



Dear Shareholder:

May 11, 2012

Since our last annual meeting, Environmental Waste International (EWS) has achieved several milestones relating to our main project, the TR900 pilot plant. The Company was recently honored by the tire industry for the innovative work and progress it has made in advancing the TR application. But our work is far from complete.

In June 2011, EWS began testing the main components of the pilot plant and by late June, the Ministry of Environment gave approval for EWS to begin testing the entire system. In mid July the system processed 20 tires and collected the carbon, oil and steel. By November the system was operated for eleven continuous hours. The ongoing test runs have validated that the patented reverse polymerization™ process operates within the new system design. This approach has allowed us to identify deficiencies and areas that required further development. The primary reason for building the pilot plant was to confirm the overall design, complete the operational development and refine the byproduct recovery systems before building a commercial unit.

In January 2012, Valdis Martinsons was appointed our new COO. EWS believes that Mr. Martinsons has the skill set to take the pilot TR900 plant to the commercial stage. EWS also added new depth to its engineering team, and under Mr. Martinsons guidance, they have made great strides and instituted several new modifications to the Sault Ste Marie plant. We will report on their progress as updates become available.

In February 2012, EWS was honored to receive the Tire Technology International Award for Innovation and Excellence in the category of Environmental Achievement. This recognition from the tire community demonstrates how important our tire recycling system is to the worldwide tire industry.

Many groups have visited the pilot facility over the past year and we are receiving new inquiries weekly. We have a clear understanding of what lies ahead. We have to complete the development of the pilot project and work with end-users of the recovered TR byproducts to secure letters of interest and purchase commitments. We need to secure system orders for our commercial models and we have to deliver operating plants. Then we will have truly brought this application to fruition.

We appreciate the patience of our shareholders and we believe that 2012 will mark the beginning of a new era for EWS. We welcome your attendance at our AGM on June 20<sup>th</sup> and I look forward to seeing you there.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen D.", with a horizontal flourish extending to the right.

President