable to communicate with UPS |
| 09/19/03 | 16:23:18 | *** PowerChute PLUS Version 5.1 stopped *** |
| 09/19/03 | 16:32:28 | *** PowerChute PLUS Version 5.1 started *** |
| 09/19/03 | 16:32:29 | Unable to communicate with UPS |
| 09/19/03 | 16:33:47 | Communication established |
| 09/21/03 | 17:34:03 | UPS on battery: Large momentary spike 124.8 V |
| 09/21/03 | 17:34:04 | Normal power restored: UPS on line |
| 09/22/03 | 09:42:08 | User-initiated UPS self test passed |
| 09/23/03 | 03:59:40 | UPS on battery: Blackout 007.1 V |
| 09/23/03 | 04:04:41 | Shutdown started |
| 09/23/03 | 04:05:41 | System shutdown |
| 09/23/03 | 04:44:14 | *** PowerChute PLUS Version 5.1 started *** |
| 09/23/03 | 04:44:21 | Communication established |
| 09/25/03 | 08:47:32 | UPS on battery: Blackout 061.7 V |
| 09/25/03 | 08:52:33 | Shutdown started |
| 09/25/03 | 08:53:33 | System shutdown |
| 09/25/03 | 09:03:29 | *** PowerChute PLUS Version 5.1 started *** |
| 09/25/03 | 09:03:35 | Communication established |
| 09/25/03 | 09:03:45 | UPS on battery: Blackout 000.0 V |
| 09/25/03 | 09:08:45 | Shutdown started |
| 09/25/03 | 09:09:45 | System shutdown |
| 09/25/03 | 10:06:36 | *** PowerChute PLUS Version 5.1 started *** |
| 09/25/03 | 10:06:43 | Communication established |



5-0, 008
 2/20/2003



April 10, 2003

Hydro Quebec
c/o : Sylvie Cadieux
7575 Henri-Bourassa ouest
Montreal, Quebec H4S 1Z2
Canada

COMPLAINT: Our losses related to power in CEPC's 3494 Ashby, St-Laurent facility.

Dear Mrs. Cadieux:

We are writing to you in relation to the issues that are related to the power grid and the resulting financial losses we are suffering.

As you know, CEPC has followed the recommendations made by Hydro Quebec fully, following Breton Banville & Assoc.'s evaluations of HQ's power grid that brings power to CEPC, as well as CEPC's electrical network within the building. Despite these measures however, we continue to experience problems.

We have been experiencing many disruptions during the months of February and March 2003, from severe voltage dips to total blackout.

If you refer to the attached UPS log files recorded at C.E.P.C. you will see the times, dates, and voltage levels that caused problems. These took place both: before production (Prior to March 17, 2003) and during production. Please note that we started our 10 day long, 24-hr/day production campaign at 07:00 am on March 17, 2003 and this production campaign terminated at 07:00 am on March 27, 2003 as scheduled.

Mr. Kemal Cakir, Superintendent at C.E.P.C. had already notified Mr. Alain Cote of Hydro Quebec of the incidents that were observed 'prior' to commencing our last production and asked if we should go-ahead with the planned 10 day production, starting 07:00, Monday, March 17th, 2003. He was given the 'go-ahead'.

Despite these assurances however, as you will see from the attached log, we encountered many problems on Friday March 21st 2003, 78 hours into the production campaign. The first power disruption we had was a sag in the voltage of 91.6V at 02:33. We then had five other incidents within the span of three hours, which rendered our process into a state of disruption and loss in production. These voltage sags are outside the 106 – 128 Volt range that Mr. Cote of Hydro Quebec informed us would be the range that Hydro Quebec would be responsible for maintaining (more or less similar to Article 102 of the Règlement 634 that indicates Hydro Quebec's obligation to keep the fluctuations within 10% of nominal voltage). Since these voltage sags were below 96.8 Volt, and as low as 82.5 Volt, we could not manage to keep our process operating. The

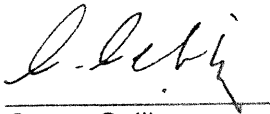
plasma torch that operates with electricity went into emergency shut-down. We re-started the torch and process heat-up. However, the heat losses caused bad powder quality, increasing our losses. This problem recurred, shutting our process down repeatedly. Following the last incident at 05:33 am, we heated-up the reactor again. It took 17 very difficult and critical hours to stabilize the operation and rectify the quality to a satisfactory level resulting in quality related losses. However, we failed to raise the production throughput above 1.97 kg/hr to 2.30 kg/hr, pre-incident average, despite all efforts.

Post mortem examination of the reactor interior revealed that the loss of production rate was due to a large "short" that was caused by the power incident, damaging our DC torch cathode and the surrounding ceramics in our system. Furthermore, the ceramic portion that melted increased the level of minor element impurities in our product.

The resulting loss of CEPC, as detailed in the attached Exhibit 1, is \$ 26,407.83. We would like to be reimbursed for this amount. More importantly, we will appreciate it if you investigate and let us know the cause and remedy for the power grid issues we are experiencing.

Please accept my best wishes and regards,

Sincerely,



Cesur Celik
President & CEO

Copies to:
A. Cote, Hydro Quebec.

Exhibit 1: Losses Due to Electrical Dips**Powder losses due to bad distribution:**

| | | |
|--|---------------|---------------------|
| Losses directly after incident: | | |
| Total Consecutive hours of production lost: | 17 hrs | |
| Total powder lost during this phase: | 35.522 kg | |
| Occasional Losses due to quality fluctuation and poor manageability of process | | |
| Total number of hours affected: | 19 hrs | |
| Total powder lost: | 46.449 kg | |
| TOTAL LOSSES OF PRODUCT DUE TO BAD DISTRIBUTION: | | 81.97 kg |
| Cost of manufacturing per kilogram of powder: | \$ 202.00 /kg | |
| TOTAL COST OF LOSSES DUE TO BAD DISTRIBUTION: | | \$ 16,558.14 |

Losses incurred due to decrease in production rate:

| | | |
|---|---------------|--------------------|
| Total hours of production: | 225 hrs | |
| Before incident | 78 hrs | |
| After incident | 147 hrs | |
| Total production of Powder: | | |
| Actual Production Before Incident | 179.90 kg | |
| Actual Production After Incident | 290.28 kg | |
| Expected Production After Incident | 339.04 kg | |
| Production rate: | | |
| Before Incident: | 2.31 kg/hr | |
| After Incident: | 1.97 kg/hr | |
| Production Losses: | 0.33 kg/hr | |
| TOTAL LOSS OF PRODUCTION: (Difference between expected and actual production after incident) | | 48.76 kg |
| Cost of manufacturing per kilogram of powder: | \$ 202.00 /kg | |
| TOTAL COST OF LOSSES DUE TO PRODUCTION RATE LOSS: | | \$ 9,849.68 |

| | |
|-----------------------------------|---------------------|
| GRAND TOTAL COST OF LOSSES | \$ 26,407.83 |
|-----------------------------------|---------------------|

| e | Time | Event |
|-------|----------|---|
| 23/03 | 04:33:59 | System shutdown |
| 23/03 | 07:31:45 | *** PowerChute PLUS Version 5.1 started *** |
| 23/03 | 07:31:54 | Communication established |
| 24/03 | 09:08:48 | *** PowerChute PLUS Version 5.1 started *** |
| 24/03 | 09:08:58 | Communication established |
| 24/03 | 11:23:18 | UPS on battery: Blackout 000.0 V ✗ |
| 24/03 | 11:27:09 | Normal power restored: UPS on line |
| 03/03 | 08:55:47 | Self-test at UPS passed |
| 03/03 | 10:23:57 | UPS on battery: Small momentary sag 100.7 V ✗ |
| 03/03 | 10:23:57 | Normal power restored: UPS on line |
| 03/03 | 10:38:47 | UPS on battery: Deep momentary sag 094.2 V ✗ |
| 03/03 | 10:38:47 | Normal power restored: UPS on line |
| 17/03 | 08:56:04 | Self-test at UPS passed |
| 21/03 | 02:33:30 | UPS on battery: Small momentary sag 091.6 V ① |
| 21/03 | 02:33:30 | Normal power restored: UPS on line |
| 21/03 | 02:33:31 | UPS on battery |
| 21/03 | 02:33:31 | Normal power restored: UPS on line |
| 21/03 | 02:50:01 | UPS on battery: Deep momentary sag 096.8 V ② |
| 21/03 | 02:50:01 | Normal power restored: UPS on line |
| 21/03 | 03:54:52 | UPS on battery: Large momentary spike 122.8 V |
| 21/03 | 03:54:52 | Normal power restored: UPS on line |
| 21/03 | 03:54:57 | UPS on battery: Deep momentary sag 083.2 V ③ |
| 21/03 | 03:54:57 | Normal power restored: UPS on line |
| 21/03 | 04:38:22 | UPS on battery: Deep momentary sag 082.5 V ④ |
| 21/03 | 04:38:22 | Normal power restored: UPS on line |
| 21/03 | 04:48:22 | UPS on battery: Deep momentary sag 083.8 V ⑤ |
| 21/03 | 04:48:22 | Normal power restored: UPS on line |
| 21/03 | 05:33:35 | UPS on battery: Deep momentary sag 084.5 V ⑥ |
| 21/03 | 05:33:36 | Normal power restored: UPS on line |

↓ ↓ ↓
 PRODUCTION PERIOD:
 START March 17 - 07:00 au
 FINISH March 27 - 07:00 au

To: C/o Madame LOUISE BOISVERT
 HYDRO QUEBEC

for 385-2256
 Date: March 25/03

From:

Le 16 octobre 2003

Cesur Celik
Corporation Canadienne de poudres électroniques
3494, rue Ashby
Saint-Laurent (Québec) H4R 2C1

Réclamations
Direction régionale – Montréal
et direction – Services à la clientèle
Hydro-Québec
2^e étage B
8181, avenue de l'Esplanade
Montréal (Québec) H2P 2R5

Tél. : (514) 385-8888, poste 2212
Télec. : (514) 385-8016

V/Lettre du 10 avril 2003

N/Réf. 26-03-103147-2


Objet : Demande de compensation financière – Perte de production et matériel

Madame, Monsieur,

Pour faire suite à votre demande, nous désirons vous informer que votre dossier a été remis à notre agent de réclamations.

Nous comptons procéder aussitôt que possible à une enquête qui nous permettra de vous faire connaître la position d'Hydro-Québec.

Veuillez agréer, Madame, Monsieur, nos meilleures salutations.


Maurice Lebrun
Agent de réclamations

c. c. Dossier