



Letter to the Board of Directors COO's Report by Terri Herson

March 29, 2010

"Spring Planting"

First, I would like to wish all readers a happy and prosperous 2010. It is delightful to be working on a very successful 2010 with the Chadux team and Board Members.

From a corporate perspective, we start 2010 with the benefit of significant efforts we made in 2009. After preparing a rigorous application, we were recently notified of our award of Government Services Agency (GSA) schedules to perform energy management and related services. The schedule, or approved price list, allows government agencies to directly contract with Chadux for the specific work covered in the schedule. The GSA logo will be posted on our website to advertise Chadux as a provider.

Our accounting reports indicate that Chadux is off to a strong financial start in 2010. We are recognizing profits by managing costs and maximizing the work split on AECRU. In fact, this year

marks the commencement of a loan repayment of \$5,000 per month expensed by Chadux to Tanaq. On top of that, we are pleased to provide a quarterly distribution of \$33,600 to the shareholders this month!

In early 2010, Chadux's Management Team worked intensely to develop leads and accelerate business development activities. Since we have entered the last option year of the Resources Energy Management (REM) contract with the Navy MidAtlantic, our first step was to do some "spring planting!" Responding to client demand, we met with the Navy in Norfolk, VA on March 9-10, 2010 to identify new contracts to continue our services. In the process, we gained intelligence on other Naval Facilities Engineering Command (NAVFAC) and Shipboard REM opportunities in the Washington DC area which we will pursue.

In January, we launched bi-weekly meetings (90 minute teleconferences) to

provide a Business Development forum to exchange strategies and marketing ideas. The group – Kord Christianson Darren Knight, Jaque Forrest, Terri Herson and Janene Chilson – is very dedicated to the growth of Chadux. Andrew Holden (Helios) has been invited to join us to unite Tanaq’s subsidiaries in promoting business and cross-selling services. A few of the noteworthy teleconference outcomes are:

- Our strategic attendance at professional conferences focused on our core competencies (eg., upcoming Aleutian/Pribilof Islands Energy Summit)
- Our aggressive use of federal commerce websites to get informed of new environmental and energy contracts
- Our face to face meetings with professional contacts at SAIC Inc., Brown and Caldwell, and Aleut Management Services to explore teaming arrangements. At these meetings, we introduced our new marketing brochure.

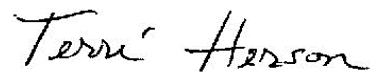
With our current workload and potential new opportunities, we have made two hires in 2010. Vittorio Kentish, a retired

Navy officer, was brought on as a REM Trainee at the Norfolk Naval Station and Mukesh Mehta, a registered geologist, has joined our Environmental Team in San Diego. We welcome these new additions to the Chadux family and look forward to their contributions.

The last news of note is our idea to open a Chadux office in Norfolk, VA. We envision multiple services, beyond the REM work, being offered and expanding our footprint in the eastern United States. I look forward to the Board’s insight and to working closely with you on this.

We sincerely thank the Board for your support. If you have any questions or would like to share your comments with me, please feel free to call me at 925-932-7087, or send an e-mail to therson@stgcx.com.

Best regards,



COO, St. George Chadux Corporation

