

Alberta Corporation/Non-Profit Search Corporate Registration System

Date of Search: 2010/09/07
Time of Search: 10:43 AM
Search provided by: ELDOR-WAL REGISTRATIONS (1987) LTD

Service Request Number: 15218011
Customer Reference Number: SMORRIS

Corporate Access Number: 208591693

Legal Entity Name: EARTHRENEW CORPORATION

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
EARTHRENEW ORGANICS LTD.	2010/01/01

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 1999/12/22 YYYY/MM/DD

Registered Office:

Street: 201 1925 18 AVE NE
City: CALGARY
Province: ALBERTA
Postal Code: T2E 7T8

Records Address:

Street: 201 1925 18 AVE NE
City: CALGARY
Province: ALBERTA
Postal Code: T2E 7T8

Directors:

THIS IS EXHIBIT "A"
referred to in the Affidavit of
M. H. Gorman
Sworn before me this 15
Day of Sept A.D. 2010

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

HOWARD A. GORMAN
BARRISTER & SOLICITOR

Last Name: CARIN
First Name: CHRISTIANNE
Street/Box Number: 203 INVERNESS PARK SE
City: CALGARY
Province: ALBERTA
Postal Code: T2Z 3K6

Last Name: CODD
First Name: RONALD
Middle Name: E.F.
Street/Box Number: 3065 STONEGATE DRIVE
City: ALAMO
Province: CALIFORNIA
Postal Code: 94507

Last Name: FEDKENHEUER
First Name: AL
Middle Name: W.
Street/Box Number: 3208 BEARSPAW DR NW
City: CALGARY
Province: ALBERTA
Postal Code: T2L 1T2

Last Name: GETZ
First Name: ROBERT
Street/Box Number: 46 PECKSLAND ROAD
City: GREENWICH
Province: CONNECTICUT
Postal Code: 06831

Last Name: GUNN
First Name: JOHN
Middle Name: C.
Street/Box Number: 151 WOODACRES DR SW
City: CALGARY
Province: ALBERTA
Postal Code: T2W 4V8

Last Name: MCINTOSH
First Name: RONALD
Street/Box Number: 286 WILDWOOD DRIVE SW
City: CALGARY

Province: ALBERTA
Postal Code: T3C 3E1

Last Name: WISEMAN
First Name: DANIEL
Street/Box Number: 15 CAMERON AVENUE
City: NORTH YOURK
Province: ONTARIO
Postal Code: M2N 1C9

Voting Shareholders:

Last Name: BERSHAW & CO C/O CITIBANK CANADA SECURITIES
Street: SUITE 1800, 123 FRONT STREET WEST
City: TORONTO
Province: ONTARIO
Postal Code: M5J 2M3
Percent Of Voting Shares: 2.9

Last Name: CARIN
First Name: CHRISTIANNE
Street: 203 INVERNESS PARK SE
City: CALGARY
Province: ALBERTA
Postal Code: T2Z 3K6
Percent Of Voting Shares: 27.9

Last Name: FEDKENHEUER
First Name: AL
Street: 3208 BEARSPAW DRIVE NW
City: CALGARY
Province: ALBERTA
Postal Code: T2L 1T2
Percent Of Voting Shares: 5

Last Name: LUXOR CAPITAL GROUP LP
Street: ONE NEW YORK PLACE
City: NEW YORK
Province: NEW YORK
Postal Code: 10004
Percent Of Voting Shares: 29

Last Name: ROYTOR & CO.
Street: ONE CABOT SQUARE
City: LONDON
Postal Code: E14 4QJ
Country: UNITED KINGDOM
Percent Of Voting Shares: 3.7

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: REFER TO "SHARE CAPITAL" ATTACHMENT
Share Transfers Restrictions: NONE.
Min Number Of Directors: 2
Max Number Of Directors: 7
Business Restricted To: NONE.
Business Restricted From: NONE.
Other Provisions: REFER TO "OTHER RULES OR PROVISIONS" ATTACHMENT

Holding Shares In:

Legal Entity Name
EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
EARTHRENEW STRATHMORE GENERAL PARTNER LTD.

Associated Registrations under the Partnership Act:

Trade Partner Name	Registration Number
EARTHRENEW	TN8591869

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2009	2010/01/13

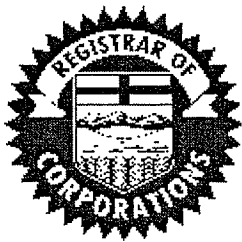
Filing History:

List Date (YYYY/MM/DD)	Type of Filing
1999/12/22	Incorporate Alberta Corporation
2004/08/25	Change Address
2007/12/21	Name/Structure Change Alberta Corporation
2010/01/01	Name Change Alberta Corporation
2010/01/13	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2010/05/04	Change Director / Shareholder

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	1999/12/22
Other Rules or Provisions	ELECTRONIC	1999/12/22
Other Rules or Provisions	ELECTRONIC	2000/02/28
Shares in Series	ELECTRONIC	2000/02/28
Consolidation, Split, Exchange	ELECTRONIC	2000/10/30
Shares in Series	ELECTRONIC	2007/12/21

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.



CORPORATE ACCESS NUMBER: 208591693



BUSINESS CORPORATIONS ACT

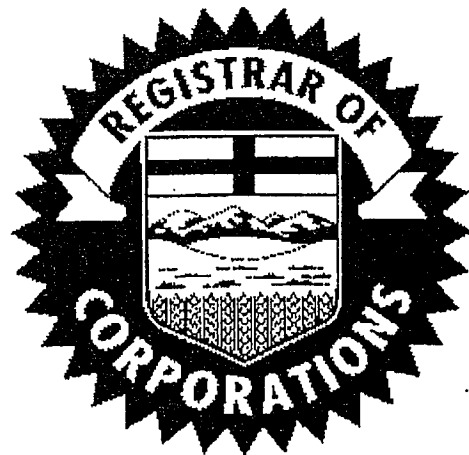
**CERTIFICATE
OF
AMENDMENT**

**EARTHRENEW ORGANICS LTD.
CHANGED ITS NAME TO EARTHRENEW CORPORATION ON 2010/01/01.**

THIS IS EXHIBIT " B "
referred to in the Affidavit of
Michael Carney
Sworn before me this 15
Day of Sept A.D. 2010

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

HOWARD A. GORMAN
BARRISTER & SOLICITOR



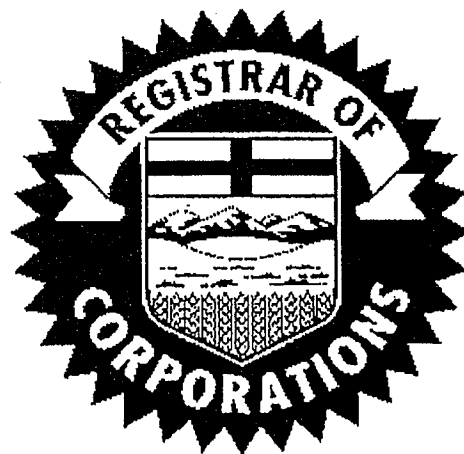
CORPORATE ACCESS NUMBER: 208591693



BUSINESS CORPORATIONS ACT

**CERTIFICATE
OF
AMENDMENT**

EARTHRENEW ORGANICS LTD.
AMENDED ITS ARTICLES TO CREATE SHARES IN SERIES ON 2007/12/21.



BUSINESS CORPORATIONS ACT

Alberta

ARTICLES OF AMENDMENT

1. Name of Corporation

2. Corporate Access Number

EARTHRENEW ORGANICS LTD.

208591693

3.

Pursuant to Section 29(5) of the ABCA, the articles of the Corporation are hereby amended by the creation of the second series of Preferred Shares, to be designated as "Series B Preferred Shares", to be limited in number to 41,375,000 and having the rights, privileges and conditions attached hereto in the Schedule of Series Provisions.

4. DATE	SIGNATURE	TITLE
December 21, 2007		Chief Financial Officer

REGISTERED ON
THE ALBERTA REGISTRIES
CORES SYSTEM

DEC 21 2007

clm

EARTHRENEW ORGANICS LTD.

SCHEDULE OF SERIES B PREFERRED SHARE PROVISIONS

SERIES B PREFERRED SHARES

The Series B Preferred Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

- (i) the Series B Preferred Shares shall be limited in number to 41,375,000;
- (ii) in the event of a dissolution, liquidation or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series B Preferred Shares shall be entitled to receive from the assets and property of the Corporation for each Series B Preferred Share held by them the sum of \$1.00 together with all declared and unpaid dividends thereon before any amount shall be paid or any property or assets of the Corporation distributed to the holders of any Common Shares Non-Voting Shares or shares of any other class or series ranking junior to the Series B Preferred Shares. After payment to the holders of the Series B Preferred Shares of the amount so payable to them as above provided, they shall not be entitled to share in any further distribution of the property or assets of the Corporation;
- (iii) the Series B Preferred Shares are entitled to preference over the Common Shares, the Non-Voting Shares and shares of any other class or series ranking junior to the Series B Preferred Shares with respect to the payment of dividends, if any, and no dividend shall be paid with respect to the Common Shares, the Non-Voting Shares or shares of any other class or series ranking junior to the Series B Preferred Shares unless such dividend is also paid with respect to the Series B Preferred Shares which dividend, in the case of the Common Shares, may be paid on the basis of a ratio equal to 12.5 for each Common Share to one for each Series B Preferred Share to satisfy such preference;
- (iv) hereafter, no class or series of shares may be created or rights and privileges increased to rank in parity or priority with the Series B Preferred Shares with regard to the rights and privileges thereof and without limiting the generality of the foregoing, capital and dividends, without the approval of the holders of the Series B Preferred Shares by special resolution as defined under the *Business Corporations Act* (Alberta);
- (v) the holders of the Series B Preferred Shares shall be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation and to one vote in respect of every twelve and one half Series B Preferred Shares held at all such meetings;
- (vi) the Series B Preferred Shares shall, subject to the provisions hereof, convert into Common Shares on the basis of one Common Share for every twelve and one half Series B Preferred Shares held in the event that: (i) the Common Shares are listed on any of the London Stock Exchange, the New York Stock Exchange, the NASDAQ

Exchange, the American Stock Exchange, the Toronto Stock Exchange, the London AIM Exchange or the TSX Venture Exchange and the Corporation becomes a "reporting issuer" (as defined in applicable securities legislation) or equivalent through the closing of an initial public offering or similar "going public transaction"; or (ii) the Corporation completes a business combination including without limitation a merger, amalgamation, arrangement, share exchange or any similar transaction, or the sale by the Corporation of all or substantially all of its assets for cash and/or shares that are listed on any one of the London Stock Exchange, the New York Stock Exchange, the NASDAQ Exchange, the American Stock Exchange, the Toronto Stock Exchange, the London AIM Exchange or the TSX Venture Exchange;

- (vii) the holders of Series B Preferred Shares shall, subject to the provisions hereof have the right to convert all or a portion of their holdings, based upon a conversion ratio of twelve and one half Series B Preferred Shares to one Common Share, at any time, and from time to time;
- (viii) in any case of conversion of Series B Preferred Shares under Section (vii) above, the holder of the Series B Preferred Shares to be converted shall deliver to the Corporation a written notice naming the person or persons in whose name the Common Shares are to be registered and the number to be issue to each, together with the certificate or certificates representing the Series B Preferred Shares to be converted, signed by the person registered on the books of the Corporation as the holder of the Series B Preferred Shares in respect of which such right is being exercised or by his duly authorized attorney;
- (ix) in any case of conversion of Series B Preferred Shares as provided for in Section (vi) or (vii), the Corporation will enter each holder thereof into the books of the Corporation as the holder of the Common Shares they are entitled to pursuant to the conversion and such holder shall be deemed for all purposes to be the holder of record of that number of Common Shares and such person or persons shall be entitled to delivery by the Corporation of a certificate or certificates representing such Common Shares. If less than all of the Series B Preferred Shares represented by any certificates are to be converted, the holders shall be entitled to receive, at the expense of the Corporation, a new certificate representing the unconverted shares represented by the original certificate;
- (x) the effective date of the conversion referred to in Section (vi) above shall be the date that the Corporation completes a transaction described in Section (vi) above and the effective date of the conversion referred to in Section (vii) above shall be the date of receipt of the required notice by the Corporation;
- (xi) if the Corporation shall:
 - (A) declare a dividend or make a distribution on its outstanding Common Shares payable in Common Shares;
 - (B) divide its outstanding Common Shares into a greater number of shares; or

(C) consolidate its outstanding Common Shares into a smaller number of shares;

then the dividend ratio referred to in Section (iii) above and the conversion basis referred to in Section (vii) above shall be proportionately adjusted effective immediately after the record date determined for the purposes of such issuance, dividend, distribution, subdivision or consolidation. In the case of events referred to in (A) and (B) above, the dividend or conversion basis, as applicable, shall be increased in proportion to the increase to the number of outstanding Common Shares resulting from such dividend, distribution or subdivision and, in the case of the event referred to in (C) above, the dividend or conversion basis, as applicable, shall be decreased in proportion to the decrease in the number of outstanding shares resulting from such consolidation; and

- (xii) in the case of any reclassification or change (other than changes resulting only from consolidation or subdivision) of the Common Shares, or in the case of any amalgamation, consolidation or merger of the Corporation with or into any other corporation, or in the case of any sale of the properties and assets of the Corporation as or substantially as an entirety to any other corporation to which Section (vii) above does not apply, each Series B Preferred Share shall, after such reclassification, change, amalgamation, consolidation, merger or sale, be convertible into the number of Common Shares or other securities or property of the Corporation, or such continuing, successor or purchasing corporation, as the case may be, to which a holder of the number of Series B Preferred Shares would have been issued if such Series B Preferred Shares had been converted immediately prior to such reclassification, change, amalgamation, consolidation, merger or sale. The board of directors of the Corporation shall determine such entitlement and any such determination shall be conclusive and binding on the Corporation and the holders of the Series B Preferred Shares. No such reclassification, change, amalgamation, consolidation, merger or sale shall be carried into effect unless, in the opinion of the board of directors of the Corporation, all necessary steps shall have been taken to ensure that the holders of the Series B Preferred Shares shall thereafter be entitled to receive such number of Common Shares or other securities or property of the Corporation, or such continuing, successor or purchasing corporation, as the case may be, subject to adjustments thereafter in accordance with the provisions similar, as nearly as may be, to those contained in this clause.

Name/Structure Change Alberta Corporation - Registration Statement

Alberta Amendment Date: 2007/12/21

Service Request Number: 10982246

Corporate Access Number: 208591693

Legal Entity Name: EARTHRENEW ORGANICS LTD.

French Equivalent Name:

Legal Entity Status: Active

Alberta Corporation Type: Named Alberta Corporation

New Legal Entity Name: EARTHRENEW ORGANICS LTD.

New French Equivalent Name:

Nuans Number: 66062127

Nuans Date: 1999/12/14

French Nuans Number:

French Nuans Date:

Share Structure: REFER TO "SHARE CAPITAL" ATTACHMENT

Share Transfers Restrictions: NONE.

Number of Directors:

Min Number Of Directors: 2

Max Number Of Directors: 7

Business Restricted To: NONE.

Business Restricted From: NONE.

Other Provisions: REFER TO "OTHER RULES OR PROVISIONS" ATTACHMENT

BCA Section/Subsection:

Professional Endorsement Provided:

Future Dating Required:

Annual Return

File Year	Date Filed
2006	2007/03/20
2005	2006/09/06
2004	2005/01/19

Attachment

Attachment Type	Microfilm Bar Code	Date Recorded
Share Structure	ELECTRONIC	1999/12/22
Other Rules or Provisions	ELECTRONIC	1999/12/22
Other Rules or Provisions	ELECTRONIC	2000/02/28
Shares in Series	ELECTRONIC	2000/02/28
Consolidation, Split, Exchange	ELECTRONIC	2000/10/30
Shares in Series	ELECTRONIC	2007/12/21

Registration Authorized By: MICHAEL B. DER
SOLICITOR

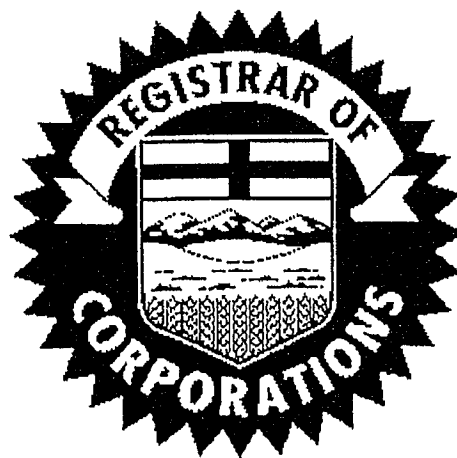
Certified Copy
CORPORATE ACCESS NUMBER: 208591693



BUSINESS CORPORATIONS ACT

**CERTIFICATE
OF
AMENDMENT**

**EARTHRENEW ORGANICS LTD.
AMENDED ITS ARTICLES ON 2000/10/30.**



07/03/2007

Review Legal Entity History

EARTHRENEW ORGANICS LTD.

Not For Resale

Service Request Number:	9318267
Alberta Corporation Type:	Named Alberta Corporation
Corporate Access Number:	208591693
Legal Entity Name:	EARTHRENEW ORGANICS LTD.
Legal Entity Status:	Active
Nuans Number:	66062127
Nuans Date:	1999/12/14 (YYYY/MM/DD)

REGISTERED ADDRESS

Street/Box Number:	101, 5740 - 2ND STREET SW
City:	CALGARY
Province:	ALBERTA
Postal Code:	T2H 1Y6

RECORDS ADDRESS

Street/Box Number:	101, 5740 - 2ND STREET SW
City:	CALGARY
Province:	ALBERTA
Postal Code:	T2H 1Y6

The information in this legal entity table
supersedes equivalent electronic
attachments

Share Structure:	REFER TO "SHARE CAPITAL" ATTACHMENT
Share Transfers Restrictions:	NONE.
Min Number Of Directors:	2
Max Number Of Directors:	7
Business Restricted To:	NONE.
Business Restricted From:	NONE.
Other Provisions:	REFER TO "OTHER RULES OR PROVISIONS" ATTACHMENT

Registration Date:	1999/12/22 (YYYY/MM/DD)
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Continuance

07/03/2007

No Records returned

Director / Shareholder / Liquidator

Last Name / Corporation Name	First Name	Middle Name
CARIN	CHRISTIANNE	
FEDKENHEUER	AL	W.
WISEMAN	DANIEL	
CARIN	CHRISTIANNE	
FEDKENHEUER	AL	
MEAD	DOUG & JUDY	
STASZEWSKI	ANDREW	
KOLK	JOHN	
EDWARDS	PETER	
CLARKE	HARRY	
DAVY	GORDON	
FLAHERTY	RON	
MARRONE	PAM	
DILLAHUNTY	GENE	
KASKO	RYAN	
PURSELL	TAYLOR	

Attorney

No Records returned

Attachment

Attachment Type	Microfilm Bar Code	Date Recorded	Reel	Reel Sequence
Share Structure	ELECTRONIC	1999/12/22		
Other Rules or Provisions	ELECTRONIC	1999/12/22		
Consolidation, Split, Exchange	ELECTRONIC	2000/10/30		
Other Rules or Provisions	ELECTRONIC	2000/02/28		
Shares in Series	ELECTRONIC	2000/02/28		

Annual Return

07/03/2007

File Year	Date Filed
2005	2006/09/06
2004	2005/01/19
2003	2004/08/31

Court Order

No Records returned

Successor of Amalgamation

No Records returned

Amalgamating Corporations Registered In Alberta

No Records returned

Amalgamating Corporation - Not Registered in Alberta

No Records returned

Successor of Merger

No Records returned

Merging Corporations

No Records returned Not For Resale

SHARE CAPITAL
Attached to and Forming Part of the Articles of
EARTHRENEW ORGANICS LTD.

The Corporation is authorized to issue an unlimited number of shares designated as Common Shares, an unlimited number of shares designated as Non-Voting Shares and an unlimited number of shares designated as Preferred Shares.

(a) Common Shares and Non-Voting Shares

The Common Shares and the Non-Voting Shares shall have attached to them the rights, privileges, restrictions and conditions as hereinafter set forth.

(i) Except for meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote separately as a class or series, each holder of a Common Share is entitled to receive notice of, to attend and to vote at all meetings of the shareholders of the Corporation. Each holder of Common Shares is entitled to 1 vote for each Common Share held.

Except when required under the Business Corporations Act (Alberta), a holder of a Non-Voting Share is not, as such, entitled to receive notice of, sign a requisition for, aid in the calling of, attend or vote at meetings of shareholders of the Corporation. A holder of a Non-Voting Share is not, as such, entitled to participate in the management of the Corporation.

(ii) Subject to the rights, privileges, restrictions and conditions attached to any Preferred Share of the Corporation, the directors may from time to time declare a dividend, and the Corporation shall pay thereon out of money of the Corporation properly applicable to the payment of the dividend, a limited dividend payable to the holders of the Common Shares or the Non-Voting Shares to the exclusion of the holders of the remaining class of shares, or a general dividend payable to the holders of both the Common Shares and the Non-Voting Shares. For the purpose of these articles, the holders of a particular class of shares entitled to receive a limited dividend shall be determined from time to time by the directors whose determination shall be conclusive and binding upon the Corporation and the holders of Common Shares and Non-Voting Shares.

(iii) Subject to the rights, privileges, restrictions and conditions attached to any Preferred Shares of the Corporation in the event of liquidation, dissolution or winding-up of the Corporation or upon any distribution of the assets of the Corporation among its shareholders being made (other than by way of dividend of out money properly applicable to the payment of dividends) the holders of each of the Common Shares and Non-Voting Shares shall be entitled to share equally.

(b) Preferred Shares

The Preferred Shares shall have attached to them, as a class, the rights, privileges, restrictions and conditions as hereinafter set forth.

07/03/2007

(i) The directors of the Corporation may, from time to time, issue the Preferred Shares in one or more series, each series to consist of the number of shares as may before issuance thereof, be determined by the directors.

(ii) The directors of the Corporation may, by resolution (subject as provided in these articles) fix before issuance the designation, rights, privileges, restrictions and conditions to be attached to the Preferred Shares of each series, including, without limiting the generality of the foregoing, the rate, form, entitlement and payment of preferential dividends, the redemption price, terms, procedures and conditions of redemption, if any, voting rights and conversion rights, (if any) and any sinking fund, purchase fund or other provision attaching to the Preferred Shares of that series. No shares of any series shall be issued until the directors have filed articles of amendment with the Registrar of Corporations, or such designated person in any other jurisdiction in which the Corporation may be continued.

(iii) If any cumulative dividends or amount payable on return of capital in respect of a series of shares are not paid in full, the shares of all series participate ratably in respect of accumulated dividends and return of capital.

(iv) The Preferred Shares are entitled to preference over the Common Shares, the Non-Voting Shares and any other shares of the Corporation ranking junior to the Preferred Shares with respect to the payment of dividends, if any, and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, and may also be given other preferences over the Common Shares, Non-Voting Shares and any other shares of the Corporation ranking junior to the Preferred Shares as may be fixed by the resolution of the directors as to the respective series authorized to be issued.

(v) The Preferred Shares of each series rank on a parity with the Preferred Shares of every other series with respect to priority and payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, exclusive of any conversion rights that may affect the aforesaid,

(vi) No dividends may at any time be declared, paid or set apart for payment on any shares of the Corporation ranking junior to the Preferred Shares unless all dividends, if any, up to and including the dividends payable for the last completed period for which the dividends are payable on each series of Preferred Shares then issued and outstanding, have been declared and paid or set apart for payment at the date of the declaration, payment or setting apart for payment on the shares of the Corporation ranking junior to the Preferred Shares. The Corporation may not call for redemption, redeem, purchase for cancellation, reduce or otherwise pay off any of the Preferred Shares (less than the total amount then outstanding) or any shares of the Corporation ranking junior to the Preferred Shares unless all dividends up to and including the dividends payable, if any, for the last completed period for which the dividends are payable on each series of the Preferred Shares

then issued and outstanding have been declared and paid or set apart for payment at the date of the call for redemption, purchase, reduction or other payment.

(vii) Preferred Shares of any series may be purchased for cancellation or made subject to redemption by the Corporation out of capital pursuant to the provisions of the Business Corporations Act (Alberta) if the directors so provide in the resolution of the directors relating to the issuance of the Preferred Shares of that series, and upon any other terms or conditions that may be specified in the designations, rights, privileges, restrictions and conditions attached to the Preferred Shares of that series as provided in the resolution of the directors and the articles of amendment relating to the issuance of that series.

(viii) The holders of the Preferred Shares are not, as such, entitled as of right to subscribe for or purchase or receive any part of any issue of shares or bonds, debentures or other securities of the Corporation now or hereafter authorized.

(ix) No class of shares may be created or rights and privileges increased to rank in parity or priority with the Preferred Shares with regard to the rights and privileges thereof and without limiting the generality of the foregoing, capital and dividends, without the approval of the holders of the Preferred Shares as required under the Business Corporations Act (Alberta).

OTHER RULES OR PROVISIONS
Attached to and Forming Part of the Articles of
EARTHRENEW ORGANICS LTD.

(a) The Board of Directors of the Corporation may, between annual meetings, appoint one or more additional directors of the Corporation to serve until the next annual meeting, but the number of additional directors shall not at any time exceed one-third (1/3) of the number of directors who held office at the expiration of the last annual meeting of the Corporation.

07/03/2007

SECTION 27(5) SCHEDULE
Attached to and Forming Part of the Articles of
EARTHRENEW ORGANICS LTD.

PURSUANT TO SECTION 27(5) OF THE BUSINESS CORPORATIONS ACT (ALBERTA), THE ARTICLES OF INCORPORATION ARE HEREBY AMENDED BY THE CREATION OF SERIES A PREFERRED SHARES.

Series A Preferred Shares

The authorized number of Series A Preferred Shares is unlimited. The designation, rights, privileges, restrictions and conditions attaching to the Series A Preferred Shares of the Corporation are as follows:

1 Dividends

1.1 The holders of the Series A Preferred Shares, in priority to the common shares and any other shares ranking junior to the Series A Preferred Shares, shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the Board of Directors of the Corporation out of moneys of the Corporation properly applicable to the payment of dividends, fixed preferential non-cumulative cash dividends per Series A Preferred Share at a rate of \$0.085 per annum, which shall be payable annually (the "dividend payment date"), with the first such dividend payment to be payable on December 31, 2000. In the event that the Corporation is unable at any time by reason of Section 40 of the Business Corporations Act (Alberta) to pay the full annual fixed preferential non-cumulative cash dividend on the Series A Preferred Shares, the Board of Directors of the Corporation shall be entitled at that time to declare part of the fixed preferential non-cumulative cash dividend for any fiscal year notwithstanding that such dividend for such fiscal year shall not be declared in full without prejudice to the rights of the holders of the Series A Preferred Shares to receive the full annual fixed preferred non-cumulative dividend as soon as the Corporation is able to pay such dividend in accordance with Section 40 of the Business Corporations Act (Alberta). The holders of the Series A Preferred Shares shall not be entitled to any dividends other than or in excess of the preferential non-cumulative cash dividends hereinbefore provided. Dividends payable on any dividend payment date shall accrue on a daily basis calculated from and including, in the case of the first such dividend payment date, December 31, 2000, and in the case of all subsequent dividend payment dates, the immediately preceding dividend payment date, to but excluding such payment date.

1.2 Cheques of the Corporation payable at par at any branch of the Corporation's bankers for the time being in Canada shall be issued in respect of the dividends on the Series A Preferred Shares (less any tax required to be withheld by the Corporation) and payment thereof shall satisfy the obligation to pay such dividends.

1.3 No dividends shall at any time be declared or paid on or set apart for payment on the common shares or on any shares of

07/03/2007

any other class of the Corporation ranking junior to the Series A Preferred Shares and the Corporation shall not call for redemption nor purchase or otherwise acquire for value less than all the then outstanding Series A Preferred Shares nor purchase or otherwise acquire for value any common shares or any shares of any other class of the Corporation ranking junior to the Series A Preferred Shares so long as any Series A Preferred Shares are outstanding, unless and until the annual fixed preferential non-cumulative cash dividend on the Series A Preferred Shares has been declared and paid or set apart for payment on all the Series A Preferred Shares outstanding.

2 Dissolution

2.1 In the event of the dissolution, liquidation or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Series A Preferred Shares shall be entitled to receive from the assets and property of the Corporation for each Series A Preferred Share held by them the sum of \$1.00 together with all accrued and unpaid preferential non-cumulative cash dividends thereon before any amount shall be paid or any property or assets of the Corporation distributed to the holders of any common shares or shares of any other class or series ranking junior to the Series A Preferred Shares. After payment to the holders of the Series A Preferred Shares of the amount so payable to them as above provided, they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

3 Redemption by the Corporation

3.1 Subject to the provisions of subsection 34(2) of the Business Corporations Act (Alberta), as now enacted or as the same may be from time to time amended, re-enacted or replaced, the Corporation may, upon giving notice as hereinafter provided, redeem at any time the whole or any part of the then outstanding Series A Preferred Shares on payment for each share to be redeemed of the sum of \$1.00 together with all accrued and unpaid preferential non-cumulative cash dividends thereon to the date specified for redemption in the notice referred to in clause 3.2 below.

3.2 In the case of redemption of Series A Preferred Shares under the provisions of clause 3.1 hereof, the Corporation shall at least 90 days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of the Series A Preferred Shares to be redeemed a notice in writing of the intention of the Corporation to redeem such Series A Preferred Shares. Such notice shall be mailed by letter, postage prepaid, addressed to each such shareholder at his address as it appears on the records of the Corporation or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder. Such notice shall set out the redemption price and the date on which redemption is to take place and, if only part of the shares held by the person to whom it is addressed is to be redeemed, the number thereof so

to be redeemed. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series A Preferred Shares to be redeemed the redemption price thereof on presentation and surrender of the certificates representing the Series A Preferred Shares called for redemption at the registered office of the Corporation, or any other place or places designated in the notice of redemption. If only a part of the shares represented by any certificate be redeemed a new certificate for the balance shall be issued to the holder at the expense of the Corporation. Subject to clause 3.3 below, on or after the date specified for redemption in any such notice the Series A Preferred Shares called for redemption shall cease to be entitled to receive dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof except for the conversion rights contained in paragraph 5 below, unless payment of the redemption price shall not be made upon presentation of the certificates in accordance with the foregoing provisions, in which case the rights of the shareholder shall remain unaffected.

3.3 The Corporation shall have the right at any time after the date specified for redemption in the notice of its intention to redeem any Series A Preferred Shares as aforesaid to deposit the redemption price for the shares so called for redemption or of such of the said shares represented by the certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in a specified chartered bank or a specified trust company in Canada, named in such notice of redemption, to be paid without interest to or to the order of the respective holders of such Series A Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificate representing the same and upon such deposit being made, or upon the date specified for redemption in such notice, whichever is later, the Series A Preferred Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and the rights of the holders thereof after such deposit, or such redemption date, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Corporation.

3.4 In the event that only part of the Series A Preferred Shares is at any time to be redeemed, the shares so to be redeemed shall be selected pro rata (disregarding fractions) from among the holders of record thereof as at the date of the notice of redemption.

4 Conversion at the Option of the Holders of the Series A Preferred Shares

4.1 Every registered holder of the Series A Preferred Shares may, at his option and in the manner hereinafter provided, require the Corporation, at any time on or before December 31, 2002, to convert all or part of the Series A Preferred Shares held by such holder into common shares of the Corporation on

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the basis of ten (10) common shares for each Series A Preferred Share held on the date of conversion.

4.2 In the case of the conversion of the Series A Preferred Shares under the provisions of clause 4.1 hereof, the holder thereof shall surrender the certificate or certificates representing such Series A Preferred Shares at the registered office of the Corporation accompanied by a notice in writing (hereinafter called a "conversion notice") signed by such holder requiring the Corporation to convert all or a specified number of the Series A Preferred Shares represented thereby into common shares. As soon as practicable following receipt of the conversion notice, the Corporation shall cause to be issued ten (10) common shares for each Series A Preferred Share tendered for conversion. If only a part of the shares represented by any certificate is converted to common shares a new certificate for the balance of the Series A Preferred Shares shall be issued to the holder at the expense of the Corporation.

4.3 In the case of reconstruction, reorganization, consolidation, amalgamation or merger of the Corporation or other event resulting in the reclassification of the common shares (other than a reconstruction, reorganization, consolidation, amalgamation or merger which does not result in any reclassification of the outstanding common shares or a change of the common shares into other shares), or in case of any transfer, sale or lease of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation at any time, a holder who thereafter shall exercise its right of conversion hereunder shall be entitled to receive, and shall accept, in lieu of the number of common shares to which it was theretofore entitled upon such exercise, the kind and amount of shares and other securities or property which the holder would have been entitled to receive as a result of such reclassification, change, reconstruction, reorganization, consolidation, amalgamation, merger, transfer, sale or lease if, on the effective date thereof, the holder had been the registered holder of the number of common shares to which it was theretofore entitled upon exercise.

4.4 Whenever at any time the Corporation shall subdivide the outstanding common shares into a greater number of shares or consolidate the outstanding common shares into a lesser number of shares, the number of common shares which shall be issued upon conversion of each Series A Preferred Share shall, on the effective date of such subdivision or consolidation, as the case may be, be adjusted by multiplying the number of common shares which shall be issued upon conversion of each Series A Preferred Share, in effect immediately prior to such subdivision or consolidation by a fraction, the denominator of which is the number of outstanding common shares before giving effect to such subdivision or consolidation and the numerator of which is the number of outstanding common shares after giving effect to such subdivision or consolidation. Such adjustment shall be made successively whenever any event previously referred to shall occur.

4.5 If the Corporation shall declare and pay a stock

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dividend upon the common shares, which dividend is payable in common shares or is payable at the option of the holders either in common shares or cash, then in such case upon or after the payment date of such dividend, the number of common shares which shall be issued upon conversion of Series A Preferred Shares shall be increased in proportion to the increase in the number of outstanding common shares resulting from such dividend.

4.6 The Corporation shall not, without the consent of a majority of the holders of Series A Preferred Shares, issue rights or warrants to any or all holders of its common shares, entitling them to subscribe for or purchase common shares (or securities exchangeable for, or convertible into, common shares) at a price per common share (or in the case of a security exchangeable for or convertible into common shares, having an exchange or conversion price per common share) which is less than 95% of the Current Price per common share on the record dated established in connection with the issue of rights or warrants. The Current Price per common share at any date shall be, if there is a quoted public market for the common shares, the average of the daily closing prices on the Canadian Venture Exchange for the 15 consecutive trading days commencing 20 trading days before the date in question. The closing price for any such trading day shall be the last reported sale price for a board lot trade on such trading day, or in case no such reported trade takes place on such trading day, the average of the reported closing bid and asked prices on the Canadian Venture Exchange. If the common shares are not listed on the Canadian Venture Exchange but there is another quoted public market for the common shares, then the Current Price per common share at any date shall be deemed to be the average of the daily closing prices as determined in a quoted public market, for the 15 consecutive trading days commencing 20 trading days before the day in question. The closing price for any such trading day shall be the last reported sale price for a board lot trade on such trading day or in case no such reported trade takes place on such trading day, the average of the reported closing bid and asked prices. If there is no quoted public market for the common shares, the price determined by a national firm of chartered accountants appointed by the Corporation and acceptable to each of the holders of the Series A Preferred Shares who may be the auditors of the Corporation and who shall have access to all necessary records of the Corporation, which determination shall be binding on the Corporation.

4.7 The Corporation shall not, without the consent of a majority of the holders of Series A Preferred Shares, distribute to all holders of the common shares, evidences of its indebtedness or assets (other than pursuant to: (i) ordinary course cash or stock dividends; or (ii) rights or warrants to subscribe for or purchase common shares) including such rights or warrants attached to other shares of the Corporation but excluding rights and warrants described in clause 4.6.

5 Priority

5.1 The common shares shall rank junior to the Series A

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Preferred Shares and shall be subject in all respects to the rights, privileges, restrictions and conditions attaching to the Series A Preferred Shares.

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Section 167(1)(f) Schedule
Attached to and Forming Part of the Articles of
EARTHRENEW ORGANICS LTD.

Pursuant to Section 167(1)(f) of the Business Corporations Act (Alberta), the articles of the Corporation be amended by consolidating the issued and outstanding 36,165,000 Common Shares on a 1 for 7 basis with any resulting fraction being rounded down to the next lowest number of the whole consolidated Common Shares as the case may be, such that the number of issued and issued and outstanding Common Shares after the consolidation will be 5,166,429.

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UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (i) SEPTEMBER 3, 2009 AND (ii) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE AND THE SECURITIES ISSUABLE ON THE EXERCISE OF THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED OR REGISTERED UNDER THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE SECURITIES MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER APPLICABLE SECURITIES LAWS, OR UNLESS OFFERED, SOLD OR TRANSFERRED PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THOSE LAWS.

EARTHRENEW CORPORATION

(A corporation incorporated under the laws of the Province of Alberta)

5% CONVERTIBLE SECURED DEBENTURE

IN FAVOUR OF

Nile Capital I S.à.r.l.

January 4, 2010

THIS IS EXHIBIT "C" referred to in the Affidavit of Michael Corboy Sworn before me this 15 Day of Sept A.D. 2010

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
HOWARD A. GORMAN
BARRISTER & SOLICITOR

Certificate Number: CSD-6

US\$2,744,349

DUE: September 30, 2011

EARTHRENEW CORPORATION (the "Corporation"), for value received, hereby promises to pay to or to the order of Nile Capital I S.à.r.l., the registered holder hereof on September 30, 2011 (the "Maturity Date"), or on such earlier or later date as the principal amount hereof may become payable in accordance with the conditions herein set out on presentation and surrender of this Debenture, \$2,744,349 (the "Principal Amount") in lawful money of the United States, at the registered office of the Corporation in Calgary, Alberta and subject to the terms and conditions herein contained, to pay interest thereon in the manner and at the rate set forth in Section 2.1 hereof.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Debenture (including the recitals hereto), unless there is something in the subject matter or context inconsistent therewith:

"ABCA" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"Affiliate" has the meaning ascribed thereto under the ABCA;

"Business Day" means any day except Saturdays, Sundays, statutory holidays and days when the principal office of the Corporation in the City of Calgary is not generally open to the public for the transaction of business;

"Capital Reorganization" shall have the meaning ascribed thereto in Section 3.3 hereof;

"Charged Property" means the subject matter of the Security;

"Common Shares" means common shares in the capital of the Corporation;

"Conversion Date" shall have the meaning ascribed thereto in Section 3.1 hereof;

"Conversion Ratio" shall have the meaning ascribed thereto in Section 3.2 hereof;

"Corporate Sale" means a sale of substantially all of the shares of the Corporation or its assets whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Corporation" means EarthRenew Corporation, a corporation incorporated pursuant to the ABCA with an office in the City of Calgary, in the Province of Alberta, and includes any Successor Corporation to or of the Corporation;

"Counsel" means a barrister or solicitor or firm of barristers or solicitors, who may be counsel for the Corporation;

"Event of Default" means any of the events of default referred to in Section 6.1;

"Holder" means the Person who is registered as the holder of this Debenture in the register maintained by the Corporation from time to time in respect of this Debenture;

"Interest Payment Date" means the Conversion Date or the Maturity Date, whichever is earlier;

"Interest Rate" means the interest rate of 5% per annum, compounded semi-annually;

"IPO" means an initial public offering or similar "going public" transaction, with concurrent listing on one or more Recognized Exchanges;

"Maturity Date" means September 30, 2011;

"Merger" means a business combination including, without limitation, a merger, amalgamation, arrangement, share exchange, or any similar transaction whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Operating Units" means the Corporation's energy efficient manufacturing units, composed of a granulator, gas turbine, and thermal conversion vessel used to convert manure and organic waste into plant food products, either existing at the date hereof or constructed in the future;

"Permitted Debt" shall have the meaning ascribed thereto in Section 5.11 hereof;

"Permitted Encumbrances" shall have the meaning ascribed thereto in Section 5.11 hereof;

"**Person**" means an individual, firm, trust, syndicate, corporation, partnership, association, organization, government or governmental agency;

"**Personal Property**" means chattel paper, documents of title, goods, instruments, intangibles, money and investment property, and includes fixtures affixed to real property, and such other property as may be included from time to time in the definition of "personal property" under the PPSA;

"**PPSA**" means the *Personal Property Security Act* (Alberta), as amended from time to time, and includes any statute substituted therefor, as amended from time to time;

"**Qualified Price**" means the price per Common Share of Common Shares sold in an IPO or the fair market value of any combination of cash, securities and other consideration received by the holders of Common Shares in a Merger or Corporate Sale;

"**Qualifying Convertible Debenture Financing**" means an offering or series of offerings consisting of at least US\$20 million in total gross proceeds of a 0% convertible debenture which, pursuant to its terms, is convertible into Common Shares at a fixed conversion ratio and is convertible upon the occurrence of a Qualifying Liquidity Event or other contingency and whose priority ranks no greater than pari passu with the current issued unsecured convertible debentures of the Corporation;

"**Qualifying Financing**" means a Common Share equity offering or series of offerings or Qualifying Convertible Debenture Financing consisting of at least US\$20 million in total gross proceeds;

"**Qualifying Liquidity Event**" means the closing of an IPO, Merger or a Corporate Sale;

"**Recognized Exchange**" means any one of the London Stock Exchange, the New York Stock Exchange, the NASDAQ Exchange, the NYSE Amex Equities, the Toronto Stock Exchange, the London AIM Exchange or the TSX Venture Exchange;

"**Security**" means the mortgages, charges, assignments and security interests granted and constituted pursuant to Article 4 of this Debenture;

"**Share Reorganization**" shall have the meaning attributed thereto in Subsection 3.3(a) hereof;

"**Share Reorganization Ratio**" means the ratio of Common Shares outstanding prior to and following a Share Reorganization as calculated in accordance with Subsection 3.3(a) hereof;

"**Subsidiary**" means any corporation of which more than 50% of the outstanding Voting Shares are owned, directly or indirectly, by or for the Corporation, provided that the ownership of such shares confers the right to elect at least a majority of the board of directors of such corporation and includes any corporation in like relation to a Subsidiary;

"**Successor Corporation**" shall have the meaning attributed thereto in Section 7.1 hereof;

"**Tax**" means all present or future taxes, levies, withholdings, fiscal charges, imports, duties, assessments, surcharges, or other charges of whatsoever nature and however arising which are imposed, assessed, charged, levied, withheld or demanded pursuant to the laws of Canada or a Province thereof at any time together with all interest thereon and penalties or similar liabilities

with respect thereto but does not include any taxes charged in respect of or by reference to the overall net income or gains of the Holder of this Debenture or any interest thereon or penalties or similar liabilities with respect thereto;

"Time of Expiry" means 4:30 p.m. (Calgary time) on the Maturity Date;

"Unit Financing" means future project debt financing of an Operating Unit;

"Voting Shares" means shares of any class in the capital of any corporation carrying voting rights under all circumstances, provided that, for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares unless such event has occurred and is continuing, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of any such event; and

"Withholding Taxes" shall have the meaning attributed thereto in Section 5.1 hereof.

1.2 Interpretation

Words importing the singular number only shall include the plural and *vice versa* and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms, associations and corporations and *vice versa*.

1.3 Currency

All payments contemplated herein shall be paid in US dollars, by cheque or other transfer of funds considered appropriate by the Corporation and, unless expressly stated otherwise, all references herein to dollar amounts are references to dollars in the lawful currency of the United States.

1.4 Governing Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

1.5 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

ARTICLE 2 THE DEBENTURE

2.1 Terms of the Debenture

- (a) This Debenture matures at the Time of Expiry and bears interest from and including the date of this Debenture at the Interest Rate, payable after as well as before maturity and after as well as before default and judgment, with interest on amounts in default at the same rate, payable on an accrued basis on the Interest Payment Date.
- (b) Subject to Subsection 2.1(a) and Article 3, the Corporation shall, no later than ten Business Days following the Interest Payment Date, cause to be sent by prepaid ordinary

mail a cheque for such interest (less any Tax required by law to be withheld therefrom) payable to the order of the Holder and addressed to it at the address specified herein, unless the Holder otherwise directs. In the event of non-receipt or destruction of any cheque or funds delivered pursuant to this Section, the Corporation will cause to be issued to the Holder a replacement cheque for like amount upon being furnished with such evidence of non-receipt or destruction as it reasonably requires and upon being indemnified to its satisfaction, acting reasonably.

- (c) Notwithstanding anything contained herein, the Corporation may enter into an agreement with the Holder providing for the payment to such Holder of the principal of and interest on this Debenture at a place or places or in a manner other than the place or places or manner specified herein for payment.

2.2 Mutilation, Loss, Theft or Destruction

In case this Debenture is mutilated, lost, stolen or destroyed, the Corporation, in its discretion, may create a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Corporation and shall be entitled to the same benefits as all other Debentures without preference or priority one over another. In case of loss, theft or destruction the Holder shall furnish to the Corporation evidence of such loss, theft or destruction as is satisfactory to the Corporation in its discretion, acting reasonably, and shall also furnish an indemnity satisfactory to the Corporation in its discretion, acting reasonably. The Holder shall pay all expenses incidental to the issuance of any substituted Debenture.

2.3 Transfer

This Debenture may be transferred by the Holder at any time prior to the Maturity Date subject to any applicable laws and required regulatory approvals, including, without limitation, applicable securities laws which restrict the sale and distribution of the Debenture. The Holder shall pay all expenses incidental to the transfer of any Debenture.

ARTICLE 3

CONVERSION OF DEBENTURE

3.1 Conversion Date

For the purposes of this Article, this Debenture shall be deemed to be surrendered for conversion on the date on which it is received by the Corporation in accordance with the provisions of this Article 3 (the "Conversion Date").

3.2 Conversion

- (a) Upon and subject to the provisions and conditions of this Article, the Holder shall have the right, at its option at any time, and from time to time and except in the case of Subsection 3.2(a)(iii) and 3.2(a)(iv), after the earlier of a Qualifying Financing, Qualifying Liquidity Event or June 1, 2010 and prior to the Time of Expiry to convert this Debenture into that number of fully paid and non-assessable Common Shares at the Conversion Ratio in effect at that time as follows:

- (i) if a Qualifying Financing or Qualifying Liquidity Event occurs on or before June 1, 2010, the Corporation shall provide a notice to the Holder of such Qualifying Financing or Qualifying Liquidity Event and the Holder shall have the option on or before the Time of Expiry to convert this Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by a share price that is equal to either (A) in the case of a Qualifying Financing that is an offering of Common Shares, the price per Common Share achieved in the Qualifying Financing multiplied by 0.65; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the Qualified Price multiplied by 0.65 in the case of a Qualifying Liquidity Event. The Conversion Ratio provided for in this Subsection 3.2(a)(i) shall be based on the first of either a Qualifying Financing or a Qualifying Liquidity Event to occur provided that in the event of multiple Qualifying Financings, the Conversion Ratio shall be based on the lowest price per Common Share raised in such Qualifying Financings.
- (ii) If a Qualifying Financing or Qualifying Liquidity Event does not occur on or before June 1, 2010, the Holder shall have the option on or before the Time of Expiry to convert this Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by a price of US\$1.50 per Common Share provided that upon any notice by the Holder to the Corporation to exercise the conversion right provided by this Subsection 3.2(a)(ii), the Corporation shall have a first right to repurchase this Debenture on payment in a cash amount to the Holder equal to: (A) the sum of the Principal Amount plus all accrued interest to the date of such notice multiplied by (B) 1.75.

(the "Conversion Ratio")

- (iii) In the event a Qualifying Liquidity Event occurs and the Qualified Price is the same or higher than the prevailing Conversion Ratio, this Debenture shall automatically convert into Common Shares on the basis specified in Subsection 3.2(a)(i).
 - (iv) In the event the Corporation files for bankruptcy, has an administrator appointed by a court, has a trustee appointed pursuant to the *Bankruptcy and Insolvency Act*, is liquidated or in any other fashion seeks protection from its creditors, the Conversion Ratio on the Debentures will be adjusted to 667 Common Shares per US\$1,000 Principal Amount and accrued interest up to and including the Conversion Date (conversion price of US\$1.50 per Common Share). In no other way will the Holder's rights under the Debenture be altered however.
- (b) If the Holder desires to convert this Debenture in whole or in part into Common Shares in accordance with this Section 3.2, the Holder shall prior to the Time of Expiry surrender this Debenture to the Corporation at its offices together with written notice, substantially in the form of Appendix I hereto, duly executed by the Holder or its successors and assigns or other legal representatives or its or their attorney duly appointed by an instrument in writing and executed in a manner satisfactory to the Corporation, exercising its right to convert this Debenture into Common Shares in accordance with the provisions

of this Article. Thereupon, subject to the Corporation's right to repurchase pursuant to subsection 3.2(a)(ii), the Holder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges, the Holder's nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Corporation shall deliver to the Holder or, subject as aforesaid, its nominee(s), or assignee(s), a certificate or certificates for such Common Shares and, if applicable, a cheque for any amount payable under Section 3.4 or pursuant to the Corporation's right to repurchase under subsection 3.2(a)(ii).

- (c) Any part of this Debenture may be converted into Common Shares as provided in this Section 3.2 and all references in this Debenture to conversion of this Debenture shall be deemed to include conversion of such parts.
- (d) Notwithstanding anything to the contrary set forth herein, upon conversion of any portion of this Debenture in accordance with the terms hereof, the Holder shall not be required to physically surrender this Debenture to the Corporation unless (A) the full Principal Amount and any accrued interest thereon is being converted or (B) the Holder has provided the Corporation with prior written notice (which notice may be included in the notice contemplated by Subsection 3.2(b)) requesting re-issuance of this Debenture upon physical surrender of this Debenture. The Holder and the Corporation shall maintain records showing any portion of the Principal Amount and interest converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Corporation, so as not to require physical surrender of this Debenture upon conversion.
- (e) Upon the surrender of this Debenture for conversion in accordance with this Section 3.2 the Holder shall be entitled to receive accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, such interest to be converted into Common Shares at the Conversion Ratio. The Common Shares issued upon such conversion shall only be entitled to receive dividends declared in favour of shareholders of record on and after the Conversion Date, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

3.3 Adjustment of Conversion Ratio

The Conversion Ratio in effect on any date shall be subject to adjustment from time to time as follows:

- (a) If, and whenever at any time and from time to time, the Corporation shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine, consolidate or change its then outstanding Common Shares into a lesser number of Common Shares, or (iii) issue Common Shares (or securities exchangeable or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of stock dividend or other distribution (any of such events being herein called a "**Share Reorganization**"), the Share Reorganization Ratio shall be calculated effective immediately after the effective date or record date for the Share Reorganization as the quotient obtained when:

- (i) the number of Common Shares outstanding immediately after the completion of such Share Reorganization (but before giving effect to the issue of any Common Shares issued after such record date otherwise than as part of such Share Reorganization) including, in the case where securities exchangeable or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date,

is divided by

- (ii) the number of Common Shares outstanding on such effective date or record date before giving effect to the Share Reorganization.

And the Conversion Ratio shall thereafter be calculated as the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by:

- (i) in the case of 3.2(a)(i) where the Share Reorganization takes place before the Qualifying Financing or Qualifying Liquidity Event, (A) in the case of a Qualifying Financing that is a Common Share offering, the price per Common Share achieved in the Qualifying Financing multiplied by 0.65; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the Qualified Price multiplied by 0.65 in the case of a Qualifying Liquidity Event;
 - (ii) in the case of 3.2(a)(i) if the Share Reorganization takes place after the Qualifying Financing or Qualifying Liquidity Event but before the Maturity Date, by the quotient obtained when (A) in the case of a Qualifying Financing that is a Common Share Offering, the price per Common Share achieved in the Qualifying Financing multiplied by 0.65; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the Qualified Price multiplied by 0.65 in the case of a Qualifying Liquidity Event, as applicable, is divided by the Share Reorganization Ratio; and
 - (iii) in the case of 3.2(a)(ii) or 3.2(a)(iv), by the quotient obtained when US\$1.50 is divided by the Share Reorganization Ratio.
- (b) If there is a capital reorganization of the Corporation not otherwise provided for in this Section 3.3 (any such event being called a "**Capital Reorganization**"), if the Holder has not exercised its right of conversion prior to the effective date or record date for such Capital Reorganization then it shall be entitled to receive and shall accept, upon the exercise of such right any time after the effective date or record date for such Capital Reorganization, in lieu of the number of Common Shares to which it was theretofore entitled upon conversion, the aggregate number of Common Shares or other securities of the Corporation or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization that the Holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date, such Holder had been the registered holder of the number of Common Shares to which it was theretofore entitled upon the conversion of Common Shares; provided that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have

been taken so that the Holder shall thereafter be entitled to receive such number of Common Shares or other securities of the Corporation, or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization.

- (c) In the case of any reclassification of, or other change in, the outstanding Common Shares other than a Share Reorganization or a Capital Reorganization, the right of conversion shall be adjusted immediately after the effective date or record date for such reclassification or other change so that Holder shall be entitled to receive, upon the exercise of such right at any time after the effective date or record date of such reclassification or other change, such shares, securities or rights as they would have received had this Debenture been converted into Common Shares immediately prior to such effective date or record date, subject to adjustment thereafter in accordance with provisions the same as nearly as possible as those contained in subsection 3.3(a) and (b).
- (d) The following rules and procedures shall be applicable to the adjustments of the Conversion Ratio made pursuant to this Section 3.3:
 - (i) forthwith after any adjustment in the Conversion Ratio, the Corporation shall mail, by prepaid first class mail to the Holder, a copy of a certificate of an officer of the Corporation setting out the nature of such adjustment and describing in reasonable detail the event requiring and the manner of computing such adjustment; and
 - (ii) any question that at any time or from time to time arises with respect to the Conversion Ratio or any adjustment in the amount of the Conversion Ratio shall be conclusively determined by the auditors from time to time of the Corporation and shall be binding up the Corporation and the Holder.
 - (iii) The adjustments provided for in this Section 3 are cumulative and will be made successively whenever an event referred to herein occurs.
 - (iv) As a condition precedent to the taking of any action which would require any adjustment to this Debenture, the Corporation must take any corporate action which may be necessary in order that the Corporation shall have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all of the shares or other securities which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof.
 - (v) The Corporation will from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in this Section 3, forthwith give notice to the Holder specifying the event requiring such adjustment or readjustment and the results thereof.
 - (vi) In the event that the Corporation shall take any action affecting the Common Shares, other than the actions described herein, which, in the opinion of the board of directors of the Corporation, would materially affect the rights of the Holder, then that number of Common Shares which are to be received upon the exercise of this Debenture shall be adjusted in such manner, if any, and at such time by

action of the directors as they may reasonably determine to be equitable to the Holder in such circumstances.

3.4 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of this Debenture into Common Shares pursuant to this Article. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal of this Debenture, the Corporation shall, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Holder an amount in lawful money of the United States equal (computed to the nearest cent) to the appropriate fraction of the value.

3.5 Corporation to Reserve Shares

The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares and conditionally allot to the Holder such number of Common Shares as shall be issuable upon the full conversion of the Debenture into Common Shares. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

3.6 Cancellation of Converted Debenture

Upon conversion of this Debenture, in whole or in part, under the provisions of this Article, the portion of this Debenture so converted shall be forthwith delivered to and cancelled by the Corporation and no Debenture shall be issued in substitution for the portion so converted; however, a new or supplemental Debenture shall be executed and delivered by the Corporation and the Holder, in respect of any portion of this Debenture not so converted.

3.7 Notice of Special Matters

The Corporation covenants with the Holder that, so long as this Debenture remains outstanding, it will give notice to the Holder in the manner provided in Section 10.1, of its intention to fix a record date or an effective date for any event referred to in Section 3.3 (other than the subdivision, redivision, change in number, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Ratio, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; and, if prepared or available as at the date that such notice is required to be given pursuant to this Section 3.7, such notice shall be accompanied by the material (i.e. proxy circulars, information booklets, etc.) sent to the holders of Common Shares in respect of the event in question provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date or effective date.

ARTICLE 4 **SECURITY**

4.1 Security

As security for the due payment of all amounts payable hereunder, the Corporation hereby:

- (a) mortgages, charges and assigns to the Holder, its successors and assigns, and grants to the Holder a security interest in, all of present and after-acquired Personal Property of the Corporation and each of the Corporation's present and future Subsidiaries;
- (b) charges as and by way of a floating charge to and in favour of the Holder, its successors and assigns, all of its and its present and future Subsidiaries undertaking, real property and assets, both present and future, of every nature and kind and wherever situate;

which Security shall rank at all times in priority to any other security interest, charge and mortgage, save and except for (i) those security interests registered at the date hereof under the PPSA, as confirmed by the Corporation to the Holder by the delivery of a report prior to the delivery of the Debenture, and (ii) Permitted Encumbrances.

For greater certainty, the Security does not include any amounts payable or debts owing to the Holder by the Corporation except amounts payable pursuant to this Debenture.

For greater certainty, the Corporation and its Subsidiaries shall be entitled to enter into security interests, charges and mortgages in priority to this Debenture relating to one or more Unit Financings provided that such liens are related solely to the capital assets related to the Operating Unit being financed.

4.2 Dealing With Charged Property

Until the occurrence of an Event of Default, the Corporation may dispose of or deal with the Charged Property in the ordinary course of its business and for the purpose of carrying on the same provided that the Corporation may not sell, charge or transfer any of its Operating Units except for a sale or transfer of an Operating Unit to a direct or indirect wholly owned subsidiary of the Corporation and except for charges created in favour of third parties as permitted by Section 4.1.

4.3 Attachment

The Security created by this Debenture is intended to attach:

- (a) to the existing Charged Property when the Corporation signs this Debenture; and
- (b) to Charged Property subsequently acquired by the Corporation, immediately upon the Corporation acquiring any rights in such Charged Property.

4.4 Enforcement

Upon the occurrence of an Event of Default, the entire outstanding principal and interest owing pursuant to this Debenture shall be accelerated and shall be due and owing, and the Security shall become enforceable. Whenever the Security has become enforceable, the Holder may realize upon the Security and, to the extent permitted by law, enforce its rights by the following remedies:

- (a) entry into possession;

- (b) proceedings in any court of competent jurisdiction for the appointment of a receiver (which term as used in this Debenture includes a receiver and manager) of all or any part of the Charged Property;
- (c) proceedings in any court of competent jurisdiction for sale (including, without limitation, sale by way of a deferred payment arrangement) or foreclosure or lease of all or any part of the Charged Property;
- (d) filing of proofs of claim and other documents to establish its claims in any proceeding relative to the Corporation;
- (e) appointment by instrument in writing of a receiver of all or any part of the Charged Property and removal or replacement from time to time of any such receiver;
- (f) any other remedy or proceeding authorized or permitted hereby or by law or equity; and
- (g) at the option of the Holder, to convert the Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the date of conversion by a price of US\$1.50 per Common Share, subject to adjustment on equivalent terms to those set forth in Section 3.3.

Such remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights of the Holder however created.

4.5 Discharge Upon Payment or Conversion

If: (a) the Corporation pays in full to the Holder the Principal Amount, all accrued interest and any fees and expenses owing pursuant to this Debenture at the Maturity Date, or (b) the Holder elects to convert this Debenture pursuant to Article 3 and the Principal Amount and any accrued interest is converted into Common Shares and the Corporation pays in full any fees and expenses owing to the Holder pursuant to this Debenture, the Security shall be automatically released and the Holder shall sign and file such forms as may be required to release the Security.

4.6 Failure or Omission of Holder

Any failure or omission by the Holder to present this Debenture for payment will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture, provided that the Holder or its agents are, at the time of demand or enforcement, in possession of this Debenture and have not assigned its rights under it.

4.7 Secured Party Rights

Before and after default in the payment of any money payable by the Corporation hereunder, the Holder will have the rights of a secured party under the PPSA, as well as the rights recognized at law and in equity. No right of the Holder in regard to this Debenture will be exclusive of or dependent upon or merge in any other such right, and one or more of such rights may be exercised separately or in combination from time to time.

4.8 No Liability

None of the Holder, a receiver appointed in regard to this Debenture or any agent of the Holder (including any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other parties in respect of any of the Charged Property.

4.9 Expenses

The Corporation agrees to pay the Holder forthwith on demand all costs, charges and expenses, including all legal fees (on a solicitor and his own client basis), incurred by the Holder in connection with the recovery or enforcement of payment of any amounts payable hereunder whether by realization or otherwise. All such sums shall be secured hereby and shall be added to the amounts hereby secured.

ARTICLE 5 **COVENANTS**

The Corporation hereby covenants and agrees with the Holder as follows:

5.1 Payment of Principal

That the Corporation will duly and punctually pay or cause to be paid to the Holder the Principal Amount and interest accrued on this Debenture and any fees and expenses owing to the Holder by the Corporation pursuant to this Debenture on the dates, at the places, in the currency, and in the manner mentioned in this Debenture. All payments made by the Corporation with respect to this Debenture, shall be made free and clear of and without deduction for or on account of any tax, levy or other assessment imposed or levied by or on behalf of the Government of Canada ("Withholding Taxes"), unless the Corporation is required to withhold or deduct Withholding Taxes by law.

5.2 Carrying on Business

That, subject to the express provisions hereof, the Corporation will carry on and conduct its business in a proper and efficient manner.

5.3 Maintenance of Corporate Existence

That the Corporation will preserve and maintain its corporate existence and its rights to do business where such rights are necessary for the purposes thereof under the laws of its jurisdiction of incorporation, and to register and qualify and to maintain the registration and qualification of the Corporation as a corporation authorized to carry on business under the laws of each jurisdiction in which the nature of any material business conducted by it or the character of any material properties and assets owned or leased by it requires such registration and qualification, and to diligently preserve and at all times renew or cause to be preserved and renewed all of the Corporation's rights, powers, privileges, franchises and goodwill.

5.4 Amendment of Articles

The Corporation will not take any steps to amend its articles except pursuant to the proposed name change of the Corporation.

5.5 Maintenance of Accurate Books and Records

That the Corporation will keep and maintain proper books of account and records accurately covering all aspects of the business affairs of the Corporation.

5.6 Provision of Information

That the Corporation will furnish to the Holder:

- (a) as soon as available and in any event from 140 days after each fiscal year of the Corporation (or such later date as may be allowed by applicable securities legislation), the consolidated audited financial statements for the Corporation and the reports, if any, of the Corporation's auditors thereon; and
- (b) as soon as available and in any event within 90 days after the end of each quarter of each fiscal year of the Corporation (or such later date as such statements are mailed to shareholders of the Corporation) consolidated unaudited financial statements of the Corporation prepared for the shareholders.

5.7 Maintenance of Insurance

That the Corporation shall use its reasonable commercial efforts to cause its current insurance policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.

5.8 Transactions with Affiliates

That the Corporation will not enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any holder of its securities or with any affiliate or with any of its directors, officers or partners, as applicable, except a transaction or agreement or arrangement which is in the ordinary course of business of the Corporation and which is upon fair and reasonable terms not materially less favourable to the Corporation than it would obtain in a comparable arm's length transaction.

5.9 Notice of Event of Default

That the Corporation will give notice in writing forthwith to the Holder of the occurrence of any Event of Default or other event which with lapse of time and/or giving of notice or otherwise would be an Event of Default forthwith upon becoming aware thereof and specifying the nature of such default and/or Event of Default and the steps taken to remedy the same.

5.10 Officers' Certificates

That each and every officers' certificate given pursuant to this Debenture shall be complete and accurate in all material respects and shall not be misleading in any manner.

5.11 Negative Covenants:

Without the prior written approval of the Holder, the Corporation shall not at any time prior to the earlier of: (a) the Maturity Date, or (b) the date Holder elects to convert this Debenture pursuant to Article 3 and the Principal Amount and accrued interest is converted into Common Shares or the Corporation exercises its right to repurchase pursuant to Subsection 3.2(a)(ii):

- (a) declare or pay any dividends on any of its preferred shares or Common Shares;
- (b) subject to Section 7.1, merge, amalgamate, consolidate, reorganize, wind up or sell, lease or transfer all or substantially all of the assets of the Corporation or any of its Subsidiaries provided that the Corporation may transfer or sell any of its assets to a direct or indirect wholly owned Subsidiary (it being understood that the present and after-acquired Personal Property of any such Subsidiary would be included in the Security pursuant to Section 4.1);
- (c) reduce or distribute capital or pay dividends or redeem or repurchase Common Shares or preferred shares or repay principal or interest on any loans or other indebtedness owing to shareholders or any party not at arms length with any shareholder or allow any of its Subsidiaries to do the same;
- (d) incur, issue, assume or guarantee or allow any of its Subsidiaries to incur, issue, allow or guarantee any obligations with respect to any debt in respect of borrowed money except the following: (i) subject to a limit of US\$250,000 in the aggregate, indebtedness incurred in connection with the purchase of capital property and secured only by such capital property, (ii) unsecured subordinated debt incurred by the Corporation that is expressly subordinated to the Debenture and the Security and has a maturity that extends beyond the maturity of the Debenture, and (iii) indebtedness incurred as part of a Unit Financing which may take priority over this Debenture (collectively, the "**Permitted Debt**");
- (e) mortgage, charge, pledge or encumber or allow any of its Subsidiaries to mortgage, charge, pledge or encumber its assets, other than to secure Permitted Debt referred to in clause (d) and, except in the case of a Unit Financing, only to the extent such mortgage, charge, pledge or encumbrance (a "**Permitted Encumbrance**") relates to property (real or personal) of the Corporation or of a Subsidiary that is not subject to the Security granted to the Holder or is expressly subordinated to the Debenture and the Security;
- (f) make loans to or investments in any shareholder, employee, Subsidiary, affiliate or joint venture except to a direct or indirect wholly owned subsidiary;
- (g) sell or dispose of, or allow any of its Subsidiaries to sell or dispose of, any assets or investments except in the ordinary course of business or except to a direct or indirect wholly owned subsidiary; or
- (h) directly or indirectly, or allow any of its Subsidiaries to directly or indirectly pay remuneration to shareholders in any form including without limitation wages, fees, royalties, bonuses, interest on shareholder loans, other than in respect of obligations currently outstanding and salaries and wages paid in the ordinary course of business on a basis consistent with prior practice provided that the Corporation may adjust salaries and wages on a basis consistent with competitive industry conditions.

ARTICLE 6
DEFAULT

6.1 Events of Default

It is an "Event of Default" if:

- (a) the Corporation makes default in repayment of the principal amount or interest of the Debenture on the Maturity Date;
- (b) a decree or order of a court having jurisdiction is entered adjudging the Corporation or any of its Subsidiaries a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of the property of, the Corporation or any of its Subsidiaries, or appointing a receiver of, or of any substantial part of the property of, the Corporation or any of its Subsidiaries or ordering the winding-up or liquidation of its affairs, and any such decree or order continues un-stayed and in effect for a period of sixty (60) days;
- (c) a resolution is passed for the winding-up or liquidation of the Corporation or any of its Subsidiaries or if the Corporation or any of its Subsidiaries institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of or of any substantial part of the property of the Corporation or such Subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (d) the Corporation shall cease to carry on in the ordinary course its business or a substantial part thereof;
- (e) the Corporation fails to comply with any of its covenants hereunder, including, without limitation, a failure to pay any fees and expenses owing by it to the Holder hereunder, which failure is not cured for a period of sixty (60) days; and
- (f) if the Corporation fails to pay any indebtedness of the Corporation in excess of \$500,000, or its equivalent in another currency, when due (whether at scheduled maturity or by required prepayment, acceleration, demand, or otherwise); or if any other default under any agreement or instrument relating to an indebtedness in excess of \$500,000 shall occur, and if the effect of such default or event is either to accelerate the maturity of such indebtedness, or permit the holder to accelerate the maturity of such indebtedness after having given notice of such default or event and the failure of the Corporation to remedy such event or default within the time permitted, if so provided for; or such indebtedness in excess of \$500,000 shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required repayment) prior to the stated maturity thereof.

6.2 Occurrence of Default

On the occurrence of an Event of Default in each and every such event the Holder may in its discretion by notice in writing to the Corporation declare the Principal Amount and accrued interest to be due and payable and the same shall forthwith become immediately due and payable to the Holder, anything herein to the contrary notwithstanding, and the Corporation shall forthwith pay to the Holder the Principal Amount and accrued interest. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder.

6.3 Waiver of Default

The Holder has the power to waive any Event of Default and/or to cancel any declaration made by the Holder pursuant to Section 6.2 in which case such Event of Default shall be deemed not to have occurred or such declaration shall be deemed not to have been made, as the case may be; provided that no such waiver of an Event of Default shall extend to, or be taken in any manner whatsoever to affect, any subsequent Event of Default or the rights resulting therefrom and no such cancellation of a declaration prevents a subsequent declaration under Section 6.2 in respect of the Event of Default to which the cancellation related (unless the Event of Default was also waived) or in respect of any other Event of Default.

ARTICLE 7 SUCCESSOR CORPORATIONS

7.1 Permitted Corporate Reorganizations

The Corporation shall not, directly or indirectly, sell, lease, transfer or otherwise dispose of, in one or a series of transactions, all or substantially all of its property and assets as an entirety to any other Person, and shall not amalgamate or merge with or into any other corporation (any such other corporation being herein referred to as a "Successor Corporation") unless prior to or concurrent with the transaction, the Corporation or the Successor Corporation redeems in cash the Debentures in an amount equal to (a) the sum of the outstanding Principal Amount and all accrued interest multiplied by (b) 1.75.

7.2 Status of Successor Corporation

Whenever the conditions of Section 7.1 have been duly observed and performed the Successor Corporation shall possess and from time to time may exercise each and every right and power of the Corporation under this Debenture in the name of the Corporation or otherwise and any act or proceeding by any provision of this Debenture required to be done or performed by any directors or officers of the Corporation may be done and performed with like force and effect by the directors or officers of such Successor Corporation and thereupon the Corporation shall be released and discharged from liability under this Debenture and the Holder shall execute any document or documents which it may be advised is or are necessary or advisable for effecting or evidencing such release and discharge.

ARTICLE 8 DEFEASANCE

8.1 Defeasance

These presents and the rights hereby granted shall cease, determine and be void, if the Corporation shall have first satisfied the Holder that it has paid or made due provisions satisfactory to the Holder for the payment of all the principal moneys and interest due or to become due hereunder, at the time and in the

manner herein provided, and also all other moneys payable hereunder by the Corporation or shall surrender or cause to be surrendered this Debenture to the Corporation for cancellation and shall in any case pay all sums due or accruing due to the Holder of this Debenture hereunder.

ARTICLE 9
AMENDMENT

9.1 Amendment

The provisions of this Debenture may be amended at any time or times by written agreement between the Corporation and the Holder.

ARTICLE 10
NOTICES

10.1 Notice

Any notice required or permitted to be given hereunder shall be in writing and given by delivering, by post or courier, or by transmitting by facsimile:

(a) to the Corporation at:

EarthRenew Corporation
201, 1925 - 18th Avenue N.E.
Calgary, AB T2E 7T8

Attention: Vice President, Legal
Fax: (403) 228-4748

(b) to the Holder at:

Nile Capital I S.à.r.l.
c/o Luxor Capital Group, LP
767 Fifth Avenue, 19th Floor
New York, NY 10153

Attention: Kelly Skura
Fax: (212) 763-8001

Any notice given as aforesaid shall be deemed to have been given at the time delivered or faxed (provided complete transmission is confirmed) if delivered or faxed to the recipient on a Business Day (in the city in which the addressee is located) and before 4:30 p.m. (local time in the city in which the addressee is located) on such Business Day, and otherwise shall be deemed to be given at 9:00 a.m. (local time in the city in which the addressee is located) on the next following Business Day (in the city in which the addressee is located) or, in the case of notice being given by post on the day that is five (5) Business Days after the date of mailing. Any party may change its address for notice by notice to the other parties hereto given in the manner herein provided.

ARTICLE 11
EXECUTION

11.1 Successors and Assigns

The provisions of this Debenture shall enure to the benefit of, and be binding upon, the parties and any of their heirs, executors, administrators, personal representatives, successors and assigns.

IN WITNESS WHEREOF this Debenture has been executed with effect from the date first written above.

EARTHRENEW CORPORATION

Per: _____


Christianne Carin
Chief Executive Officer

APPENDIX I

CONVERSION FORM

TO: EARTHRENEW CORPORATION

The undersigned registered holder of the within Debenture hereby irrevocably elects to convert the principal amount of the within Debenture specified below into Common Shares of EarthRenew Corporation (the "Corporation") (or such number of other securities or property to which the Debentures entitle the undersigned in lieu thereof or in addition thereto) in accordance with and subject to the provisions of the annexed Debenture Certificate.

Principal Amount converted:

☐ All

- or -

☐ \$ _____

DATED this ____ day of _____, 20__.

Signature Guaranteed

Signature (Signature of Debentureholder to be the same as appears on the face of the Debenture Certificate)

(Name in Full – Please Print)

Notes:

- (1) Common Shares received on the conversion of the Debentures may be subject to a "hold period" under applicable securities laws if the Debentures are converted prior to the date that is four months and a day after the later of (a) September 3, 2009; and (b) the date the issuer became a reporting issuer in any province or territory.
- (2) Common Shares will be issued in the name of the registered holder and delivered to the address of the registered holder as it appears on the Debenture register unless otherwise directed.

Instructions: The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Debenture Certificate representing the Debentures being converted to the Corporation at the head office of the Corporation, at 201, 1925 18th Avenue NE, Calgary, AB T2E 7T8, Attention: CFO. Certificates for Common Shares will be made available for pick-up or, at the request of the holder, delivered or mailed within three (3) business days after the conversion of the Debentures. If the Conversion Form is signed by a corporation, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

The above signed hereby directs that the said Common Shares be issued and registered as follows:

Name(s) in Full: _____

Address(es) in Full: _____

(including postal code)

No. of Common Shares

Note: If further nominees are intended, please attach (and initial) schedule giving these particulars.

DEBENTURE AMENDING AGREEMENT

THIS AGREEMENT is made as of April 12, 2010

BETWEEN:

EARTHRENEW CORPORATION
(the "Corporation")

- and -

NILE CAPITAL I S.à.r.l.
("Nile")

- and -

LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
("Luxor Offshore")

RECITALS:

- A. On September 3, 2009 the Corporation issued a 5% convertible secured debenture to Luxor Capital Partners, LP in the principal amount of US\$2,744,349, such convertible secured debenture being transferred to Nile on January 4, 2010 (the "Nile Secured Debenture");
- B. On September 3, 2009 the Corporation issued a 5% convertible secured debenture to Luxor Capital Partners Offshore Fund, Ltd. (prior to a name change, formerly known as Luxor Capital Partners Offshore, Ltd.) in the principal amount of US\$3,255,651 (the "Luxor Offshore Secured Debenture");

(the Nile Secured Debenture and the Luxor Offshore Secured Debenture collectively the "Secured Debentures")
- C. The Corporation is actively pursuing an initial public offering (an "IPO") which will constitute a Qualifying Liquidity Event pursuant to the Secured Debentures;
- D. Pursuant to the Secured Debentures if a Qualifying Financing or Qualifying Liquidity Event does not occur on or before June 1, 2010, the Holder shall have the option to convert the Secured Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest by a price of US\$1.50 per Common Share (the "Dilution Right"); and
- E. The parties have determined that the existence of the Dilution Right on June 1, 2010 would be prejudicial to the IPO.

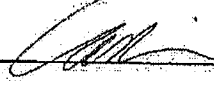
NOW THEREFORE, in consideration of the Corporation pursuing the IPO, the covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Secured Debentures are hereby amended by:
 - (i) deleting the occurrences of "September 30, 2011" on the face page of the Secured Debentures and in the definition of Maturity Date and replacing each with "March 31, 2011";
 - (ii) deleting "June 1, 2010" in Subsection 3.2(a), Subsection 3.2(a)(i) and Subsection 3.2(a)(ii) and replacing each with "December 31, 2010"; and
 - (iii) deleting "0.65" in Subsections 3.2(a)(i) (A) and (C); 3.3(a)(i) (A) and (C) and 3.3(a)(ii) (A) and (C) and replacing each with "0.60".
2. The parties intend that the Secured Debentures are and continue to be evidence for the payment of the indebtedness of the Corporation to Nile and Luxor Offshore.
3. The parties hereby ratify and confirm the continuance of the Secured Debentures and acknowledge and confirm that the Secured Debentures are and shall remain in full force and effect in accordance with their terms for the duration of their respective terms. All covenants, agreements, provisos, stipulations, conditions, powers, matters and things whatsoever contained in the Secured Debentures shall continue in force and effect except where amended by this Agreement.
4. Nothing herein contained shall alter or prejudice the rights or remedies of Nile and Luxor Offshore as regards any security provided by the Secured Debentures.
5. The parties agree to do, perform, execute and deliver all acts, deeds and documents as may be reasonably necessary from time to time to give full force and effect to the intent of this Agreement.
6. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein without regards to conflict of laws provisions.

[Remainder of this page intentionally left blank.]

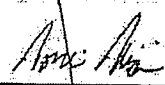
7. This Agreement will enure to the benefit of the parties and their respective successors and assigns.

EARTHRENEW CORPORATION

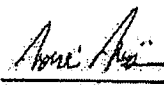
Per: 

NILE CAPITAL I S.à.r.l.

Per: 

Per: 

**LUXOR CAPITAL PARTNERS OFFSHORE FUND,
LTD.**

Per: 

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (i) SEPTEMBER 3, 2009 AND (ii) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE AND THE SECURITIES ISSUABLE ON THE EXERCISE OF THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED OR REGISTERED UNDER THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE SECURITIES MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER APPLICABLE SECURITIES LAWS, OR UNLESS OFFERED, SOLD OR TRANSFERRED PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THOSE LAWS.

EARTHRENEW CORPORATION

(A corporation incorporated under the laws of the Province of Alberta)

5% CONVERTIBLE SECURED DEBENTURE

IN FAVOUR OF

Nile Capital I S.à.r.l.

January 4, 2010

Certificate Number: CSD-6

US\$2,744,349

DUE: September 30, 2011

EARTHRENEW CORPORATION (the "**Corporation**"), for value received, hereby promises to pay to or to the order of **Nile Capital I S.à.r.l.**, the registered holder hereof on September 30, 2011 (the "**Maturity Date**"), or on such earlier or later date as the principal amount hereof may become payable in accordance with the conditions herein set out on presentation and surrender of this Debenture, **\$2,744,349** (the "**Principal Amount**") in lawful money of the United States, at the registered office of the Corporation in Calgary, Alberta and subject to the terms and conditions herein contained, to pay interest thereon in the manner and at the rate set forth in Section 2.1 hereof.

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In this Debenture (including the recitals hereto), unless there is something in the subject matter or context inconsistent therewith:

"ABCA" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"Affiliate" has the meaning ascribed thereto under the ABCA;

"Business Day" means any day except Saturdays, Sundays, statutory holidays and days when the principal office of the Corporation in the City of Calgary is not generally open to the public for the transaction of business;

"Capital Reorganization" shall have the meaning ascribed thereto in Section 3.3 hereof;

"Charged Property" means the subject matter of the Security;

"Common Shares" means common shares in the capital of the Corporation;

"Conversion Date" shall have the meaning ascribed thereto in Section 3.1 hereof;

"Conversion Ratio" shall have the meaning ascribed thereto in Section 3.2 hereof;

"Corporate Sale" means a sale of substantially all of the shares of the Corporation or its assets whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Corporation" means EarthRenew Corporation, a corporation incorporated pursuant to the ABCA with an office in the City of Calgary, in the Province of Alberta, and includes any Successor Corporation to or of the Corporation;

"Counsel" means a barrister or solicitor or firm of barristers or solicitors, who may be counsel for the Corporation;

"Event of Default" means any of the events of default referred to in Section 6.1;

"Holder" means the Person who is registered as the holder of this Debenture in the register maintained by the Corporation from time to time in respect of this Debenture;

"Interest Payment Date" means the Conversion Date or the Maturity Date, whichever is earlier;

"Interest Rate" means the interest rate of 5% per annum, compounded semi-annually;

"IPO" means an initial public offering or similar "going public" transaction, with concurrent listing on one or more Recognized Exchanges;

"Maturity Date" means September 30, 2011;

"Merger" means a business combination including, without limitation, a merger, amalgamation, arrangement, share exchange, or any similar transaction whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Operating Units" means the Corporation's energy efficient manufacturing units, composed of a granulator, gas turbine, and thermal conversion vessel used to convert manure and organic waste into plant food products, either existing at the date hereof or constructed in the future;

"Permitted Debt" shall have the meaning ascribed thereto in Section 5.11 hereof;

"Permitted Encumbrances" shall have the meaning ascribed thereto in Section 5.11 hereof;

"Person" means an individual, firm, trust, syndicate, corporation, partnership, association, organization, government or governmental agency;

"Personal Property" means chattel paper, documents of title, goods, instruments, intangibles, money and investment property, and includes fixtures affixed to real property, and such other property as may be included from time to time in the definition of "personal property" under the PPSA;

"PPSA" means the *Personal Property Security Act* (Alberta), as amended from time to time, and includes any statute substituted therefor, as amended from time to time;

"Qualified Price" means the price per Common Share of Common Shares sold in an IPO or the fair market value of any combination of cash, securities and other consideration received by the holders of Common Shares in a Merger or Corporate Sale;

"Qualifying Convertible Debenture Financing" means an offering or series of offerings consisting of at least US\$20 million in total gross proceeds of a 0% convertible debenture which, pursuant to its terms, is convertible into Common Shares at a fixed conversion ratio and is convertible upon the occurrence of a Qualifying Liquidity Event or other contingency and whose priority ranks no greater than pari passu with the current issued unsecured convertible debentures of the Corporation;

"Qualifying Financing" means a Common Share equity offering or series of offerings or Qualifying Convertible Debenture Financing consisting of at least US\$20 million in total gross proceeds;

"Qualifying Liquidity Event" means the closing of an IPO, Merger or a Corporate Sale;

"Recognized Exchange" means any one of the London Stock Exchange, the New York Stock Exchange, the NASDAQ Exchange, the NYSE Amex Equities, the Toronto Stock Exchange, the London AIM Exchange or the TSX Venture Exchange;

"Security" means the mortgages, charges, assignments and security interests granted and constituted pursuant to Article 4 of this Debenture;

"Share Reorganization" shall have the meaning attributed thereto in Subsection 3.3(a) hereof;

"Share Reorganization Ratio" means the ratio of Common Shares outstanding prior to and following a Share Reorganization as calculated in accordance with Subsection 3.3(a) hereof;

"Subsidiary" means any corporation of which more than 50% of the outstanding Voting Shares are owned, directly or indirectly, by or for the Corporation, provided that the ownership of such shares confers the right to elect at least a majority of the board of directors of such corporation and includes any corporation in like relation to a Subsidiary;

"Successor Corporation" shall have the meaning attributed thereto in Section 7.1 hereof;

"Tax" means all present or future taxes, levies, withholdings, fiscal charges, imports, duties, assessments, surcharges, or other charges of whatsoever nature and however arising which are imposed, assessed, charged, levied, withheld or demanded pursuant to the laws of Canada or a Province thereof at any time together with all interest thereon and penalties or similar liabilities

with respect thereto but does not include any taxes charged in respect of or by reference to the overall net income or gains of the Holder of this Debenture or any interest thereon or penalties or similar liabilities with respect thereto;

"**Time of Expiry**" means 4:30 p.m. (Calgary time) on the Maturity Date;

"**Unit Financing**" means future project debt financing of an Operating Unit;

"**Voting Shares**" means shares of any class in the capital of any corporation carrying voting rights under all circumstances, provided that, for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares unless such event has occurred and is continuing, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of any such event; and

"**Withholding Taxes**" shall have the meaning attributed thereto in Section 5.1 hereof.

1.2 Interpretation

Words importing the singular number only shall include the plural and *vice versa* and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms, associations and corporations and *vice versa*.

1.3 Currency

All payments contemplated herein shall be paid in US dollars, by cheque or other transfer of funds considered appropriate by the Corporation and, unless expressly stated otherwise, all references herein to dollar amounts are references to dollars in the lawful currency of the United States.

1.4 Governing Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

1.5 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

ARTICLE 2 THE DEBENTURE

2.1 Terms of the Debenture

- (a) This Debenture matures at the Time of Expiry and bears interest from and including the date of this Debenture at the Interest Rate, payable after as well as before maturity and after as well as before default and judgment, with interest on amounts in default at the same rate, payable on an accrued basis on the Interest Payment Date.
- (b) Subject to Subsection 2.1(a) and Article 3, the Corporation shall, no later than ten Business Days following the Interest Payment Date, cause to be sent by prepaid ordinary

mail a cheque for such interest (less any Tax required by law to be withheld therefrom) payable to the order of the Holder and addressed to it at the address specified herein, unless the Holder otherwise directs. In the event of non-receipt or destruction of any cheque or funds delivered pursuant to this Section, the Corporation will cause to be issued to the Holder a replacement cheque for like amount upon being furnished with such evidence of non-receipt or destruction as it reasonably requires and upon being indemnified to its satisfaction, acting reasonably.

- (c) Notwithstanding anything contained herein, the Corporation may enter into an agreement with the Holder providing for the payment to such Holder of the principal of and interest on this Debenture at a place or places or in a manner other than the place or places or manner specified herein for payment.

2.2 Mutilation, Loss, Theft or Destruction

In case this Debenture is mutilated, lost, stolen or destroyed, the Corporation, in its discretion, may create a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Corporation and shall be entitled to the same benefits as all other Debentures without preference or priority one over another. In case of loss, theft or destruction the Holder shall furnish to the Corporation evidence of such loss, theft or destruction as is satisfactory to the Corporation in its discretion, acting reasonably, and shall also furnish an indemnity satisfactory to the Corporation in its discretion, acting reasonably. The Holder shall pay all expenses incidental to the issuance of any substituted Debenture.

2.3 Transfer

This Debenture may be transferred by the Holder at any time prior to the Maturity Date subject to any applicable laws and required regulatory approvals, including, without limitation, applicable securities laws which restrict the sale and distribution of the Debenture. The Holder shall pay all expenses incidental to the transfer of any Debenture.

ARTICLE 3

CONVERSION OF DEBENTURE

3.1 Conversion Date

For the purposes of this Article, this Debenture shall be deemed to be surrendered for conversion on the date on which it is received by the Corporation in accordance with the provisions of this Article 3 (the "Conversion Date").

3.2 Conversion

- (a) Upon and subject to the provisions and conditions of this Article, the Holder shall have the right, at its option at any time, and from time to time and except in the case of Subsection 3.2(a)(iii) and 3.2(a)(iv), after the earlier of a Qualifying Financing, Qualifying Liquidity Event or June 1, 2010 and prior to the Time of Expiry to convert this Debenture into that number of fully paid and non-assessable Common Shares at the Conversion Ratio in effect at that time as follows:

- (i) if a Qualifying Financing or Qualifying Liquidity Event occurs on or before June 1, 2010, the Corporation shall provide a notice to the Holder of such Qualifying Financing or Qualifying Liquidity Event and the Holder shall have the option on or before the Time of Expiry to convert this Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by a share price that is equal to either (A) in the case of a Qualifying Financing that is an offering of Common Shares, the price per Common Share achieved in the Qualifying Financing multiplied by 0.65; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the Qualified Price multiplied by 0.65 in the case of a Qualifying Liquidity Event. The Conversion Ratio provided for in this Subsection 3.2(a)(i) shall be based on the first of either a Qualifying Financing or a Qualifying Liquidity Event to occur provided that in the event of multiple Qualifying Financings, the Conversion Ratio shall be based on the lowest price per Common Share raised in such Qualifying Financings.
- (ii) If a Qualifying Financing or Qualifying Liquidity Event does not occur on or before June 1, 2010, the Holder shall have the option on or before the Time of Expiry to convert this Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by a price of US\$1.50 per Common Share provided that upon any notice by the Holder to the Corporation to exercise the conversion right provided by this Subsection 3.2(a)(ii), the Corporation shall have a first right to repurchase this Debenture on payment in a cash amount to the Holder equal to: (A) the sum of the Principal Amount plus all accrued interest to the date of such notice multiplied by (B) 1.75.

(the "Conversion Ratio")

- (iii) In the event a Qualifying Liquidity Event occurs and the Qualified Price is the same or higher than the prevailing Conversion Ratio, this Debenture shall automatically convert into Common Shares on the basis specified in Subsection 3.2(a)(i).
 - (iv) In the event the Corporation files for bankruptcy, has an administrator appointed by a court, has a trustee appointed pursuant to the *Bankruptcy and Insolvency Act*, is liquidated or in any other fashion seeks protection from its creditors, the Conversion Ratio on the Debentures will be adjusted to 667 Common Shares per US\$1,000 Principal Amount and accrued interest up to and including the Conversion Date (conversion price of US\$1.50 per Common Share). In no other way will the Holder's rights under the Debenture be altered however.
- (b) If the Holder desires to convert this Debenture in whole or in part into Common Shares in accordance with this Section 3.2, the Holder shall prior to the Time of Expiry surrender this Debenture to the Corporation at its offices together with written notice, substantially in the form of Appendix I hereto, duly executed by the Holder or its successors and assigns or other legal representatives or its or their attorney duly appointed by an instrument in writing and executed in a manner satisfactory to the Corporation, exercising its right to convert this Debenture into Common Shares in accordance with the provisions

of this Article. Thereupon, subject to the Corporation's right to repurchase pursuant to subsection 3.2(a)(ii), the Holder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges, the Holder's nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Corporation shall deliver to the Holder or, subject as aforesaid, its nominee(s), or assignee(s), a certificate or certificates for such Common Shares and, if applicable, a cheque for any amount payable under Section 3.4 or pursuant to the Corporation's right to repurchase under subsection 3.2(a)(ii).

- (c) Any part of this Debenture may be converted into Common Shares as provided in this Section 3.2 and all references in this Debenture to conversion of this Debenture shall be deemed to include conversion of such parts.
- (d) Notwithstanding anything to the contrary set forth herein, upon conversion of any portion of this Debenture in accordance with the terms hereof, the Holder shall not be required to physically surrender this Debenture to the Corporation unless (A) the full Principal Amount and any accrued interest thereon is being converted or (B) the Holder has provided the Corporation with prior written notice (which notice may be included in the notice contemplated by Subsection 3.2(b)) requesting re-issuance of this Debenture upon physical surrender of this Debenture. The Holder and the Corporation shall maintain records showing any portion of the Principal Amount and interest converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Corporation, so as not to require physical surrender of this Debenture upon conversion.
- (e) Upon the surrender of this Debenture for conversion in accordance with this Section 3.2 the Holder shall be entitled to receive accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, such interest to be converted into Common Shares at the Conversion Ratio. The Common Shares issued upon such conversion shall only be entitled to receive dividends declared in favour of shareholders of record on and after the Conversion Date, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

3.3 Adjustment of Conversion Ratio

The Conversion Ratio in effect on any date shall be subject to adjustment from time to time as follows:

- (a) If, and whenever at any time and from time to time, the Corporation shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine, consolidate or change its then outstanding Common Shares into a lesser number of Common Shares, or (iii) issue Common Shares (or securities exchangeable or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of stock dividend or other distribution (any of such events being herein called a "Share Reorganization"), the Share Reorganization Ratio shall be calculated effective immediately after the effective date or record date for the Share Reorganization as the quotient obtained when:

- (i) the number of Common Shares outstanding immediately after the completion of such Share Reorganization (but before giving effect to the issue of any Common Shares issued after such record date otherwise than as part of such Share Reorganization) including, in the case where securities exchangeable or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date,

is divided by

- (ii) the number of Common Shares outstanding on such effective date or record date before giving effect to the Share Reorganization.

And the Conversion Ratio shall thereafter be calculated as the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by:

- (i) in the case of 3.2(a)(i) where the Share Reorganization takes place before the Qualifying Financing or Qualifying Liquidity Event, (A) in the case of a Qualifying Financing that is a Common Share offering, the price per Common Share achieved in the Qualifying Financing multiplied by 0.65; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the Qualified Price multiplied by 0.65 in the case of a Qualifying Liquidity Event;
 - (ii) in the case of 3.2(a)(i) if the Share Reorganization takes place after the Qualifying Financing or Qualifying Liquidity Event but before the Maturity Date, by the quotient obtained when (A) in the case of a Qualifying Financing that is a Common Share Offering, the price per Common Share achieved in the Qualifying Financing multiplied by 0.65; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the Qualified Price multiplied by 0.65 in the case of a Qualifying Liquidity Event, as applicable, is divided by the Share Reorganization Ratio; and
 - (iii) in the case of 3.2(a)(ii) or 3.2(a)(iv), by the quotient obtained when US\$1.50 is divided by the Share Reorganization Ratio.
- (b) If there is a capital reorganization of the Corporation not otherwise provided for in this Section 3.3 (any such event being called a "**Capital Reorganization**"), if the Holder has not exercised its right of conversion prior to the effective date or record date for such Capital Reorganization then it shall be entitled to receive and shall accept, upon the exercise of such right any time after the effective date or record date for such Capital Reorganization, in lieu of the number of Common Shares to which it was theretofore entitled upon conversion, the aggregate number of Common Shares or other securities of the Corporation or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization that the Holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date, such Holder had been the registered holder of the number of Common Shares to which it was theretofore entitled upon the conversion of Common Shares; provided that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have

been taken so that the Holder shall thereafter be entitled to receive such number of Common Shares or other securities of the Corporation, or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization.

- (c) In the case of any reclassification of, or other change in, the outstanding Common Shares other than a Share Reorganization or a Capital Reorganization, the right of conversion shall be adjusted immediately after the effective date or record date for such reclassification or other change so that Holder shall be entitled to receive, upon the exercise of such right at any time after the effective date or record date of such reclassification or other change, such shares, securities or rights as they would have received had this Debenture been converted into Common Shares immediately prior to such effective date or record date, subject to adjustment thereafter in accordance with provisions the same as nearly may be possible as those contained in subsection 3.3(a) and (b).
- (d) The following rules and procedures shall be applicable to the adjustments of the Conversion Ratio made pursuant to this Section 3.3:
 - (i) forthwith after any adjustment in the Conversion Ratio, the Corporation shall mail, by prepaid first class mail to the Holder, a copy of a certificate of an officer of the Corporation setting out the nature of such adjustment and describing in reasonable detail the event requiring and the manner of computing such adjustment; and
 - (ii) any question that at any time or from time to time arises with respect to the Conversion Ratio or any adjustment in the amount of the Conversion Ratio shall be conclusively determined by the auditors from time to time of the Corporation and shall be binding up the Corporation and the Holder.
 - (iii) The adjustments provided for in this Section 3 are cumulative and will be made successively whenever an event referred to herein occurs.
 - (iv) As a condition precedent to the taking of any action which would require any adjustment to this Debenture, the Corporation must take any corporate action which may be necessary in order that the Corporation shall have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all of the shares or other securities which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof.
 - (v) The Corporation will from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in this Section 3, forthwith give notice to the Holder specifying the event requiring such adjustment or readjustment and the results thereof.
 - (vi) In the event that the Corporation shall take any action affecting the Common Shares, other than the actions described herein, which, in the opinion of the board of directors of the Corporation, would materially affect the rights of the Holder, then that number of Common Shares which are to be received upon the exercise of this Debenture shall be adjusted in such manner, if any, and at such time by

action of the directors as they may reasonably determine to be equitable to the Holder in such circumstances.

3.4 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of this Debenture into Common Shares pursuant to this Article. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal of this Debenture, the Corporation shall, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Holder an amount in lawful money of the United States equal (computed to the nearest cent) to the appropriate fraction of the value.

3.5 Corporation to Reserve Shares

The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares and conditionally allot to the Holder such number of Common Shares as shall be issuable upon the full conversion of the Debenture into Common Shares. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

3.6 Cancellation of Converted Debenture

Upon conversion of this Debenture, in whole or in part, under the provisions of this Article, the portion of this Debenture so converted shall be forthwith delivered to and cancelled by the Corporation and no Debenture shall be issued in substitution for the portion so converted; however, a new or supplemental Debenture shall be executed and delivered by the Corporation and the Holder, in respect of any portion of this Debenture not so converted.

3.7 Notice of Special Matters

The Corporation covenants with the Holder that, so long as this Debenture remains outstanding, it will give notice to the Holder in the manner provided in Section 10.1, of its intention to fix a record date or an effective date for any event referred to in Section 3.3 (other than the subdivision, redivision, change in number, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Ratio, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; and, if prepared or available as at the date that such notice is required to be given pursuant to this Section 3.7, such notice shall be accompanied by the material (i.e. proxy circulars, information booklets, etc.) sent to the holders of Common Shares in respect of the event in question provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date or effective date.

ARTICLE 4 **SECURITY**

4.1 Security

As security for the due payment of all amounts payable hereunder, the Corporation hereby:

- (a) mortgages, charges and assigns to the Holder, its successors and assigns, and grants to the Holder a security interest in, all of present and after-acquired Personal Property of the Corporation and each of the Corporation's present and future Subsidiaries;
- (b) charges as and by way of a floating charge to and in favour of the Holder, its successors and assigns, all of its and its present and future Subsidiaries undertaking, real property and assets, both present and future, of every nature and kind and wherever situate;

which Security shall rank at all times in priority to any other security interest, charge and mortgage, save and except for (i) those security interests registered at the date hereof under the PPSA, as confirmed by the Corporation to the Holder by the delivery of a report prior to the delivery of the Debenture, and (ii) Permitted Encumbrances.

For greater certainty, the Security does not include any amounts payable or debts owing to the Holder by the Corporation except amounts payable pursuant to this Debenture.

For greater certainty, the Corporation and its Subsidiaries shall be entitled to enter into security interests, charges and mortgages in priority to this Debenture relating to one or more Unit Financings provided that such liens are related solely to the capital assets related to the Operating Unit being financed.

4.2 Dealing With Charged Property

Until the occurrence of an Event of Default, the Corporation may dispose of or deal with the Charged Property in the ordinary course of its business and for the purpose of carrying on the same provided that the Corporation may not sell, charge or transfer any of its Operating Units except for a sale or transfer of an Operating Unit to a direct or indirect wholly owned subsidiary of the Corporation and except for charges created in favour of third parties as permitted by Section 4.1.

4.3 Attachment

The Security created by this Debenture is intended to attach:

- (a) to the existing Charged Property when the Corporation signs this Debenture; and
- (b) to Charged Property subsequently acquired by the Corporation, immediately upon the Corporation acquiring any rights in such Charged Property.

4.4 Enforcement

Upon the occurrence of an Event of Default, the entire outstanding principal and interest owing pursuant to this Debenture shall be accelerated and shall be due and owing, and the Security shall become enforceable. Whenever the Security has become enforceable, the Holder may realize upon the Security and, to the extent permitted by law, enforce its rights by the following remedies:

- (a) entry into possession;

- (b) proceedings in any court of competent jurisdiction for the appointment of a receiver (which term as used in this Debenture includes a receiver and manager) of all or any part of the Charged Property;
- (c) proceedings in any court of competent jurisdiction for sale (including, without limitation, sale by way of a deferred payment arrangement) or foreclosure or lease of all or any part of the Charged Property;
- (d) filing of proofs of claim and other documents to establish its claims in any proceeding relative to the Corporation;
- (e) appointment by instrument in writing of a receiver of all or any part of the Charged Property and removal or replacement from time to time of any such receiver;
- (f) any other remedy or proceeding authorized or permitted hereby or by law or equity; and
- (g) at the option of the Holder, to convert the Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the date of conversion by a price of US\$1.50 per Common Share, subject to adjustment on equivalent terms to those set forth in Section 3.3.

Such remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights of the Holder however created.

4.5 Discharge Upon Payment or Conversion

If: (a) the Corporation pays in full to the Holder the Principal Amount, all accrued interest and any fees and expenses owing pursuant to this Debenture at the Maturity Date, or (b) the Holder elects to convert this Debenture pursuant to Article 3 and the Principal Amount and any accrued interest is converted into Common Shares and the Corporation pays in full any fees and expenses owing to the Holder pursuant to this Debenture, the Security shall be automatically released and the Holder shall sign and file such forms as may be required to release the Security.

4.6 Failure or Omission of Holder

Any failure or omission by the Holder to present this Debenture for payment will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture, provided that the Holder or its agents are, at the time of demand or enforcement, in possession of this Debenture and have not assigned its rights under it.

4.7 Secured Party Rights

Before and after default in the payment of any money payable by the Corporation hereunder, the Holder will have the rights of a secured party under the PPSA, as well as the rights recognized at law and in equity. No right of the Holder in regard to this Debenture will be exclusive of or dependent upon or merge in any other such right, and one or more of such rights may be exercised separately or in combination from time to time.

4.8 No Liability

None of the Holder, a receiver appointed in regard to this Debenture or any agent of the Holder (including any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other parties in respect of any of the Charged Property.

4.9 Expenses

The Corporation agrees to pay the Holder forthwith on demand all costs, charges and expenses, including all legal fees (on a solicitor and his own client basis), incurred by the Holder in connection with the recovery or enforcement of payment of any amounts payable hereunder whether by realization or otherwise. All such sums shall be secured hereby and shall be added to the amounts hereby secured.

ARTICLE 5 **COVENANTS**

The Corporation hereby covenants and agrees with the Holder as follows:

5.1 Payment of Principal

That the Corporation will duly and punctually pay or cause to be paid to the Holder the Principal Amount and interest accrued on this Debenture and any fees and expenses owing to the Holder by the Corporation pursuant to this Debenture on the dates, at the places, in the currency, and in the manner mentioned in this Debenture. All payments made by the Corporation with respect to this Debenture, shall be made free and clear of and without deduction for or on account of any tax, levy or other assessment imposed or levied by or on behalf of the Government of Canada ("**Withholding Taxes**"), unless the Corporation is required to withhold or deduct Withholding Taxes by law.

5.2 Carrying on Business

That, subject to the express provisions hereof, the Corporation will carry on and conduct its business in a proper and efficient manner.

5.3 Maintenance of Corporate Existence

That the Corporation will preserve and maintain its corporate existence and its rights to do business where such rights are necessary for the purposes thereof under the laws of its jurisdiction of incorporation, and to register and qualify and to maintain the registration and qualification of the Corporation as a corporation authorized to carry on business under the laws of each jurisdiction in which the nature of any material business conducted by it or the character of any material properties and assets owned or leased by it requires such registration and qualification, and to diligently preserve and at all times renew or cause to be preserved and renewed all of the Corporation's rights, powers, privileges, franchises and goodwill.

5.4 Amendment of Articles

The Corporation will not take any steps to amend its articles except pursuant to the proposed name change of the Corporation.

5.5 Maintenance of Accurate Books and Records

That the Corporation will keep and maintain proper books of account and records accurately covering all aspects of the business affairs of the Corporation.

5.6 Provision of Information

That the Corporation will furnish to the Holder:

- (a) as soon as available and in any event from 140 days after each fiscal year of the Corporation (or such later date as may be allowed by applicable securities legislation), the consolidated audited financial statements for the Corporation and the reports, if any, of the Corporation's auditors thereon; and
- (b) as soon as available and in any event within 90 days after the end of each quarter of each fiscal year of the Corporation (or such later date as such statements are mailed to shareholders of the Corporation) consolidated unaudited financial statements of the Corporation prepared for the shareholders.

5.7 Maintenance of Insurance

That the Corporation shall use its reasonable commercial efforts to cause its current insurance policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.

5.8 Transactions with Affiliates

That the Corporation will not enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any holder of its securities or with any affiliate or with any of its directors, officers or partners, as applicable, except a transaction or agreement or arrangement which is in the ordinary course of business of the Corporation and which is upon fair and reasonable terms not materially less favourable to the Corporation than it would obtain in a comparable arm's length transaction.

5.9 Notice of Event of Default

That the Corporation will give notice in writing forthwith to the Holder of the occurrence of any Event of Default or other event which with lapse of time and/or giving of notice or otherwise would be an Event of Default forthwith upon becoming aware thereof and specifying the nature of such default and/or Event of Default and the steps taken to remedy the same.

5.10 Officers' Certificates

That each and every officers' certificate given pursuant to this Debenture shall be complete and accurate in all material respects and shall not be misleading in any manner.

5.11 Negative Covenants:

Without the prior written approval of the Holder, the Corporation shall not at any time prior to the earlier of: (a) the Maturity Date, or (b) the date Holder elects to convert this Debenture pursuant to Article 3 and the Principal Amount and accrued interest is converted into Common Shares or the Corporation exercises its right to repurchase pursuant to Subsection 3.2(a)(ii):

- (a) declare or pay any dividends on any of its preferred shares or Common Shares;
- (b) subject to Section 7.1, merge, amalgamate, consolidate, reorganize, wind up or sell, lease or transfer all or substantially all of the assets of the Corporation or any of its Subsidiaries provided that the Corporation may transfer or sell any of its assets to a direct or indirect wholly owned Subsidiary (it being understood that the present and after-acquired Personal Property of any such Subsidiary would be included in the Security pursuant to Section 4.1);
- (c) reduce or distribute capital or pay dividends or redeem or repurchase Common Shares or preferred shares or repay principal or interest on any loans or other indebtedness owing to shareholders or any party not at arms length with any shareholder or allow any of its Subsidiaries to do the same;
- (d) incur, issue, assume or guarantee or allow any of its Subsidiaries to incur, issue, allow or guarantee any obligations with respect to any debt in respect of borrowed money except the following: (i) subject to a limit of US\$250,000 in the aggregate, indebtedness incurred in connection with the purchase of capital property and secured only by such capital property, (ii) unsecured subordinated debt incurred by the Corporation that is expressly subordinated to the Debenture and the Security and has a maturity that extends beyond the maturity of the Debenture, and (iii) indebtedness incurred as part of a Unit Financing which may take priority over this Debenture (collectively, the "**Permitted Debt**");
- (e) mortgage, charge, pledge or encumber or allow any of its Subsidiaries to mortgage, charge, pledge or encumber its assets, other than to secure Permitted Debt referred to in clause (d) and, except in the case of a Unit Financing, only to the extent such mortgage, charge, pledge or encumbrance (a "**Permitted Encumbrance**") relates to property (real or personal) of the Corporation or of a Subsidiary that is not subject to the Security granted to the Holder or is expressly subordinated to the Debenture and the Security;
- (f) make loans to or investments in any shareholder, employee, Subsidiary, affiliate or joint venture except to a direct or indirect wholly owned subsidiary;
- (g) sell or dispose of, or allow any of its Subsidiaries to sell or dispose of, any assets or investments except in the ordinary course of business or except to a direct or indirect wholly owned subsidiary; or
- (h) directly or indirectly, or allow any of its Subsidiaries to directly or indirectly pay remuneration to shareholders in any form including without limitation wages, fees, royalties, bonuses, interest on shareholder loans, other than in respect of obligations currently outstanding and salaries and wages paid in the ordinary course of business on a basis consistent with prior practice provided that the Corporation may adjust salaries and wages on a basis consistent with competitive industry conditions.

ARTICLE 6

DEFAULT

6.1 Events of Default

It is an "Event of Default" if:

- (a) the Corporation makes default in repayment of the principal amount or interest of the Debenture on the Maturity Date;
- (b) a decree or order of a court having jurisdiction is entered adjudging the Corporation or any of its Subsidiaries a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of the property of, the Corporation or any of its Subsidiaries, or appointing a receiver of, or of any substantial part of the property of, the Corporation or any of its Subsidiaries or ordering the winding-up or liquidation of its affairs, and any such decree or order continues un-stayed and in effect for a period of sixty (60) days;
- (c) a resolution is passed for the winding-up or liquidation of the Corporation or any of its Subsidiaries or if the Corporation or any of its Subsidiaries institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of or of any substantial part of the property of the Corporation or such Subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (d) the Corporation shall cease to carry on in the ordinary course its business or a substantial part thereof;
- (e) the Corporation fails to comply with any of its covenants hereunder, including, without limitation, a failure to pay any fees and expenses owing by it to the Holder hereunder, which failure is not cured for a period of sixty (60) days; and
- (f) if the Corporation fails to pay any indebtedness of the Corporation in excess of \$500,000, or its equivalent in another currency, when due (whether at scheduled maturity or by required prepayment, acceleration, demand, or otherwise); or if any other default under any agreement or instrument relating to an indebtedness in excess of \$500,000 shall occur, and if the effect of such default or event is either to accelerate the maturity of such indebtedness, or permit the holder to accelerate the maturity of such indebtedness after having given notice of such default or event and the failure of the Corporation to remedy such event or default within the time permitted, if so provided for; or such indebtedness in excess of \$500,000 shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required repayment) prior to the stated maturity thereof.

6.2 Occurrence of Default

On the occurrence of an Event of Default in each and every such event the Holder may in its discretion by notice in writing to the Corporation declare the Principal Amount and accrued interest to be due and payable and the same shall forthwith become immediately due and payable to the Holder, anything herein to the contrary notwithstanding, and the Corporation shall forthwith pay to the Holder the Principal Amount and accrued interest. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder.

6.3 Waiver of Default

The Holder has the power to waive any Event of Default and/or to cancel any declaration made by the Holder pursuant to Section 6.2 in which case such Event of Default shall be deemed not to have occurred or such declaration shall be deemed not to have been made, as the case may be; provided that no such waiver of an Event of Default shall extend to, or be taken in any manner whatsoever to affect, any subsequent Event of Default or the rights resulting therefrom and no such cancellation of a declaration prevents a subsequent declaration under Section 6.2 in respect of the Event of Default to which the cancellation related (unless the Event of Default was also waived) or in respect of any other Event of Default.

ARTICLE 7

SUCCESSOR CORPORATIONS

7.1 Permitted Corporate Reorganizations

The Corporation shall not, directly or indirectly, sell, lease, transfer or otherwise dispose of, in one or a series of transactions, all or substantially all of its property and assets as an entirety to any other Person, and shall not amalgamate or merge with or into any other corporation (any such other corporation being herein referred to as a "Successor Corporation") unless prior to or concurrent with the transaction, the Corporation or the Successor Corporation redeems in cash the Debentures in an amount equal to (a) the sum of the outstanding Principal Amount and all accrued interest multiplied by (b) 1.75.

7.2 Status of Successor Corporation

Whenever the conditions of Section 7.1 have been duly observed and performed the Successor Corporation shall possess and from time to time may exercise each and every right and power of the Corporation under this Debenture in the name of the Corporation or otherwise and any act or proceeding by any provision of this Debenture required to be done or performed by any directors or officers of the Corporation may be done and performed with like force and effect by the directors or officers of such Successor Corporation and thereupon the Corporation shall be released and discharged from liability under this Debenture and the Holder shall execute any document or documents which it may be advised is or are necessary or advisable for effecting or evidencing such release and discharge.

ARTICLE 8

DEFEASANCE

8.1 Defeasance

These presents and the rights hereby granted shall cease, determine and be void, if the Corporation shall have first satisfied the Holder that it has paid or made due provisions satisfactory to the Holder for the payment of all the principal moneys and interest due or to become due hereunder, at the time and in the

manner herein provided, and also all other moneys payable hereunder by the Corporation or shall surrender or cause to be surrendered this Debenture to the Corporation for cancellation and shall in any case pay all sums due or accruing due to the Holder of this Debenture hereunder.

ARTICLE 9
AMENDMENT

9.1 Amendment

The provisions of this Debenture may be amended at any time or times by written agreement between the Corporation and the Holder.

ARTICLE 10
NOTICES

10.1 Notice

Any notice required or permitted to be given hereunder shall be in writing and given by delivering, by post or courier, or by transmitting by facsimile:

- (a) to the Corporation at:

EarthRenew Corporation
201, 1925 - 18th Avenue N.E.
Calgary, AB T2E 7T8

Attention: Vice President, Legal
Fax: (403) 228-4748

- (b) to the Holder at:

Nile Capital I S.à.r.l.
c/o Luxor Capital Group, LP
767 Fifth Avenue, 19th Floor
New York, NY 10153

Attention: Kelly Skura
Fax: (212) 763-8001

Any notice given as aforesaid shall be deemed to have been given at the time delivered or faxed (provided complete transmission is confirmed) if delivered or faxed to the recipient on a Business Day (in the city in which the addressee is located) and before 4:30 p.m. (local time in the city in which the addressee is located) on such Business Day, and otherwise shall be deemed to be given at 9:00 a.m. (local time in the city in which the addressee is located) on the next following Business Day (in the city in which the addressee is located) or, in the case of notice being given by post on the day that is five (5) Business Days after the date of mailing. Any party may change its address for notice by notice to the other parties hereto given in the manner herein provided.

ARTICLE 11
EXECUTION

11.1 Successors and Assigns

The provisions of this Debenture shall enure to the benefit of, and be binding upon, the parties and any of their heirs, executors, administrators, personal representatives, successors and assigns.

IN WITNESS WHEREOF this Debenture has been executed with effect from the date first written above.

EARTHRENEW CORPORATION

Per: 

Christianne Carin
Chief Executive Officer

APPENDIX I

CONVERSION FORM

TO: EARTHRENEW CORPORATION

The undersigned registered holder of the within Debenture hereby irrevocably elects to convert the principal amount of the within Debenture specified below into Common Shares of EarthRenew Corporation (the "Corporation") (or such number of other securities or property to which the Debentures entitle the undersigned in lieu thereof or in addition thereto) in accordance with and subject to the provisions of the annexed Debenture Certificate.

Principal Amount converted:

☐ All

- or -

☐ \$ _____

DATED this ____ day of _____, 20 ____.

Signature Guaranteed

Signature (Signature of Debentureholder to be the same as appears on the face of the Debenture Certificate)

(Name in Full – Please Print)

Notes:

- (1) Common Shares received on the conversion of the Debentures may be subject to a "hold period" under applicable securities laws if the Debentures are converted prior to the date that is four months and a day after the later of (a) September 3, 2009; and (b) the date the issuer became a reporting issuer in any province or territory.
- (2) Common Shares will be issued in the name of the registered holder and delivered to the address of the registered holder as it appears on the Debenture register unless otherwise directed.

Instructions: The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Debenture Certificate representing the Debentures being converted to the Corporation at the head office of the Corporation, at 201, 1925 18th Avenue NE, Calgary, AB T2E 7T8, Attention: CFO. Certificates for Common Shares will be made available for pick-up or, at the request of the holder, delivered or mailed within three (3) business days after the conversion of the Debentures. If the Conversion Form is signed by a corporation, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

The above signed hereby directs that the said Common Shares be issued and registered as follows:

Name(s) in Full: _____

Address(es) in Full: _____

(including postal code)

No. of Common Shares

Note: If further nominees are intended, please attach (and initial) schedule giving these particulars.

F02104 106245

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (i) SEPTEMBER 3, 2009 AND (ii) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

EARTHRENEW CORPORATION

(A corporation incorporated under the laws of the Province of Alberta)

5% CONVERTIBLE SECURED DEBENTURE

IN FAVOUR OF

NILE CAPITAL II S.A.R.L.

May 18, 2010

THIS IS EXHIBIT "D" referred to in the Affidavit of Michael Conner, sworn before me this 15 Day of Sept. A.D. 2010. A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

HOWARD A. GORMAN
BARRISTER & SOLICITOR
216-911-6165

Certificate Number: CSD-7

US\$3,255,651

DUE: March 31, 2011

EARTHRENEW CORPORATION (the "Corporation"), for value received, hereby promises to pay to or to the order of Nile Capital II S.A.R.L., the registered holder hereof on March 31, 2011 (the "Maturity Date"), or on such earlier or later date as the principal amount hereof may become payable in accordance with the conditions herein set out on presentation and surrender of this Debenture, \$3,255,651 (the "Principal Amount") in lawful money of the United States, at the registered office of the Corporation in Calgary, Alberta and subject to the terms and conditions herein contained, to pay interest thereon in the manner and at the rate set forth in Section 2.1 hereof.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Debenture (including the recitals hereto), unless there is something in the subject matter or context inconsistent therewith:

"ABCA" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"Affiliate" has the meaning ascribed thereto under the ABCA;

"Business Day" means any day except Saturdays, Sundays, statutory holidays and days when the principal office of the Corporation in the City of Calgary is not generally open to the public for the transaction of business;

"Capital Reorganization" shall have the meaning ascribed thereto in Section 3.3 hereof;

"Charged Property" means the subject matter of the Security;

"Common Shares" means common shares in the capital of the Corporation;

"**Conversion Date**" shall have the meaning ascribed thereto in Section 3.1 hereof;

"**Conversion Ratio**" shall have the meaning ascribed thereto in Section 3.2 hereof;

"**Corporate Sale**" means a sale of substantially all of the shares of the Corporation or its assets whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"**Corporation**" means EarthRenew Corporation, a corporation incorporated pursuant to the ABCA with an office in the City of Calgary, in the Province of Alberta, and includes any Successor Corporation to or of the Corporation;

"**Counsel**" means a barrister or solicitor or firm of barristers or solicitors, who may be counsel for the Corporation;

"**Event of Default**" means any of the events of default referred to in Section 6.1;

"**Holder**" means the Person who is registered as the holder of this Debenture in the register maintained by the Corporation from time to time in respect of this Debenture;

"**Interest Payment Date**" means the Conversion Date or the Maturity Date, whichever is earlier;

"**Interest Rate**" means the interest rate of 5% per annum, compounded semi-annually;

"**IPO**" means an initial public offering or similar "going public" transaction, with concurrent listing on one or more Recognized Exchanges;

"**Maturity Date**" means March 31, 2011;

"**Merger**" means a business combination including, without limitation, a merger, amalgamation, arrangement, share exchange, or any similar transaction whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"**Operating Units**" means the Corporation's energy efficient manufacturing units, composed of a granulator, gas turbine, and thermal conversion vessel used to convert manure and organic waste into plant food products, either existing at the date hereof or constructed in the future;

"**Permitted Debt**" shall have the meaning ascribed thereto in Section 5.11 hereof;

"**Permitted Encumbrances**" shall have the meaning ascribed thereto in Section 5.11 hereof;

"**Person**" means an individual, firm, trust, syndicate, corporation, partnership, association, organization, government or governmental agency;

"**Personal Property**" means chattel paper, documents of title, goods, instruments, intangibles, money and investment property, and includes fixtures affixed to real property, and such other property as may be included from time to time in the definition of "personal property" under the PPSA;

"**PPSA**" means the *Personal Property Security Act* (Alberta), as amended from time to time, and includes any statute substituted therefor, as amended from time to time;

"Qualified Price" means the price per Common Share of Common Shares sold in an IPO or the fair market value of any combination of cash, securities and other consideration received by the holders of Common Shares in a Merger or Corporate Sale;

"Qualifying Convertible Debenture Financing" means an offering or series of offerings consisting of at least US\$20 million in total gross proceeds of a 0% convertible debenture which, pursuant to its terms, is convertible into Common Shares at a fixed conversion ratio and is convertible upon the occurrence of a Qualifying Liquidity Event or other contingency and whose priority ranks no greater than pari passu with the current issued unsecured convertible debentures of the Corporation;

"Qualifying Financing" means a Common Share equity offering or series of offerings or Qualifying Convertible Debenture Financing consisting of at least US\$20 million in total gross proceeds;

"Qualifying Liquidity Event" means the closing of an IPO, Merger or a Corporate Sale;

"Recognized Exchange" means any one of the London Stock Exchange, the New York Stock Exchange, the NASDAQ Exchange, the NYSE Amex Equities, the Toronto Stock Exchange, the London AIM Exchange or the TSX Venture Exchange;

"Security" means the mortgages, charges, assignments and security interests granted and constituted pursuant to Article 4 of this Debenture;

"Share Reorganization" shall have the meaning attributed thereto in Subsection 3.3(a) hereof;

"Share Reorganization Ratio" means the ratio of Common Shares outstanding prior to and following a Share Reorganization as calculated in accordance with Subsection 3.3(a) hereof;

"Subsidiary" means any corporation of which more than 50% of the outstanding Voting Shares are owned, directly or indirectly, by or for the Corporation, provided that the ownership of such shares confers the right to elect at least a majority of the board of directors of such corporation and includes any corporation in like relation to a Subsidiary;

"Successor Corporation" shall have the meaning attributed thereto in Section 7.1 hereof;

"Tax" means all present or future taxes, levies, withholdings, fiscal charges, imports, duties, assessments, surcharges, or other charges of whatsoever nature and however arising which are imposed, assessed, charged, levied, withheld or demanded pursuant to the laws of Canada or a Province thereof at any time together with all interest thereon and penalties or similar liabilities with respect thereto but does not include any taxes charged in respect of or by reference to the overall net income or gains of the Holder of this Debenture or any interest thereon or penalties or similar liabilities with respect thereto;

"Time of Expiry" means 4:30 p.m. (Calgary time) on the Maturity Date;

"Unit Financing" means future project debt financing of an Operating Unit;

"Voting Shares" means shares of any class in the capital of any corporation carrying voting rights under all circumstances, provided that, for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered

Voting Shares unless such event has occurred and is continuing, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of any such event; and

"Withholding Taxes" shall have the meaning attributed thereto in Section 5.1 hereof.

1.2 Interpretation

Words importing the singular number only shall include the plural and *vice versa* and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms, associations and corporations and *vice versa*.

1.3 Currency

All payments contemplated herein shall be paid in US dollars, by cheque or other transfer of funds considered appropriate by the Corporation and, unless expressly stated otherwise, all references herein to dollar amounts are references to dollars in the lawful currency of the United States.

1.4 Governing Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

1.5 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

ARTICLE 2

THE DEBENTURE

2.1 Terms of the Debenture

- (a) This Debenture matures at the Time of Expiry and bears interest from and including the date of this Debenture at the Interest Rate, payable after as well as before maturity and after as well as before default and judgment, with interest on amounts in default at the same rate, payable on an accrued basis on the Interest Payment Date.
- (b) Subject to Subsection 2.1(a) and Article 3, the Corporation shall, no later than ten Business Days following the Interest Payment Date, cause to be sent by prepaid ordinary mail a cheque for such interest (less any Tax required by law to be withheld therefrom) payable to the order of the Holder and addressed to it at the address specified herein, unless the Holder otherwise directs. In the event of non-receipt or destruction of any cheque or funds delivered pursuant to this Section, the Corporation will cause to be issued to the Holder a replacement cheque for like amount upon being furnished with such evidence of non-receipt or destruction as it reasonably requires and upon being indemnified to its satisfaction, acting reasonably.
- (c) Notwithstanding anything contained herein, the Corporation may enter into an agreement with the Holder providing for the payment to such Holder of the principal of and interest

on this Debenture at a place or places or in a manner other than the place or places or manner specified herein for payment.

2.2 Mutilation, Loss, Theft or Destruction

In case this Debenture is mutilated, lost, stolen or destroyed, the Corporation, in its discretion, may create a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Corporation and shall be entitled to the same benefits as all other Debentures without preference or priority one over another. In case of loss, theft or destruction the Holder shall furnish to the Corporation evidence of such loss, theft or destruction as is satisfactory to the Corporation in its discretion, acting reasonably, and shall also furnish an indemnity satisfactory to the Corporation in its discretion, acting reasonably. The Holder shall pay all expenses incidental to the issuance of any substituted Debenture.

2.3 Transfer

This Debenture may be transferred by the Holder at any time prior to the Maturity Date subject to any applicable laws and required regulatory approvals, including, without limitation, applicable securities laws which restrict the sale and distribution of the Debenture. The Holder shall pay all expenses incidental to the transfer of any Debenture.

ARTICLE 3

CONVERSION OF DEBENTURE

3.1 Conversion Date

For the purposes of this Article, this Debenture shall be deemed to be surrendered for conversion on the date on which it is received by the Corporation in accordance with the provisions of this Article 3 (the "Conversion Date").

3.2 Conversion

- (a) Upon and subject to the provisions and conditions of this Article, the Holder shall have the right, at its option at any time, and from time to time and except in the case of Subsection 3.2(a)(iii) and 3.2(a)(iv), after the earlier of a Qualifying Financing, Qualifying Liquidity Event or December 31, 2010 and prior to the Time of Expiry to convert this Debenture into that number of fully paid and non-assessable Common Shares at the Conversion Ratio in effect at that time as follows:
 - (i) if a Qualifying Financing or Qualifying Liquidity Event occurs on or before December 31, 2010, the Corporation shall provide a notice to the Holder of such Qualifying Financing or Qualifying Liquidity Event and the Holder shall have the option on or before the Time of Expiry to convert this Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by a share price that is equal to either (A) in the case of a Qualifying Financing that is an offering of Common Shares, the price per Common Share achieved in the Qualifying Financing multiplied by 0.60; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the

Qualified Price multiplied by 0.60 in the case of a Qualifying Liquidity Event. The Conversion Ratio provided for in this Subsection 3.2(a)(i) shall be based on the first of either a Qualifying Financing or a Qualifying Liquidity Event to occur provided that in the event of multiple Qualifying Financings, the Conversion Ratio shall be based on the lowest price per Common Share raised in such Qualifying Financings.

- (ii) If a Qualifying Financing or Qualifying Liquidity Event does not occur on or before December 31, 2010, the Holder shall have the option on or before the Time of Expiry to convert this Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by a price of US\$1.50 per Common Share provided that upon any notice by the Holder to the Corporation to exercise the conversion right provided by this Subsection 3.2(a)(ii), the Corporation shall have a first right to repurchase this Debenture on payment in a cash amount to the Holder equal to: (A) the sum of the Principal Amount plus all accrued interest to the date of such notice multiplied by (B) 1.75.

(the "Conversion Ratio")

- (iii) In the event a Qualifying Liquidity Event occurs and the Qualified Price is the same or higher than the prevailing Conversion Ratio, this Debenture shall automatically convert into Common Shares on the basis specified in Subsection 3.2(a)(i).
 - (iv) In the event the Corporation files for bankruptcy, has an administrator appointed by a court, has a trustee appointed pursuant to the *Bankruptcy and Insolvency Act*, is liquidated or in any other fashion seeks protection from its creditors, the Conversion Ratio on the Debentures will be adjusted to 667 Common Shares per US\$1,000 Principal Amount and accrued interest up to and including the Conversion Date (conversion price of US\$1.50 per Common Share). In no other way will the Holder's rights under the Debenture be altered however.
- (b) If the Holder desires to convert this Debenture in whole or in part into Common Shares in accordance with this Section 3.2, the Holder shall prior to the Time of Expiry surrender this Debenture to the Corporation at its offices together with written notice, substantially in the form of Appendix I hereto, duly executed by the Holder or its successors and assigns or other legal representatives or its or their attorney duly appointed by an instrument in writing and executed in a manner satisfactory to the Corporation, exercising its right to convert this Debenture into Common Shares in accordance with the provisions of this Article. Thereupon, subject to the Corporation's right to repurchase pursuant to subsection 3.2(a)(ii), the Holder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges, the Holder's nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Corporation shall deliver to the Holder or, subject as aforesaid, its nominee(s), or assignee(s), a certificate or certificates for such Common Shares and, if applicable, a cheque for any amount payable under Section 3.4 or pursuant to the Corporation's right to repurchase under subsection 3.2(a)(ii).

- (c) Any part of this Debenture may be converted into Common Shares as provided in this Section 3.2 and all references in this Debenture to conversion of this Debenture shall be deemed to include conversion of such parts.
- (d) Notwithstanding anything to the contrary set forth herein, upon conversion of any portion of this Debenture in accordance with the terms hereof, the Holder shall not be required to physically surrender this Debenture to the Corporation unless (A) the full Principal Amount and any accrued interest thereon is being converted or (B) the Holder has provided the Corporation with prior written notice (which notice may be included in the notice contemplated by Subsection 3.2(b)) requesting re-issuance of this Debenture upon physical surrender of this Debenture. The Holder and the Corporation shall maintain records showing any portion of the Principal Amount and interest converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Corporation, so as not to require physical surrender of this Debenture upon conversion.
- (e) Upon the surrender of this Debenture for conversion in accordance with this Section 3.2 the Holder shall be entitled to receive accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, such interest to be converted into Common Shares at the Conversion Ratio. The Common Shares issued upon such conversion shall only be entitled to receive dividends declared in favour of shareholders of record on and after the Conversion Date, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

3.3 Adjustment of Conversion Ratio

The Conversion Ratio in effect on any date shall be subject to adjustment from time to time as follows:

- (a) If, and whenever at any time and from time to time, the Corporation shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine, consolidate or change its then outstanding Common Shares into a lesser number of Common Shares, or (iii) issue Common Shares (or securities exchangeable or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of stock dividend or other distribution (any of such events being herein called a "Share Reorganization"), the Share Reorganization Ratio shall be calculated effective immediately after the effective date or record date for the Share Reorganization as the quotient obtained when:
 - (i) the number of Common Shares outstanding immediately after the completion of such Share Reorganization (but before giving effect to the issue of any Common Shares issued after such record date otherwise than as part of such Share Reorganization) including, in the case where securities exchangeable or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date,

is divided by
 - (ii) the number of Common Shares outstanding on such effective date or record date before giving effect to the Share Reorganization.

And the Conversion Ratio shall thereafter be calculated as the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by:

- (i) in the case of 3.2(a)(i) where the Share Reorganization takes place before the Qualifying Financing or Qualifying Liquidity Event, (A) in the case of a Qualifying Financing that is a Common Share offering, the price per Common Share achieved in the Qualifying Financing multiplied by 0.60; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the Qualified Price multiplied by 0.60 in the case of a Qualifying Liquidity Event;
 - (ii) in the case of 3.2(a)(i) if the Share Reorganization takes place after the Qualifying Financing or Qualifying Liquidity Event but before the Maturity Date, by the quotient obtained when (A) in the case of a Qualifying Financing that is a Common Share Offering, the price per Common Share achieved in the Qualifying Financing multiplied by 0.60; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the Qualified Price multiplied by 0.60 in the case of a Qualifying Liquidity Event, as applicable, is divided by the Share Reorganization Ratio; and
 - (iii) in the case of 3.2(a)(ii) or 3.2(a)(iv), by the quotient obtained when US\$1.50 is divided by the Share Reorganization Ratio.
- (b) If there is a capital reorganization of the Corporation not otherwise provided for in this Section 3.3 (any such event being called a "**Capital Reorganization**"), if the Holder has not exercised its right of conversion prior to the effective date or record date for such Capital Reorganization then it shall be entitled to receive and shall accept, upon the exercise of such right any time after the effective date or record date for such Capital Reorganization, in lieu of the number of Common Shares to which it was theretofore entitled upon conversion, the aggregate number of Common Shares or other securities of the Corporation or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization that the Holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date, such Holder had been the registered holder of the number of Common Shares to which it was theretofore entitled upon the conversion of Common Shares; provided that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken so that the Holder shall thereafter be entitled to receive such number of Common Shares or other securities of the Corporation, or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization.
- (c) In the case of any reclassification of, or other change in, the outstanding Common Shares other than a Share Reorganization or a Capital Reorganization, the right of conversion shall be adjusted immediately after the effective date or record date for such reclassification or other change so that Holder shall be entitled to receive, upon the exercise of such right at any time after the effective date or record date of such reclassification or other change, such shares, securities or rights as they would have received had this Debenture been converted into Common Shares immediately prior to such effective date or record date, subject to adjustment thereafter in accordance with

provisions the same as nearly may be possible as those contained in subsection 3.3(a) and (b).

- (d) The following rules and procedures shall be applicable to the adjustments of the Conversion Ratio made pursuant to this Section 3.3:
 - (i) forthwith after any adjustment in the Conversion Ratio, the Corporation shall mail, by prepaid first class mail to the Holder, a copy of a certificate of an officer of the Corporation setting out the nature of such adjustment and describing in reasonable detail the event requiring and the manner of computing such adjustment; and
 - (ii) any question that at any time or from time to time arises with respect to the Conversion Ratio or any adjustment in the amount of the Conversion Ratio shall be conclusively determined by the auditors from time to time of the Corporation and shall be binding up the Corporation and the Holder.
 - (iii) The adjustments provided for in this Section 3 are cumulative and will be made successively whenever an event referred to herein occurs.
 - (iv) As a condition precedent to the taking of any action which would require any adjustment to this Debenture, the Corporation must take any corporate action which may be necessary in order that the Corporation shall have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all of the shares or other securities which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof.
 - (v) The Corporation will from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in this Section 3, forthwith give notice to the Holder specifying the event requiring such adjustment or readjustment and the results thereof.
 - (vi) In the event that the Corporation shall take any action affecting the Common Shares, other than the actions described herein, which, in the opinion of the board of directors of the Corporation, would materially affect the rights of the Holder, then that number of Common Shares which are to be received upon the exercise of this Debenture shall be adjusted in such manner, if any, and at such time by action of the directors as they may reasonably determine to be equitable to the Holder in such circumstances.

3.4 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of this Debenture into Common Shares pursuant to this Article. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal of this Debenture, the Corporation shall, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Holder an amount in lawful money of the United States equal (computed to the nearest cent) to the appropriate fraction of the value.

3.5 Corporation to Reserve Shares

The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares and conditionally allot to the Holder such number of Common Shares as shall be issuable upon the full conversion of the Debenture into Common Shares. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

3.6 Cancellation of Converted Debenture

Upon conversion of this Debenture, in whole or in part, under the provisions of this Article, the portion of this Debenture so converted shall be forthwith delivered to and cancelled by the Corporation and no Debenture shall be issued in substitution for the portion so converted; however, a new or supplemental Debenture shall be executed and delivered by the Corporation and the Holder, in respect of any portion of this Debenture not so converted.

3.7 Notice of Special Matters

The Corporation covenants with the Holder that, so long as this Debenture remains outstanding, it will give notice to the Holder in the manner provided in Section 10.1, of its intention to fix a record date or an effective date for any event referred to in Section 3.3 (other than the subdivision, redivision, change in number, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Ratio, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; and, if prepared or available as at the date that such notice is required to be given pursuant to this Section 3.7, such notice shall be accompanied by the material (i.e. proxy circulars, information booklets, etc.) sent to the holders of Common Shares in respect of the event in question provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date or effective date.

ARTICLE 4 **SECURITY**

4.1 Security

As security for the due payment of all amounts payable hereunder, the Corporation hereby:

- (a) mortgages, charges and assigns to the Holder, its successors and assigns, and grants to the Holder a security interest in, all of present and after-acquired Personal Property of the Corporation and each of the Corporation's present and future Subsidiaries;
- (b) charges as and by way of a floating charge to and in favour of the Holder, its successors and assigns, all of its and its present and future Subsidiaries undertaking, real property and assets, both present and future, of every nature and kind and wherever situate;

which Security shall rank at all times in priority to any other security interest, charge and mortgage, save and except for (i) those security interests registered at the date hereof under the

PPSA, as confirmed by the Corporation to the Holder by the delivery of a report prior to the delivery of the Debenture, and (ii) Permitted Encumbrances.

For greater certainty, the Security does not include any amounts payable or debts owing to the Holder by the Corporation except amounts payable pursuant to this Debenture.

For greater certainty, the Corporation and its Subsidiaries shall be entitled to enter into security interests, charges and mortgages in priority to this Debenture relating to one or more Unit Financings provided that such liens are related solely to the capital assets related to the Operating Unit being financed.

4.2 Dealing With Charged Property

Until the occurrence of an Event of Default, the Corporation may dispose of or deal with the Charged Property in the ordinary course of its business and for the purpose of carrying on the same provided that the Corporation may not sell, charge or transfer any of its Operating Units except for a sale or transfer of an Operating Unit to a direct or indirect wholly owned subsidiary of the Corporation and except for charges created in favour of third parties as permitted by Section 4.1.

4.3 Attachment

The Security created by this Debenture is intended to attach:

- (a) to the existing Charged Property when the Corporation signs this Debenture; and
- (b) to Charged Property subsequently acquired by the Corporation, immediately upon the Corporation acquiring any rights in such Charged Property.

4.4 Enforcement

Upon the occurrence of an Event of Default, the entire outstanding principal and interest owing pursuant to this Debenture shall be accelerated and shall be due and owing, and the Security shall become enforceable. Whenever the Security has become enforceable, the Holder may realize upon the Security and, to the extent permitted by law, enforce its rights by the following remedies:

- (a) entry into possession;
- (b) proceedings in any court of competent jurisdiction for the appointment of a receiver (which term as used in this Debenture includes a receiver and manager) of all or any part of the Charged Property;
- (c) proceedings in any court of competent jurisdiction for sale (including, without limitation, sale by way of a deferred payment arrangement) or foreclosure or lease of all or any part of the Charged Property;
- (d) filing of proofs of claim and other documents to establish its claims in any proceeding relative to the Corporation;

- (e) appointment by instrument in writing of a receiver of all or any part of the Charged Property and removal or replacement from time to time of any such receiver;
- (f) any other remedy or proceeding authorized or permitted hereby or by law or equity; and
- (g) at the option of the Holder, to convert the Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the date of conversion by a price of US\$1.50 per Common Share, subject to adjustment on equivalent terms to those set forth in Section 3.3.

Such remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights of the Holder however created.

4.5 Discharge Upon Payment or Conversion

If: (a) the Corporation pays in full to the Holder the Principal Amount, all accrued interest and any fees and expenses owing pursuant to this Debenture at the Maturity Date, or (b) the Holder elects to convert this Debenture pursuant to Article 3 and the Principal Amount and any accrued interest is converted into Common Shares and the Corporation pays in full any fees and expenses owing to the Holder pursuant to this Debenture, the Security shall be automatically released and the Holder shall sign and file such forms as may be required to release the Security.

4.6 Failure or Omission of Holder

Any failure or omission by the Holder to present this Debenture for payment will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture, provided that the Holder or its agents are, at the time of demand or enforcement, in possession of this Debenture and have not assigned its rights under it.

4.7 Secured Party Rights

Before and after default in the payment of any money payable by the Corporation hereunder, the Holder will have the rights of a secured party under the PPSA, as well as the rights recognized at law and in equity. No right of the Holder in regard to this Debenture will be exclusive of or dependent upon or merge in any other such right, and one or more of such rights may be exercised separately or in combination from time to time.

4.8 No Liability

None of the Holder, a receiver appointed in regard to this Debenture or any agent of the Holder (including any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other parties in respect of any of the Charged Property.

4.9 Expenses

The Corporation agrees to pay the Holder forthwith on demand all costs, charges and expenses, including all legal fees (on a solicitor and his own client basis), incurred by the Holder in connection with the recovery or enforcement of payment of any amounts payable hereunder whether by realization or otherwise. All such sums shall be secured hereby and shall be added to the amounts hereby secured.

ARTICLE 5

COVENANTS

The Corporation hereby covenants and agrees with the Holder as follows:

5.1 Payment of Principal

That the Corporation will duly and punctually pay or cause to be paid to the Holder the Principal Amount and interest accrued on this Debenture and any fees and expenses owing to the Holder by the Corporation pursuant to this Debenture on the dates, at the places, in the currency, and in the manner mentioned in this Debenture. All payments made by the Corporation with respect to this Debenture, shall be made free and clear of and without deduction for or on account of any tax, levy or other assessment imposed or levied by or on behalf of the Government of Canada ("**Withholding Taxes**"), unless the Corporation is required to withhold or deduct Withholding Taxes by law.

5.2 Carrying on Business

That, subject to the express provisions hereof, the Corporation will carry on and conduct its business in a proper and efficient manner.

5.3 Maintenance of Corporate Existence

That the Corporation will preserve and maintain its corporate existence and its rights to do business where such rights are necessary for the purposes thereof under the laws of its jurisdiction of incorporation, and to register and qualify and to maintain the registration and qualification of the Corporation as a corporation authorized to carry on business under the laws of each jurisdiction in which the nature of any material business conducted by it or the character of any material properties and assets owned or leased by it requires such registration and qualification, and to diligently preserve and at all times renew or cause to be preserved and renewed all of the Corporation's rights, powers, privileges, franchises and goodwill.

5.4 Amendment of Articles

The Corporation will not take any steps to amend its articles except pursuant to the proposed name change of the Corporation.

5.5 Maintenance of Accurate Books and Records

That the Corporation will keep and maintain proper books of account and records accurately covering all aspects of the business affairs of the Corporation.

5.6 Provision of Information

That the Corporation will furnish to the Holder:

- (a) as soon as available and in any event from 140 days after each fiscal year of the Corporation (or such later date as may be allowed by applicable securities legislation), the consolidated audited financial statements for the Corporation and the reports, if any, of the Corporation's auditors thereon; and
- (b) as soon as available and in any event within 90 days after the end of each quarter of each fiscal year of the Corporation (or such later date as such statements are mailed to

shareholders of the Corporation) consolidated unaudited financial statements of the Corporation prepared for the shareholders.

5.7 Maintenance of Insurance

That the Corporation shall use its reasonable commercial efforts to cause its current insurance policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.

5.8 Transactions with Affiliates

That the Corporation will not enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any holder of its securities or with any affiliate or with any of its directors, officers or partners, as applicable, except a transaction or agreement or arrangement which is in the ordinary course of business of the Corporation and which is upon fair and reasonable terms not materially less favourable to the Corporation than it would obtain in a comparable arm's length transaction.

5.9 Notice of Event of Default

That the Corporation will give notice in writing forthwith to the Holder of the occurrence of any Event of Default or other event which with lapse of time and/or giving of notice or otherwise would be an Event of Default forthwith upon becoming aware thereof and specifying the nature of such default and/or Event of Default and the steps taken to remedy the same.

5.10 Officers' Certificates

That each and every officers' certificate given pursuant to this Debenture shall be complete and accurate in all material respects and shall not be misleading in any manner.

5.11 Negative Covenants:

Without the prior written approval of the Holder, the Corporation shall not at any time prior to the earlier of: (a) the Maturity Date, or (b) the date Holder elects to convert this Debenture pursuant to Article 3 and the Principal Amount and accrued interest is converted into Common Shares or the Corporation exercises its right to repurchase pursuant to Subsection 3.2(a)(ii):

- (a) declare or pay any dividends on any of its preferred shares or Common Shares;
- (b) subject to Section 7.1, merge, amalgamate, consolidate, reorganize, wind up or sell, lease or transfer all or substantially all of the assets of the Corporation or any of its Subsidiaries provided that the Corporation may transfer or sell any of its assets to a direct or indirect wholly owned Subsidiary (it being understood that the present and after-acquired Personal Property of any such Subsidiary would be included in the Security pursuant to Section 4.1);
- (c) reduce or distribute capital or pay dividends or redeem or repurchase Common Shares or preferred shares or repay principal or interest on any loans or other indebtedness owing to

shareholders or any party not at arms length with any shareholder or allow any of its Subsidiaries to do the same;

- (d) incur, issue, assume or guarantee or allow any of its Subsidiaries to incur, issue, allow or guarantee any obligations with respect to any debt in respect of borrowed money except the following: (i) subject to a limit of US\$250,000 in the aggregate, indebtedness incurred in connection with the purchase of capital property and secured only by such capital property, (ii) unsecured subordinated debt incurred by the Corporation that is expressly subordinated to the Debenture and the Security and has a maturity that extends beyond the maturity of the Debenture, and (iii) indebtedness incurred as part of a Unit Financing which may take priority over this Debenture (collectively, the "**Permitted Debt**");
- (e) mortgage, charge, pledge or encumber or allow any of its Subsidiaries to mortgage, charge, pledge or encumber its assets, other than to secure Permitted Debt referred to in clause (d) and, except in the case of a Unit Financing, only to the extent such mortgage, charge, pledge or encumbrance (a "**Permitted Encumbrance**") relates to property (real or personal) of the Corporation or of a Subsidiary that is not subject to the Security granted to the Holder or is expressly subordinated to the Debenture and the Security;
- (f) make loans to or investments in any shareholder, employee, Subsidiary, affiliate or joint venture except to a direct or indirect wholly owned subsidiary;
- (g) sell or dispose of, or allow any of its Subsidiaries to sell or dispose of, any assets or investments except in the ordinary course of business or except to a direct or indirect wholly owned subsidiary; or
- (h) directly or indirectly, or allow any of its Subsidiaries to directly or indirectly pay remuneration to shareholders in any form including without limitation wages, fees, royalties, bonuses, interest on shareholder loans, other than in respect of obligations currently outstanding and salaries and wages paid in the ordinary course of business on a basis consistent with prior practice provided that the Corporation may adjust salaries and wages on a basis consistent with competitive industry conditions.

ARTICLE 6

DEFAULT

6.1 Events of Default

It is an "**Event of Default**" if:

- (a) the Corporation makes default in repayment of the principal amount or interest of the Debenture on the Maturity Date;
- (b) a decree or order of a court having jurisdiction is entered adjudging the Corporation or any of its Subsidiaries a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of the property of, the Corporation or any of its Subsidiaries, or appointing a receiver of, or of any substantial part of the property of, the Corporation

or any of its Subsidiaries or ordering the winding-up or liquidation of its affairs, and any such decree or order continues un-stayed and in effect for a period of sixty (60) days;

- (c) a resolution is passed for the winding-up or liquidation of the Corporation or any of its Subsidiaries or if the Corporation or any of its Subsidiaries institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of or of any substantial part of the property of the Corporation or such Subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (d) the Corporation shall cease to carry on in the ordinary course its business or a substantial part thereof;
- (e) the Corporation fails to comply with any of its covenants hereunder, including, without limitation, a failure to pay any fees and expenses owing by it to the Holder hereunder, which failure is not cured for a period of sixty (60) days; and
- (f) if the Corporation fails to pay any indebtedness of the Corporation in excess of \$500,000, or its equivalent in another currency, when due (whether at scheduled maturity or by required prepayment, acceleration, demand, or otherwise); or if any other default under any agreement or instrument relating to an indebtedness in excess of \$500,000 shall occur, and if the effect of such default or event is either to accelerate the maturity of such indebtedness, or permit the holder to accelerate the maturity of such indebtedness after having given notice of such default or event and the failure of the Corporation to remedy such event or default within the time permitted, if so provided for; or such indebtedness in excess of \$500,000 shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required repayment) prior to the stated maturity thereof.

6.2 Occurrence of Default

On the occurrence of an Event of Default in each and every such event the Holder may in its discretion by notice in writing to the Corporation declare the Principal Amount and accrued interest to be due and payable and the same shall forthwith become immediately due and payable to the Holder, anything herein to the contrary notwithstanding, and the Corporation shall forthwith pay to the Holder the Principal Amount and accrued interest. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder.

6.3 Waiver of Default

The Holder has the power to waive any Event of Default and/or to cancel any declaration made by the Holder pursuant to Section 6.2 in which case such Event of Default shall be deemed not to have occurred or such declaration shall be deemed not to have been made, as the case may be; provided that no such waiver of an Event of Default shall extend to, or be taken in any manner whatsoever to affect, any subsequent Event of Default or the rights resulting therefrom and no such cancellation of a declaration prevents a subsequent declaration under Section 6.2 in respect of the Event of Default to which the cancellation related (unless the Event of Default was also waived) or in respect of any other Event of Default.

ARTICLE 7
SUCCESSOR CORPORATIONS

7.1 Permitted Corporate Reorganizations

The Corporation shall not, directly or indirectly, sell, lease, transfer or otherwise dispose of, in one or a series of transactions, all or substantially all of its property and assets as an entirety to any other Person, and shall not amalgamate or merge with or into any other corporation (any such other corporation being herein referred to as a "**Successor Corporation**") unless prior to or concurrent with the transaction, the Corporation or the Successor Corporation redeems in cash the Debentures in an amount equal to (a) the sum of the outstanding Principal Amount and all accrued interest multiplied by (b) 1.75.

7.2 Status of Successor Corporation

Whenever the conditions of Section 7.1 have been duly observed and performed the Successor Corporation shall possess and from time to time may exercise each and every right and power of the Corporation under this Debenture in the name of the Corporation or otherwise and any act or proceeding by any provision of this Debenture required to be done or performed by any directors or officers of the Corporation may be done and performed with like force and effect by the directors or officers of such Successor Corporation and thereupon the Corporation shall be released and discharged from liability under this Debenture and the Holder shall execute any document or documents which it may be advised is or are necessary or advisable for effecting or evidencing such release and discharge.

ARTICLE 8
DEFEASANCE

8.1 Defeasance

These presents and the rights hereby granted shall cease, determine and be void, if the Corporation shall have first satisfied the Holder that it has paid or made due provisions satisfactory to the Holder for the payment of all the principal moneys and interest due or to become due hereunder, at the time and in the manner herein provided, and also all other moneys payable hereunder by the Corporation or shall surrender or cause to be surrendered this Debenture to the Corporation for cancellation and shall in any case pay all sums due or accruing due to the Holder of this Debenture hereunder.

ARTICLE 9
AMENDMENT

9.1 Amendment

The provisions of this Debenture may be amended at any time or times by written agreement between the Corporation and the Holder.

ARTICLE 10
NOTICES

10.1 Notice

Any notice required or permitted to be given hereunder shall be in writing and given by delivering, by post or courier, or by transmitting by facsimile:

(a) to the Corporation at:

EarthRenew Corporation
201, 1925 - 18th Avenue N.E.
Calgary, AB T2E 7T8

Attention: Vice President, Legal
Fax: (403) 288-4748

(b) to the Holder at:

Nile Capital II S.à.r.l.
c/o Luxor Capital Group, LP
767 Fifth Avenue, 19th Floor
New York, NY 10153

Attention: Akiko Takahashi
Fax: (212) 763-8046

Any notice given as aforesaid shall be deemed to have been given at the time delivered or faxed (provided complete transmission is confirmed) if delivered or faxed to the recipient on a Business Day (in the city in which the addressee is located) and before 4:30 p.m. (local time in the city in which the addressee is located) on such Business Day, and otherwise shall be deemed to be given at 9:00 a.m. (local time in the city in which the addressee is located) on the next following Business Day (in the city in which the addressee is located) or, in the case of notice being given by post on the day that is five (5) Business Days after the date of mailing. Any party may change its address for notice by notice to the other parties hereto given in the manner herein provided.

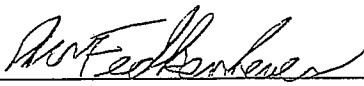
ARTICLE 11 **EXECUTION**

11.1 Successors and Assigns

The provisions of this Debenture shall enure to the benefit of, and be binding upon, the parties and any of their heirs, executors, administrators, personal representatives, successors and assigns.

IN WITNESS WHEREOF this Debenture has been executed with effect from the date first written above.

EARTHRENEW CORPORATION

Per: 
Al Fedkenheuer
President

APPENDIX I

CONVERSION FORM

TO: EARTHRENEW CORPORATION

The undersigned registered holder of the within Debenture hereby irrevocably elects to convert the principal amount of the within Debenture specified below into Common Shares of EarthRenew Corporation (the "Corporation") (or such number of other securities or property to which the Debentures entitle the undersigned in lieu thereof or in addition thereto) in accordance with and subject to the provisions of the annexed Debenture Certificate.

Principal Amount converted:

☐ All

- or -

☐ \$ _____

DATED this ____ day of _____, 20__.

Signature Guaranteed

Signature (Signature of Debentureholder to be the same as appears on the face of the Debenture Certificate)

(Name in Full – Please Print)

Notes:

- (1) Common Shares received on the conversion of the Debentures may be subject to a "hold period" under applicable securities laws if the Debentures are converted prior to the date that is four months and a day after the later of (a) September 3, 2009; and (b) the date the issuer became a reporting issuer in any province or territory.
- (2) Common Shares will be issued in the name of the registered holder and delivered to the address of the registered holder as it appears on the Debenture register unless otherwise directed.

Instructions: The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Debenture Certificate representing the Debentures being converted to the Corporation at the head office of the Corporation, at 201, 1925 18th Avenue NE, Calgary, AB T2E 7T8, Attention: CFO. Certificates for Common Shares will be made available for pick-up or, at the request of the holder, delivered or mailed within three (3) business days after the conversion of the Debentures. If the Conversion Form is signed by a corporation, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

The above signed hereby directs that the said Common Shares be issued and registered as follows:

Name(s) in Full: _____

Address(es) in Full: _____

(including postal code)

No. of Common Shares

Note: If further nominees are intended, please attach (and initial) schedule giving these particulars.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (i) AUGUST 12, 2010, AND (ii) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED OR REGISTERED UNDER THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE SECURITIES MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER APPLICABLE SECURITIES LAWS, OR UNLESS OFFERED, SOLD OR TRANSFERRED PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THOSE LAWS.

EARTHRENEW CORPORATION

(A corporation incorporated under the laws of the Province of Alberta)

5% CONVERTIBLE SECURED DEBENTURE

IN FAVOUR OF

Luxor Capital Partners, LP

August 12, 2010

THIS IS EXHIBIT "E"
referred to in the Affidavit of
Michael Conway
Sworn before me this 15
Day of Sept. A.D. 2010
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

HOWARD A. GORMAN
BARRISTER & SOLICITOR

Certificate Number: CSD-8

US\$228,696

DUE: March 31, 2011

EARTHRENEW CORPORATION (the "Corporation"), for value received, hereby promises to pay to or to the order of Luxor Capital Partners, LP, the registered holder hereof on March 31, 2011 (the "Maturity Date"), or on such earlier or later date as the principal amount hereof may become payable in accordance with the conditions herein set out on presentation and surrender of this Debenture, US\$228,696 (the "Principal Amount") in lawful money of the United States, at the registered office of the Corporation in Calgary, Alberta and subject to the terms and conditions herein contained, to pay interest thereon in the manner and at the rate set forth in Section 2.1 hereof.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Debenture (including the recitals hereto), unless there is something in the subject matter or context inconsistent therewith:

"ABCA" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"Affiliate" has the meaning ascribed thereto under the ABCA;

"Business Day" means any day except Saturdays, Sundays, statutory holidays and days when the principal office of the Corporation in the City of Calgary is not generally open to the public for the transaction of business;

"Capital Reorganization" shall have the meaning ascribed thereto in Section 3.3 hereof;

"Charged Property" means the subject matter of the Security;

"Common Shares" means common shares in the capital of the Corporation;

"Conversion Date" shall have the meaning ascribed thereto in Section 3.1 hereof;

"Conversion Ratio" shall have the meaning ascribed thereto in Section 3.2 hereof;

"Corporate Sale" means a sale of substantially all of the shares of the Corporation or its assets whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Corporation" means EarthRenew Corporation, a corporation incorporated pursuant to the ABCA with an office in the City of Calgary, in the Province of Alberta, and includes any Successor Corporation to or of the Corporation;

"Counsel" means a barrister or solicitor or firm of barristers or solicitors, who may be counsel for the Corporation;

"Event of Default" means any of the events of default referred to in Section 6.1;

"Holder" means the Person who is registered as the holder of this Debenture in the register maintained by the Corporation from time to time in respect of this Debenture;

"Interest Payment Date" means the Conversion Date or the Maturity Date, whichever is earlier;

"Interest Rate" means the interest rate of 5% per annum, compounded semi-annually;

"IPO" means an initial public offering or similar "going public" transaction, with concurrent listing on one or more Recognized Exchanges;

"Maturity Date" means March 31, 2011;

"Merger" means a business combination including, without limitation, a merger, amalgamation, arrangement, share exchange, or any similar transaction whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Operating Units" means the Corporation's energy efficient manufacturing units, composed of a granulator, gas turbine, and thermal conversion vessel used to convert manure and organic waste into plant food products, either existing at the date hereof or constructed in the future;

"Permitted Debt" shall have the meaning ascribed thereto in Section 5.11 hereof;

"Permitted Encumbrances" shall have the meaning ascribed thereto in Section 5.11 hereof;

"Person" means an individual, firm, trust, syndicate, corporation, partnership, association, organization, government or governmental agency;

"Personal Property" means chattel paper, documents of title, goods, instruments, intangibles, money and investment property, and includes fixtures affixed to real property, and such other

property as may be included from time to time in the definition of "personal property" under the PPSA;

"PPSA" means the *Personal Property Security Act* (Alberta), as amended from time to time, and includes any statute substituted therefor, as amended from time to time;

"Qualified Price" means the price per Common Share of Common Shares sold in an IPO or the fair market value of any combination of cash, securities and other consideration received by the holders of Common Shares in a Merger or Corporate Sale;

"Qualifying Convertible Debenture Financing" means an offering or series of offerings consisting of at least US\$20 million in total gross proceeds of a 0% convertible debenture which, pursuant to its terms, is convertible into Common Shares at a fixed conversion ratio and is convertible upon the occurrence of a Qualifying Liquidity Event or other contingency and whose priority ranks no greater than pari passu with the current issued unsecured convertible debentures of the Corporation;

"Qualifying Financing" means a Common Share equity offering or series of offerings or Qualifying Convertible Debenture Financing consisting of at least US\$20 million in total gross proceeds;

"Qualifying Liquidity Event" means the closing of an IPO, Merger or a Corporate Sale;

"Recognized Exchange" means any one of the London Stock Exchange, the New York Stock Exchange, the NASDAQ Exchange, the NYSE Amex Equities, the Toronto Stock Exchange, the London AIM Exchange or the TSX Venture Exchange;

"Security" means the mortgages, charges, assignments and security interests granted and constituted pursuant to Article 4 of this Debenture;

"Share Reorganization" shall have the meaning attributed thereto in Subsection 3.3(a) hereof;

"Share Reorganization Ratio" means the ratio of Common Shares outstanding prior to and following a Share Reorganization as calculated in accordance with Subsection 3.3(a) hereof;

"Subsidiary" means any corporation of which more than 50% of the outstanding Voting Shares are owned, directly or indirectly, by or for the Corporation, provided that the ownership of such shares confers the right to elect at least a majority of the board of directors of such corporation and includes any corporation in like relation to a Subsidiary;

"Successor Corporation" shall have the meaning attributed thereto in Section 7.1 hereof;

"Tax" means all present or future taxes, levies, withholdings, fiscal charges, imports, duties, assessments, surcharges, or other charges of whatsoever nature and however arising which are imposed, assessed, charged, levied, withheld or demanded pursuant to the laws of Canada or a Province thereof at any time together with all interest thereon and penalties or similar liabilities with respect thereto but does not include any taxes charged in respect of or by reference to the overall net income or gains of the Holder of this Debenture or any interest thereon or penalties or similar liabilities with respect thereto;

"Time of Expiry" means 4:30 p.m. (Calgary time) on the Maturity Date;

"Unit Financing" means future project debt financing of an Operating Unit;

"Voting Shares" means shares of any class in the capital of any corporation carrying voting rights under all circumstances, provided that, for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares unless such event has occurred and is continuing, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of any such event; and

"Withholding Taxes" shall have the meaning attributed thereto in Section 5.1 hereof.

1.2 Interpretation

Words importing the singular number only shall include the plural and *vice versa* and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms, associations and corporations and *vice versa*.

1.3 Currency

All payments contemplated herein shall be paid in US dollars, by cheque or other transfer of funds considered appropriate by the Corporation and, unless expressly stated otherwise, all references herein to dollar amounts are references to dollars in the lawful currency of the United States.

1.4 Governing Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

1.5 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

ARTICLE 2 THE DEBENTURE

2.1 Terms of the Debenture

- (a) This Debenture matures at the Time of Expiry and bears interest from and including the date of this Debenture at the Interest Rate, payable after as well as before maturity and after as well as before default and judgment, with interest on amounts in default at the same rate, payable on an accrued basis on the Interest Payment Date.
- (b) Subject to Subsection 2.1(a) and Article 3, the Corporation shall, no later than ten Business Days following the Interest Payment Date, cause to be sent by prepaid ordinary mail a cheque for such interest (less any Tax required by law to be withheld therefrom) payable to the order of the Holder and addressed to it at the address specified herein, unless the Holder otherwise directs. In the event of non-receipt or destruction of any cheque or funds delivered pursuant to this Section, the Corporation will cause to be issued to the Holder a replacement cheque for like amount upon being furnished with

such evidence of non-receipt or destruction as it reasonably requires and upon being indemnified to its satisfaction, acting reasonably.

- (c) Notwithstanding anything contained herein, the Corporation may enter into an agreement with the Holder providing for the payment to such Holder of the principal of and interest on this Debenture at a place or places or in a manner other than the place or places or manner specified herein for payment.

2.2 Mutilation, Loss, Theft or Destruction

In case this Debenture is mutilated, lost, stolen or destroyed, the Corporation, in its discretion, may create a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Corporation and shall be entitled to the same benefits as all other Debentures without preference or priority one over another. In case of loss, theft or destruction the Holder shall furnish to the Corporation evidence of such loss, theft or destruction as is satisfactory to the Corporation in its discretion, acting reasonably, and shall also furnish an indemnity satisfactory to the Corporation in its discretion, acting reasonably. The Holder shall pay all expenses incidental to the issuance of any substituted Debenture.

2.3 Partial Conversion

The Holder may convert the principal amount of this Debenture and any accrued interest thereon into a number of Common Shares less than the number the Holder is entitled to purchase pursuant to this Debenture. In the event of any such subscription prior to the Expiry Time, the Holder shall in addition be entitled to receive a new Debenture in substitution for the same (with all necessary changes to the principal amount of this Debenture having been made), and the substituted Debentures shall be in a form approved by the Corporation and shall be entitled to the same benefits as all other Debentures without preference or priority one over another. The Corporation shall pay all expenses incidental to the issuance of any substituted Debenture.

2.4 Transfer

This Debenture may be transferred by the Holder at any time prior to the Maturity Date subject to any applicable laws and required regulatory approvals, including, without limitation, applicable securities laws which restrict the sale and distribution of the Debenture. The Holder shall pay all expenses incidental to the transfer of any Debenture.

ARTICLE 3

CONVERSION OF DEBENTURE

3.1 Conversion Date

For the purposes of this Article, this Debenture shall be deemed to be surrendered for conversion on the date on which it is received by the Corporation in accordance with the provisions of this Article 3 (the "Conversion Date").

3.2 Conversion

- (a) Upon and subject to the provisions and conditions of this Article, the Holder shall have the right, at its option at any time, and from time to time and except in the case of

Subsection 3.2(a)(iii) and 3.2(a)(iv), after the earlier of a Qualifying Financing, Qualifying Liquidity Event or December 31 and prior to the Time of Expiry to convert this Debenture into that number of fully paid and non-assessable Common Shares at the Conversion Ratio in effect at that time as follows:

- (i) if a Qualifying Financing or Qualifying Liquidity Event occurs on or before December 31, 2010, the Corporation shall provide a notice to the Holder of such Qualifying Financing or Qualifying Liquidity Event and the Holder shall have the option on or before the Time of Expiry to convert this Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by a share price that is equal to either (A) in the case of a Qualifying Financing that is an offering of Common Shares, the price per Common Share achieved in the Qualifying Financing multiplied by 0.60; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the Qualified Price multiplied by 0.60 in the case of a Qualifying Liquidity Event. The Conversion Ratio provided for in this Subsection 3.2(a)(i) shall be based on the first of either a Qualifying Financing or a Qualifying Liquidity Event to occur provided that in the event of multiple Qualifying Financings, the Conversion Ratio shall be based on the lowest price per Common Share raised in such Qualifying Financings.
- (ii) If a Qualifying Financing or Qualifying Liquidity Event does not occur on or before December 31, 2010, the Holder shall have the option on or before the Time of Expiry to convert this Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by a price of US\$0.30 per Common Share provided that upon any notice by the Holder to the Corporation to exercise the conversion right provided by this Subsection 3.2(a)(ii), the Corporation shall have a first right to repurchase this Debenture on payment in a cash amount to the Holder equal to: (A) the sum of the Principal Amount plus all accrued interest to the date of such notice multiplied by (B) 1.75.

(the "Conversion Ratio")

- (iii) In the event a Qualifying Liquidity Event occurs and the Qualified Price is the same or higher than the prevailing Conversion Ratio, this Debenture shall automatically convert into Common Shares on the basis specified in Subsection 3.2(a)(i).
 - (iv) In the event the Corporation files for bankruptcy, has an administrator appointed by a court, has a trustee appointed pursuant to the *Bankruptcy and Insolvency Act*, is liquidated or in any other fashion seeks protection from its creditors, the Conversion Ratio on the Debentures will be adjusted to 667 Common Shares per US\$1,000 Principal Amount and accrued interest up to and including the Conversion Date (conversion price of US\$0.30 per Common Share). In no other way will the Holder's rights under the Debenture be altered however.
- (b) If the Holder desires to convert this Debenture in whole or in part into Common Shares in accordance with this Section 3.2, the Holder shall prior to the Time of Expiry surrender

this Debenture to the Corporation at its offices together with written notice, substantially in the form of Appendix I hereto, duly executed by the Holder or its successors and assigns or other legal representatives or its or their attorney duly appointed by an instrument in writing and executed in a manner satisfactory to the Corporation, exercising its right to convert this Debenture into Common Shares in accordance with the provisions of this Article. Thereupon, subject to the Corporation's right to repurchase pursuant to subsection 3.2(a)(ii), the Holder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges, the Holder's nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Corporation shall deliver to the Holder or, subject as aforesaid, its nominee(s), or assignee(s), a certificate or certificates for such Common Shares and, if applicable, a cheque for any amount payable under Section 3.4 or pursuant to the Corporation's right to repurchase under subsection 3.2(a)(ii).

- (c) Any part of this Debenture may be converted into Common Shares as provided in this Section 3.2 and all references in this Debenture to conversion of this Debenture shall be deemed to include conversion of such parts.
- (d) Notwithstanding anything to the contrary set forth herein, upon conversion of any portion of this Debenture in accordance with the terms hereof, the Holder shall not be required to physically surrender this Debenture to the Corporation unless (A) the full Principal Amount and any accrued interest thereon is being converted or (B) the Holder has provided the Corporation with prior written notice (which notice may be included in the notice contemplated by Subsection 3.2(b)) requesting re-issuance of this Debenture upon physical surrender of this Debenture. The Holder and the Corporation shall maintain records showing any portion of the Principal Amount and interest converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Corporation, so as not to require physical surrender of this Debenture upon conversion.
- (e) Upon the surrender of this Debenture for conversion in accordance with this Section 3.2 the Holder shall be entitled to receive accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, such interest to be converted into Common Shares at the Conversion Ratio. The Common Shares issued upon such conversion shall only be entitled to receive dividends declared in favour of shareholders of record on and after the Conversion Date, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

3.3 Adjustment of Conversion Ratio

The Conversion Ratio in effect on any date shall be subject to adjustment from time to time as follows:

- (a) If, and whenever at any time and from time to time, the Corporation shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine, consolidate or change its then outstanding Common Shares into a lesser number of Common Shares, or (iii) issue Common Shares (or securities exchangeable or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of stock dividend or

other distribution (any of such events being herein called a "**Share Reorganization**"), the Share Reorganization Ratio shall be calculated effective immediately after the effective date or record date for the Share Reorganization as the quotient obtained when:

- (i) the number of Common Shares outstanding immediately after the completion of such Share Reorganization (but before giving effect to the issue of any Common Shares issued after such record date otherwise than as part of such Share Reorganization) including, in the case where securities exchangeable or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date,

is divided by

- (ii) the number of Common Shares outstanding on such effective date or record date before giving effect to the Share Reorganization.

And the Conversion Ratio shall thereafter be calculated as the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by:

- (i) in the case of 3.2(a)(i) where the Share Reorganization takes place before the Qualifying Financing or Qualifying Liquidity Event, (A) in the case of a Qualifying Financing that is a Common Share offering, the price per Common Share achieved in the Qualifying Financing multiplied by 0.60; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the Qualified Price multiplied by 0.60 in the case of a Qualifying Liquidity Event;
 - (ii) in the case of 3.2(a)(i) if the Share Reorganization takes place after the Qualifying Financing or Qualifying Liquidity Event but before the Maturity Date, by the quotient obtained when (A) in the case of a Qualifying Financing that is a Common Share Offering, the price per Common Share achieved in the Qualifying Financing multiplied by 0.60; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the Qualified Price multiplied by 0.60 in the case of a Qualifying Liquidity Event, as applicable, is divided by the Share Reorganization Ratio; and
 - (iii) in the case of 3.2(a)(ii) or 3.2(a)(iv), by the quotient obtained when US\$0.30 is divided by the Share Reorganization Ratio.
- (b) If there is a capital reorganization of the Corporation not otherwise provided for in this Section 3.3 (any such event being called a "**Capital Reorganization**"), if the Holder has not exercised its right of conversion prior to the effective date or record date for such Capital Reorganization then it shall be entitled to receive and shall accept, upon the exercise of such right any time after the effective date or record date for such Capital Reorganization, in lieu of the number of Common Shares to which it was theretofore entitled upon conversion, the aggregate number of Common Shares or other securities of the Corporation or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization that the Holder would have been entitled to receive as a

result of such Capital Reorganization if, on the effective date or record date, such Holder had been the registered holder of the number of Common Shares to which it was theretofore entitled upon the conversion of Common Shares; provided that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken so that the Holder shall thereafter be entitled to receive such number of Common Shares or other securities of the Corporation, or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization.

- (c) In the case of any reclassification of, or other change in, the outstanding Common Shares other than a Share Reorganization or a Capital Reorganization, the right of conversion shall be adjusted immediately after the effective date or record date for such reclassification or other change so that Holder shall be entitled to receive, upon the exercise of such right at any time after the effective date or record date of such reclassification or other change, such shares, securities or rights as they would have received had this Debenture been converted into Common Shares immediately prior to such effective date or record date, subject to adjustment thereafter in accordance with provisions the same as nearly may be possible as those contained in subsection 3.3(a) and (b).
- (d) The following rules and procedures shall be applicable to the adjustments of the Conversion Ratio made pursuant to this Section 3.3:
 - (i) forthwith after any adjustment in the Conversion Ratio, the Corporation shall mail, by prepaid first class mail to the Holder, a copy of a certificate of an officer of the Corporation setting out the nature of such adjustment and describing in reasonable detail the event requiring and the manner of computing such adjustment; and
 - (ii) any question that at any time or from time to time arises with respect to the Conversion Ratio or any adjustment in the amount of the Conversion Ratio shall be conclusively determined by the auditors from time to time of the Corporation and shall be binding up the Corporation and the Holder.
 - (iii) The adjustments provided for in this Section 3 are cumulative and will be made successively whenever an event referred to herein occurs.
 - (iv) As a condition precedent to the taking of any action which would require any adjustment to this Debenture, the Corporation must take any corporate action which may be necessary in order that the Corporation shall have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all of the shares or other securities which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof.
 - (v) The Corporation will from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in this Section 3, forthwith give notice to the Holder specifying the event requiring such adjustment or readjustment and the results thereof.
 - (vi) In the event that the Corporation shall take any action affecting the Common Shares, other than the actions described herein, which, in the opinion of the board

of directors of the Corporation, would materially affect the rights of the Holder, then that number of Common Shares which are to be received upon the exercise of this Debenture shall be adjusted in such manner, if any, and at such time by action of the directors as they may reasonably determine to be equitable to the Holder in such circumstances.

3.4 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of this Debenture into Common Shares pursuant to this Article. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal of this Debenture and any accrued interest thereon, the Corporation shall, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Holder an amount in lawful money of the United States equal (computed to the nearest cent) to the appropriate fraction of the value.

3.5 Corporation to Reserve Shares

The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares and conditionally allot to the Holder such number of Common Shares as shall be issuable upon the full conversion of the Debenture into Common Shares. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

3.6 Cancellation of Converted Debenture

Upon conversion of this Debenture, in whole or in part, under the provisions of this Article, the portion of this Debenture so converted shall be forthwith delivered to and cancelled by the Corporation and no Debenture shall be issued in substitution for the portion so converted; however, a new or supplemental Debenture shall be executed and delivered by the Corporation and the Holder, in respect of any portion of this Debenture not so converted.

3.7 Notice of Special Matters

The Corporation covenants with the Holder that, so long as this Debenture remains outstanding, it will give notice to the Holder in the manner provided in Section 10.1, of its intention to fix a record date or an effective date for any event referred to in Section 3.3 (other than the subdivision, redivision, change in number, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Ratio, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; and, if prepared or available as at the date that such notice is required to be given pursuant to this Section 3.7, such notice shall be accompanied by the material (i.e. proxy circulars, information booklets, etc.) sent to the holders of Common Shares in respect of the event in question provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date or effective date.

ARTICLE 4

SECURITY

4.1 Security

As security for the due payment of all amounts payable hereunder, the Corporation hereby:

- (a) mortgages, charges and assigns to the Holder, its successors and assigns, and grants to the Holder a security interest in, all of present and after-acquired Personal Property of the Corporation and each of the Corporation's present and future Subsidiaries;
- (b) charges as and by way of a floating charge to and in favour of the Holder, its successors and assigns, all of its and its present and future Subsidiaries undertaking, real property and assets, both present and future, of every nature and kind and wherever situate;

which Security shall rank at all times in priority to any other security interest, charge and mortgage, save and except for (i) those security interests registered at the date hereof under the PPSA, as confirmed by the Corporation to the Holder by the delivery of a report prior to the delivery of the Debenture, and (ii) Permitted Encumbrances.

For greater certainty, the Security does not include any amounts payable or debts owing to the Holder by the Corporation except amounts payable pursuant to this Debenture.

For greater certainty, the Corporation and its Subsidiaries shall be entitled to enter into security interests, charges and mortgages in priority to this Debenture relating to one or more Unit Financings provided that such liens are related solely to the capital assets related to the Operating Unit being financed.

4.2 Dealing With Charged Property

Until the occurrence of an Event of Default, the Corporation may dispose of or deal with the Charged Property in the ordinary course of its business and for the purpose of carrying on the same provided that the Corporation may not sell, charge or transfer any of its Operating Units except for a sale or transfer of an Operating Unit to a direct or indirect wholly owned subsidiary of the Corporation and except for charges created in favour of third parties as permitted by Section 4.1.

4.3 Attachment

The Security created by this Debenture is intended to attach:

- (a) to the existing Charged Property when the Corporation signs this Debenture; and
- (b) to Charged Property subsequently acquired by the Corporation, immediately upon the Corporation acquiring any rights in such Charged Property.

4.4 Enforcement

Upon the occurrence of an Event of Default, the entire outstanding principal and interest owing pursuant to this Debenture shall be accelerated and shall be due and owing, and the Security shall become enforceable. Whenever the Security has become enforceable, the Holder may realize

upon the Security and, to the extent permitted by law, enforce its rights by the following remedies:

- (a) entry into possession;
- (b) proceedings in any court of competent jurisdiction for the appointment of a receiver (which term as used in this Debenture includes a receiver and manager) of all or any part of the Charged Property;
- (c) proceedings in any court of competent jurisdiction for sale (including, without limitation, sale by way of a deferred payment arrangement) or foreclosure or lease of all or any part of the Charged Property;
- (d) filing of proofs of claim and other documents to establish its claims in any proceeding relative to the Corporation;
- (e) appointment by instrument in writing of a receiver of all or any part of the Charged Property and removal or replacement from time to time of any such receiver;
- (f) any other remedy or proceeding authorized or permitted hereby or by law or equity; and
- (g) at the option of the Holder, to convert the Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the date of conversion by a price of US\$0.30 per Common Share, subject to adjustment on equivalent terms to those set forth in Section 3.3.

Such remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights of the Holder however created.

4.5 Discharge Upon Payment or Conversion

If: (a) the Corporation pays in full to the Holder the Principal Amount, all accrued interest and any fees and expenses owing pursuant to this Debenture at the Maturity Date, or (b) the Holder elects to convert this Debenture pursuant to Article 3 and the Principal Amount and any accrued interest is converted into Common Shares and the Corporation pays in full any fees and expenses owing to the Holder pursuant to this Debenture, the Security shall be automatically released and the Holder shall sign and file such forms as may be required to release the Security.

4.6 Failure or Omission of Holder

Any failure or omission by the Holder to present this Debenture for payment will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture, provided that the Holder or its agents are, at the time of demand or enforcement, in possession of this Debenture and have not assigned its rights under it.

4.7 Secured Party Rights

Before and after default in the payment of any money payable by the Corporation hereunder, the Holder will have the rights of a secured party under the PPSA, as well as the rights recognized at law and in equity. No right of the Holder in regard to this Debenture will be exclusive of or

dependent upon or merge in any other such right, and one or more of such rights may be exercised separately or in combination from time to time.

4.8 No Liability

None of the Holder, a receiver appointed in regard to this Debenture or any agent of the Holder (including any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other parties in respect of any of the Charged Property.

4.9 Expenses

The Corporation agrees to pay the Holder forthwith on demand all costs, charges and expenses, including all legal fees (on a solicitor and his own client basis), incurred by the Holder in connection with the recovery or enforcement of payment of any amounts payable hereunder whether by realization or otherwise. All such sums shall be secured hereby and shall be added to the amounts hereby secured.

ARTICLE 5 **COVENANTS**

The Corporation hereby covenants and agrees with the Holder as follows:

5.1 Payment of Principal

That the Corporation will duly and punctually pay or cause to be paid to the Holder the Principal Amount and interest accrued on this Debenture and any fees and expenses owing to the Holder by the Corporation pursuant to this Debenture on the dates, at the places, in the currency, and in the manner mentioned in this Debenture. All payments made by the Corporation with respect to this Debenture, shall be made free and clear of and without deduction for or on account of any tax, levy or other assessment imposed or levied by or on behalf of the Government of Canada ("**Withholding Taxes**"), unless the Corporation is required to withhold or deduct Withholding Taxes by law.

5.2 Carrying on Business

That, subject to the express provisions hereof, the Corporation will carry on and conduct its business in a proper and efficient manner.

5.3 Maintenance of Corporate Existence

That the Corporation will preserve and maintain its corporate existence and its rights to do business where such rights are necessary for the purposes thereof under the laws of its jurisdiction of incorporation; and to register and qualify and to maintain the registration and qualification of the Corporation as a corporation authorized to carry on business under the laws of each jurisdiction in which the nature of any material business conducted by it or the character of any material properties and assets owned or leased by it requires such registration and qualification, and to diligently preserve and at all times renew or cause to be preserved and renewed all of the Corporation's rights, powers, privileges, franchises and goodwill.

5.4 Amendment of Articles

The Corporation will not take any steps to amend its articles except pursuant to the proposed name change of the Corporation.

5.5 Maintenance of Accurate Books and Records

That the Corporation will keep and maintain proper books of account and records accurately covering all aspects of the business affairs of the Corporation.

5.6 Provision of Information

That the Corporation will furnish to the Holder:

- (a) as soon as available and in any event from 140 days after each fiscal year of the Corporation (or such later date as may be allowed by applicable securities legislation), the consolidated audited financial statements for the Corporation and the reports, if any, of the Corporation's auditors thereon; and
- (b) as soon as available and in any event within 90 days after the end of each quarter of each fiscal year of the Corporation (or such later date as such statements are mailed to shareholders of the Corporation) consolidated unaudited financial statements of the Corporation prepared for the shareholders.

5.7 Maintenance of Insurance

That the Corporation shall use its reasonable commercial efforts to cause its current insurance policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.

5.8 Transactions with Affiliates

That the Corporation will not enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any holder of its securities or with any affiliate or with any of its directors, officers or partners, as applicable, except a transaction or agreement or arrangement which is in the ordinary course of business of the Corporation and which is upon fair and reasonable terms not materially less favourable to the Corporation than it would obtain in a comparable arm's length transaction.

5.9 Notice of Event of Default

That the Corporation will give notice in writing forthwith to the Holder of the occurrence of any Event of Default or other event which with lapse of time and/or giving of notice or otherwise would be an Event of Default forthwith upon becoming aware thereof and specifying the nature of such default and/or Event of Default and the steps taken to remedy the same.

5.10 Officers' Certificates

That each and every officers' certificate given pursuant to this Debenture shall be complete and accurate in all material respects and shall not be misleading in any manner.

5.11 Negative Covenants:

Without the prior written approval of the Holder, the Corporation shall not at any time prior to the earlier of: (a) the Maturity Date, or (b) the date Holder elects to convert this Debenture pursuant to Article 3 and the Principal Amount and accrued interest is converted into Common Shares or the Corporation exercises its right to repurchase pursuant to Subsection 3.2(a)(ii):

- (a) declare or pay any dividends on any of its preferred shares or Common Shares;
- (b) subject to Section 7.1, merge, amalgamate, consolidate, reorganize, wind up or sell, lease or transfer all or substantially all of the assets of the Corporation or any of its Subsidiaries provided that the Corporation may transfer or sell any of its assets to a direct or indirect wholly owned Subsidiary (it being understood that the present and after-acquired Personal Property of any such Subsidiary would be included in the Security pursuant to Section 4.1);
- (c) reduce or distribute capital or pay dividends or redeem or repurchase Common Shares or preferred shares or repay principal or interest on any loans or other indebtedness owing to shareholders or any party not at arms length with any shareholder or allow any of its Subsidiaries to do the same;
- (d) incur, issue, assume or guarantee or allow any of its Subsidiaries to incur, issue, allow or guarantee any obligations with respect to any debt in respect of borrowed money except the following: (i) subject to a limit of US\$250,000 in the aggregate, indebtedness incurred in connection with the purchase of capital property and secured only by such capital property, (ii) unsecured subordinated debt incurred by the Corporation that is expressly subordinated to the Debenture and the Security and has a maturity that extends beyond the maturity of the Debenture, and (iii) indebtedness incurred as part of a Unit Financing which may take priority over this Debenture (collectively, the "**Permitted Debt**");
- (e) mortgage, charge, pledge or encumber or allow any of its Subsidiaries to mortgage, charge, pledge or encumber its assets, other than to secure Permitted Debt referred to in clause (d) and, except in the case of a Unit Financing, only to the extent such mortgage, charge, pledge or encumbrance (a "**Permitted Encumbrance**") relates to property (real or personal) of the Corporation or of a Subsidiary that is not subject to the Security granted to the Holder or is expressly subordinated to the Debenture and the Security;
- (f) make loans to or investments in any shareholder, employee, Subsidiary, affiliate or joint venture except to a direct or indirect wholly owned subsidiary;
- (g) sell or dispose of, or allow any of its Subsidiaries to sell or dispose of, any assets or investments except in the ordinary course of business or except to a direct or indirect wholly owned subsidiary; or

- (h) directly or indirectly, or allow any of its Subsidiaries to directly or indirectly pay remuneration to shareholders in any form including without limitation wages, fees, royalties, bonuses, interest on shareholder loans, other than in respect of obligations currently outstanding and salaries and wages paid in the ordinary course of business on a basis consistent with prior practice provided that the Corporation may adjust salaries and wages on a basis consistent with competitive industry conditions.

ARTICLE 6

DEFAULT

6.1 Events of Default

It is an "Event of Default" if:

- (a) the Corporation makes default in repayment of the principal amount or interest of the Debenture on the Maturity Date;
- (b) a decree or order of a court having jurisdiction is entered adjudging the Corporation or any of its Subsidiaries a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of the property of, the Corporation or any of its Subsidiaries, or appointing a receiver of, or of any substantial part of the property of, the Corporation or any of its Subsidiaries or ordering the winding-up or liquidation of its affairs, and any such decree or order continues un-stayed and in effect for a period of sixty (60) days;
- (c) a resolution is passed for the winding-up or liquidation of the Corporation or any of its Subsidiaries or if the Corporation or any of its Subsidiaries institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of or of any substantial part of the property of the Corporation or such Subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (d) the Corporation shall cease to carry on in the ordinary course its business or a substantial part thereof;
- (e) the Corporation fails to comply with any of its covenants hereunder, including, without limitation, a failure to pay any fees and expenses owing by it to the Holder hereunder, which failure is not cured for a period of sixty (60) days; and
- (f) if the Corporation fails to pay any indebtedness of the Corporation in excess of \$500,000, or its equivalent in another currency, when due (whether at scheduled maturity or by required prepayment, acceleration, demand, or otherwise); or if any other default under any agreement or instrument relating to an indebtedness in excess of \$500,000 shall occur, and if the effect of such default or event is either to accelerate the maturity of such indebtedness, or permit the holder to accelerate the maturity of such indebtedness after having given notice of such default or event and the failure of the Corporation to remedy such event or default within the time permitted, if so provided for; or such indebtedness

in excess of \$500,000 shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required repayment) prior to the stated maturity thereof.

6.2 Occurrence of Default

On the occurrence of an Event of Default in each and every such event the Holder may in its discretion by notice in writing to the Corporation declare the Principal Amount and accrued interest to be due and payable and the same shall forthwith become immediately due and payable to the Holder, anything herein to the contrary notwithstanding, and the Corporation shall forthwith pay to the Holder the Principal Amount and accrued interest. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder.

6.3 Waiver of Default

The Holder has the power to waive any Event of Default and/or to cancel any declaration made by the Holder pursuant to Section 6.2 in which case such Event of Default shall be deemed not to have occurred or such declaration shall be deemed not to have been made, as the case may be; provided that no such waiver of an Event of Default shall extend to, or be taken in any manner whatsoever to affect, any subsequent Event of Default or the rights resulting therefrom and no such cancellation of a declaration prevents a subsequent declaration under Section 6.2 in respect of the Event of Default to which the cancellation related (unless the Event of Default was also waived) or in respect of any other Event of Default.

ARTICLE 7

SUCCESSOR CORPORATIONS

7.1 Permitted Corporate Reorganizations

The Corporation shall not, directly or indirectly, sell, lease, transfer or otherwise dispose of, in one or a series of transactions, all or substantially all of its property and assets as an entirety to any other Person, and shall not amalgamate or merge with or into any other corporation (any such other corporation being herein referred to as a "Successor Corporation") unless prior to or concurrent with the transaction, the Corporation or the Successor Corporation redeems in cash the Debentures in an amount equal to (a) the sum of the outstanding Principal Amount and all accrued interest multiplied by (b) 1.75.

7.2 Status of Successor Corporation

Whenever the conditions of Section 7.1 have been duly observed and performed the Successor Corporation shall possess and from time to time may exercise each and every right and power of the Corporation under this Debenture in the name of the Corporation or otherwise and any act or proceeding by any provision of this Debenture required to be done or performed by any directors or officers of the Corporation may be done and performed with like force and effect by the directors or officers of such Successor Corporation and thereupon the Corporation shall be released and discharged from liability under this Debenture and the Holder shall execute any document or documents which it may be advised is or are necessary or advisable for effecting or evidencing such release and discharge.

ARTICLE 8
DEFEASANCE

8.1 Defeasance

These presents and the rights hereby granted shall cease, determine and be void, if the Corporation shall have first satisfied the Holder that it has paid or made due provisions satisfactory to the Holder for the payment of all the principal moneys and interest due or to become due hereunder, at the time and in the manner herein provided, and also all other moneys payable hereunder by the Corporation or shall surrender or cause to be surrendered this Debenture to the Corporation for cancellation and shall in any case pay all sums due or accruing due to the Holder of this Debenture hereunder.

ARTICLE 9
AMENDMENT

9.1 Amendment

The provisions of this Debenture may be amended at any time or times by written agreement between the Corporation and the Holder.

ARTICLE 10
NOTICES

10.1 Notice

Any notice required or permitted to be given hereunder shall be in writing and given by delivering, by post or courier, or by transmitting by facsimile:

- (a) to the Corporation at:

EarthRenew Corporation
201, 1925 – 18th Avenue N.E.
Calgary, AB T2E 7T8

Attention: Vice President, Legal
Fax: (403) 288-4748

- (b) to the Holder at:

Luxor Capital Partners, LP
c/o Luxor Capital Group, LP
767 Fifth Avenue, 19th Floor
New York, NY 10153

Attention: Akiko Takahashi
Fax: (212) 763-8046

Any notice given as aforesaid shall be deemed to have been given at the time delivered or faxed (provided complete transmission is confirmed) if delivered or faxed to the recipient on a Business Day (in the city in which the addressee is located) and before 4:30 p.m. (local time in the city in which the addressee is located) on such Business Day, and otherwise shall be deemed to be given at 9:00 a.m. (local time in the

city in which the addressee is located) on the next following Business Day (in the city in which the addressee is located) or, in the case of notice being given by post on the day that is five (5) Business Days after the date of mailing. Any party may change its address for notice by notice to the other parties hereto given in the manner herein provided.

ARTICLE 11
EXECUTION

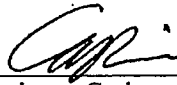
11.1 Successors and Assigns

The provisions of this Debenture shall enure to the benefit of, and be binding upon, the parties and any of their heirs, executors, administrators, personal representatives, successors and assigns.

IN WITNESS WHEREOF this Debenture has been executed with effect from the date first written above.

EARTHRENEW CORPORATION

Per: _____


Christianne Carin
Chief Executive Officer

APPENDIX I

CONVERSION FORM

TO: EARTHRENEW CORPORATION

The undersigned registered holder of the within Debenture hereby irrevocably elects to convert the principal amount of the within Debenture specified below and the interest amount of the within Debenture into Common Shares of EarthRenew Corporation (the "Corporation") (or such number of other securities or property to which the Debentures entitle the undersigned in lieu thereof or in addition thereto) in accordance with and subject to the provisions of the annexed Debenture Certificate.

Principal Amount converted:

☐ All

- or -

☐ \$ _____

Interest Amount converted:

☐ All

- or -

☐ \$ _____

DATED this ____ day of _____, 20__.

Signature Guaranteed

Signature (Signature of Debentureholder to be the same as appears on the face of the Debenture Certificate)

(Name in Full – Please Print)

Notes:

- (1) Common Shares received on the conversion of the Debentures may be subject to a "hold period" under applicable securities laws if the Debentures are converted prior to the date that is four months and a day after the later of (a) August 12, 2010; and (b) the date the issuer became a reporting issuer in any province or territory.
- (2) Common Shares and any replacement debenture will be issued in the name of the registered holder and delivered to the address of the registered holder as it appears on the Debenture register unless otherwise directed.

Instructions: The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Debenture Certificate representing the Debentures being converted to the Corporation at the head office of the Corporation, at 201, 1925 18th Avenue NE, Calgary, AB T2E 7T8, Attention: CFO. Certificates for Common Shares will be made available for pick-up or, at the request of the holder, delivered or mailed within three (3) business days after the conversion of the Debentures. If the Conversion Form is signed by a corporation, executor, administrator, curator, guardian,

attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

The above signed hereby directs that the said Common Shares be issued and registered as follows:

Name(s) in Full:

Address(es) in Full:

(including postal code)

No. of Common Shares

Note: If further nominees are intended, please attach (and initial) schedule giving these particulars.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (i) AUGUST 12, 2010, 2010 AND (ii) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

EARTHRENEW CORPORATION

(A corporation incorporated under the laws of the Province of Alberta)

5% CONVERTIBLE SECURED DEBENTURE

IN FAVOUR OF

Luxor Capital Partners Offshore Master Fund, LP

August 12, 2010

THIS IS EXHIBIT "F"
referred to in the Affidavit of
Michael Leach
Sworn before me this 15
Day of Sept A.D. 2010

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

HOWARD A. GORMAN
BARRISTER & SOLICITOR

Certificate Number: CSD-9

US\$271,304

DUE: March 31, 2011

EARTHRENEW CORPORATION (the "Corporation"), for value received, hereby promises to pay to or to the order of Luxor Capital Partners Offshore Master Fund, LP, the registered holder hereof on March 31, 2011 (the "Maturity Date"), or on such earlier or later date as the principal amount hereof may become payable in accordance with the conditions herein set out on presentation and surrender of this Debenture, \$271,304 (the "Principal Amount") in lawful money of the United States, at the registered office of the Corporation in Calgary, Alberta and subject to the terms and conditions herein contained, to pay interest thereon in the manner and at the rate set forth in Section 2.1 hereof.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Debenture (including the recitals hereto), unless there is something in the subject matter or context inconsistent therewith:

"ABCA" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"Affiliate" has the meaning ascribed thereto under the ABCA;

"Business Day" means any day except Saturdays, Sundays, statutory holidays and days when the principal office of the Corporation in the City of Calgary is not generally open to the public for the transaction of business;

"Capital Reorganization" shall have the meaning ascribed thereto in Section 3.3 hereof;

"Charged Property" means the subject matter of the Security;

"Common Shares" means common shares in the capital of the Corporation;

"Conversion Date" shall have the meaning ascribed thereto in Section 3.1 hereof;

"Conversion Ratio" shall have the meaning ascribed thereto in Section 3.2 hereof;

"Corporate Sale" means a sale of substantially all of the shares of the Corporation or its assets whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Corporation" means EarthRenew Corporation, a corporation incorporated pursuant to the ABCA with an office in the City of Calgary, in the Province of Alberta, and includes any Successor Corporation to or of the Corporation;

"Counsel" means a barrister or solicitor or firm of barristers or solicitors, who may be counsel for the Corporation;

"Event of Default" means any of the events of default referred to in Section 6.1;

"Holder" means the Person who is registered as the holder of this Debenture in the register maintained by the Corporation from time to time in respect of this Debenture;

"Interest Payment Date" means the Conversion Date or the Maturity Date, whichever is earlier;

"Interest Rate" means the interest rate of 5% per annum, compounded semi-annually;

"IPO" means an initial public offering or similar "going public" transaction, with concurrent listing on one or more Recognized Exchanges;

"Maturity Date" means March 31, 2011;

"Merger" means a business combination including, without limitation, a merger, amalgamation, arrangement, share exchange, or any similar transaction whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Operating Units" means the Corporation's energy efficient manufacturing units, composed of a granulator, gas turbine, and thermal conversion vessel used to convert manure and organic waste into plant food products, either existing at the date hereof or constructed in the future;

"Permitted Debt" shall have the meaning ascribed thereto in Section 5.11 hereof;

"Permitted Encumbrances" shall have the meaning ascribed thereto in Section 5.11 hereof;

"Person" means an individual, firm, trust, syndicate, corporation, partnership, association, organization, government or governmental agency;

"Personal Property" means chattel paper, documents of title, goods, instruments, intangibles, money and investment property, and includes fixtures affixed to real property, and such other property as may be included from time to time in the definition of "personal property" under the PPSA;

"PPSA" means the *Personal Property Security Act* (Alberta), as amended from time to time, and includes any statute substituted therefor, as amended from time to time;

"Qualified Price" means the price per Common Share of Common Shares sold in an IPO or the fair market value of any combination of cash, securities and other consideration received by the holders of Common Shares in a Merger or Corporate Sale;

"Qualifying Convertible Debenture Financing" means an offering or series of offerings consisting of at least US\$20 million in total gross proceeds of a 0% convertible debenture which, pursuant to its terms, is convertible into Common Shares at a fixed conversion ratio and is convertible upon the occurrence of a Qualifying Liquidity Event or other contingency and whose priority ranks no greater than pari passu with the current issued unsecured convertible debentures of the Corporation;

"Qualifying Financing" means a Common Share equity offering or series of offerings or Qualifying Convertible Debenture Financing consisting of at least US\$20 million in total gross proceeds;

"Qualifying Liquidity Event" means the closing of an IPO, Merger or a Corporate Sale;

"Recognized Exchange" means any one of the London Stock Exchange, the New York Stock Exchange, the NASDAQ Exchange, the NYSE Amex Equities, the Toronto Stock Exchange, the London AIM Exchange or the TSX Venture Exchange;

"Security" means the mortgages, charges, assignments and security interests granted and constituted pursuant to Article 4 of this Debenture;

"Share Reorganization" shall have the meaning attributed thereto in Subsection 3.3(a) hereof;

"Share Reorganization Ratio" means the ratio of Common Shares outstanding prior to and following a Share Reorganization as calculated in accordance with Subsection 3.3(a) hereof;

"Subsidiary" means any corporation of which more than 50% of the outstanding Voting Shares are owned, directly or indirectly, by or for the Corporation, provided that the ownership of such shares confers the right to elect at least a majority of the board of directors of such corporation and includes any corporation in like relation to a Subsidiary;

"Successor Corporation" shall have the meaning attributed thereto in Section 7.1 hereof;

"Tax" means all present or future taxes, levies, withholdings, fiscal charges, imports, duties, assessments, surcharges, or other charges of whatsoever nature and however arising which are imposed, assessed, charged, levied, withheld or demanded pursuant to the laws of Canada or a Province thereof at any time together with all interest thereon and penalties or similar liabilities with respect thereto but does not include any taxes charged in respect of or by reference to the overall net income or gains of the Holder of this Debenture or any interest thereon or penalties or similar liabilities with respect thereto;

"Time of Expiry" means 4:30 p.m. (Calgary time) on the Maturity Date;

"Unit Financing" means future project debt financing of an Operating Unit;

"Voting Shares" means shares of any class in the capital of any corporation carrying voting rights under all circumstances, provided that, for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered

Voting Shares unless such event has occurred and is continuing, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of any such event; and

"Withholding Taxes" shall have the meaning attributed thereto in Section 5.1 hereof.

1.2 Interpretation

Words importing the singular number only shall include the plural and *vice versa* and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms, associations and corporations and *vice versa*.

1.3 Currency

All payments contemplated herein shall be paid in US dollars, by cheque or other transfer of funds considered appropriate by the Corporation and, unless expressly stated otherwise, all references herein to dollar amounts are references to dollars in the lawful currency of the United States.

1.4 Governing Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

1.5 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

ARTICLE 2

THE DEBENTURE

2.1 Terms of the Debenture

- (a) This Debenture matures at the Time of Expiry and bears interest from and including the date of this Debenture at the Interest Rate, payable after as well as before maturity and after as well as before default and judgment, with interest on amounts in default at the same rate, payable on an accrued basis on the Interest Payment Date.
- (b) Subject to Subsection 2.1(a) and Article 3, the Corporation shall, no later than ten Business Days following the Interest Payment Date, cause to be sent by prepaid ordinary mail a cheque for such interest (less any Tax required by law to be withheld therefrom) payable to the order of the Holder and addressed to it at the address specified herein, unless the Holder otherwise directs. In the event of non-receipt or destruction of any cheque or funds delivered pursuant to this Section, the Corporation will cause to be issued to the Holder a replacement cheque for like amount upon being furnished with such evidence of non-receipt or destruction as it reasonably requires and upon being indemnified to its satisfaction, acting reasonably.
- (c) Notwithstanding anything contained herein, the Corporation may enter into an agreement with the Holder providing for the payment to such Holder of the principal of and interest

on this Debenture at a place or places or in a manner other than the place or places or manner specified herein for payment.

2.2 Mutilation, Loss, Theft or Destruction

In case this Debenture is mutilated, lost, stolen or destroyed, the Corporation, in its discretion, may create a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Corporation and shall be entitled to the same benefits as all other Debentures without preference or priority one over another. In case of loss, theft or destruction the Holder shall furnish to the Corporation evidence of such loss, theft or destruction as is satisfactory to the Corporation in its discretion, acting reasonably, and shall also furnish an indemnity satisfactory to the Corporation in its discretion, acting reasonably. The Holder shall pay all expenses incidental to the issuance of any substituted Debenture.

2.3 Partial Conversion

The Holder may convert the principal amount of this Debenture and any accrued interest thereon into a number of Common Shares less than the number the Holder is entitled to purchase pursuant to this Debenture. In the event of any such subscription prior to the Expiry Time, the Holder shall in addition be entitled to receive a new Debenture in substitution for the same (with all necessary changes to the principal amount of this Debenture having been made), and the substituted Debentures shall be in a form approved by the Corporation and shall be entitled to the same benefits as all other Debentures without preference or priority one over another. The Corporation shall pay all expenses incidental to the issuance of any substituted Debenture.

2.4 Transfer

This Debenture may be transferred by the Holder at any time prior to the Maturity Date subject to any applicable laws and required regulatory approvals, including, without limitation, applicable securities laws which restrict the sale and distribution of the Debenture. The Holder shall pay all expenses incidental to the transfer of any Debenture.

ARTICLE 3

CONVERSION OF DEBENTURE

3.1 Conversion Date

For the purposes of this Article, this Debenture shall be deemed to be surrendered for conversion on the date on which it is received by the Corporation in accordance with the provisions of this Article 3 (the "Conversion Date").

3.2 Conversion

- (a) Upon and subject to the provisions and conditions of this Article, the Holder shall have the right, at its option at any time, and from time to time and except in the case of Subsection 3.2(a)(iii) and 3.2(a)(iv), after the earlier of a Qualifying Financing, Qualifying Liquidity Event or December 31 and prior to the Time of Expiry to convert this Debenture into that number of fully paid and non-assessable Common Shares at the Conversion Ratio in effect at that time as follows:

- (i) if a Qualifying Financing or Qualifying Liquidity Event occurs on or before December 31, 2010, the Corporation shall provide a notice to the Holder of such Qualifying Financing or Qualifying Liquidity Event and the Holder shall have the option on or before the Time of Expiry to convert this Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by a share price that is equal to either (A) in the case of a Qualifying Financing that is an offering of Common Shares, the price per Common Share achieved in the Qualifying Financing multiplied by 0.60; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the Qualified Price multiplied by 0.60 in the case of a Qualifying Liquidity Event. The Conversion Ratio provided for in this Subsection 3.2(a)(i) shall be based on the first of either a Qualifying Financing or a Qualifying Liquidity Event to occur provided that in the event of multiple Qualifying Financings, the Conversion Ratio shall be based on the lowest price per Common Share raised in such Qualifying Financings.
- (ii) If a Qualifying Financing or Qualifying Liquidity Event does not occur on or before December 31, 2010, the Holder shall have the option on or before the Time of Expiry to convert this Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by a price of US\$0.30 per Common Share provided that upon any notice by the Holder to the Corporation to exercise the conversion right provided by this Subsection 3.2(a)(ii), the Corporation shall have a first right to repurchase this Debenture on payment in a cash amount to the Holder equal to: (A) the sum of the Principal Amount plus all accrued interest to the date of such notice multiplied by (B) 1.75.

(the "Conversion Ratio")

- (iii) In the event a Qualifying Liquidity Event occurs and the Qualified Price is the same or higher than the prevailing Conversion Ratio, this Debenture shall automatically convert into Common Shares on the basis specified in Subsection 3.2(a)(i).
 - (iv) In the event the Corporation files for bankruptcy, has an administrator appointed by a court, has a trustee appointed pursuant to the *Bankruptcy and Insolvency Act*, is liquidated or in any other fashion seeks protection from its creditors, the Conversion Ratio on the Debentures will be adjusted to 667 Common Shares per US\$1,000 Principal Amount and accrued interest up to and including the Conversion Date (conversion price of US\$0.30 per Common Share). In no other way will the Holder's rights under the Debenture be altered however.
- (b) If the Holder desires to convert this Debenture in whole or in part into Common Shares in accordance with this Section 3.2, the Holder shall prior to the Time of Expiry surrender this Debenture to the Corporation at its offices together with written notice, substantially in the form of Appendix I hereto, duly executed by the Holder or its successors and assigns or other legal representatives or its or their attorney duly appointed by an instrument in writing and executed in a manner satisfactory to the Corporation, exercising its right to convert this Debenture into Common Shares in accordance with the provisions

of this Article. Thereupon, subject to the Corporation's right to repurchase pursuant to subsection 3.2(a)(ii), the Holder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges, the Holder's nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Corporation shall deliver to the Holder or, subject as aforesaid, its nominee(s), or assignee(s), a certificate or certificates for such Common Shares and, if applicable, a cheque for any amount payable under Section 3.4 or pursuant to the Corporation's right to repurchase under subsection 3.2(a)(ii).

- (c) Any part of this Debenture may be converted into Common Shares as provided in this Section 3.2 and all references in this Debenture to conversion of this Debenture shall be deemed to include conversion of such parts.
- (d) Notwithstanding anything to the contrary set forth herein, upon conversion of any portion of this Debenture in accordance with the terms hereof, the Holder shall not be required to physically surrender this Debenture to the Corporation unless (A) the full Principal Amount and any accrued interest thereon is being converted or (B) the Holder has provided the Corporation with prior written notice (which notice may be included in the notice contemplated by Subsection 3.2(b)) requesting re-issuance of this Debenture upon physical surrender of this Debenture. The Holder and the Corporation shall maintain records showing any portion of the Principal Amount and interest converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Corporation, so as not to require physical surrender of this Debenture upon conversion.
- (e) Upon the surrender of this Debenture for conversion in accordance with this Section 3.2 the Holder shall be entitled to receive accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, such interest to be converted into Common Shares at the Conversion Ratio. The Common Shares issued upon such conversion shall only be entitled to receive dividends declared in favour of shareholders of record on and after the Conversion Date, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

3.3 Adjustment of Conversion Ratio

The Conversion Ratio in effect on any date shall be subject to adjustment from time to time as follows:

- (a) If, and whenever at any time and from time to time, the Corporation shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine, consolidate or change its then outstanding Common Shares into a lesser number of Common Shares, or (iii) issue Common Shares (or securities exchangeable or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of stock dividend or other distribution (any of such events being herein called a "**Share Reorganization**"), the Share Reorganization Ratio shall be calculated effective immediately after the effective date or record date for the Share Reorganization as the quotient obtained when:

- (i) the number of Common Shares outstanding immediately after the completion of such Share Reorganization (but before giving effect to the issue of any Common Shares issued after such record date otherwise than as part of such Share Reorganization) including, in the case where securities exchangeable or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date,

is divided by

- (ii) the number of Common Shares outstanding on such effective date or record date before giving effect to the Share Reorganization.

And the Conversion Ratio shall thereafter be calculated as the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the Conversion Date (or any portion thereof) by:

- (i) in the case of 3.2(a)(i) where the Share Reorganization takes place before the Qualifying Financing or Qualifying Liquidity Event, (A) in the case of a Qualifying Financing that is a Common Share offering, the price per Common Share achieved in the Qualifying Financing multiplied by 0.60; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the Qualified Price multiplied by 0.60 in the case of a Qualifying Liquidity Event;
 - (ii) in the case of 3.2(a)(i) if the Share Reorganization takes place after the Qualifying Financing or Qualifying Liquidity Event but before the Maturity Date, by the quotient obtained when (A) in the case of a Qualifying Financing that is a Common Share Offering, the price per Common Share achieved in the Qualifying Financing multiplied by 0.60; (B) in the case of a Qualifying Financing that is a Qualifying Convertible Debenture Financing, the applicable conversion price per Common Share multiplied by 0.55; or (C) the Qualified Price multiplied by 0.60 in the case of a Qualifying Liquidity Event, as applicable, is divided by the Share Reorganization Ratio; and
 - (iii) in the case of 3.2(a)(ii) or 3.2(a)(iv), by the quotient obtained when US\$0.30 is divided by the Share Reorganization Ratio.
- (b) If there is a capital reorganization of the Corporation not otherwise provided for in this Section 3.3 (any such event being called a "**Capital Reorganization**"), if the Holder has not exercised its right of conversion prior to the effective date or record date for such Capital Reorganization then it shall be entitled to receive and shall accept, upon the exercise of such right any time after the effective date or record date for such Capital Reorganization, in lieu of the number of Common Shares to which it was theretofore entitled upon conversion, the aggregate number of Common Shares or other securities of the Corporation or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization that the Holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date, such Holder had been the registered holder of the number of Common Shares to which it was theretofore entitled upon the conversion of Common Shares; provided that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have

been taken so that the Holder shall thereafter be entitled to receive such number of Common Shares or other securities of the Corporation, or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization.

- (c) In the case of any reclassification of, or other change in, the outstanding Common Shares other than a Share Reorganization or a Capital Reorganization, the right of conversion shall be adjusted immediately after the effective date or record date for such reclassification or other change so that Holder shall be entitled to receive, upon the exercise of such right at any time after the effective date or record date of such reclassification or other change, such shares, securities or rights as they would have received had this Debenture been converted into Common Shares immediately prior to such effective date or record date, subject to adjustment thereafter in accordance with provisions the same as nearly may be possible as those contained in subsection 3.3(a) and (b).
- (d) The following rules and procedures shall be applicable to the adjustments of the Conversion Ratio made pursuant to this Section 3.3:
 - (i) forthwith after any adjustment in the Conversion Ratio, the Corporation shall mail, by prepaid first class mail to the Holder, a copy of a certificate of an officer of the Corporation setting out the nature of such adjustment and describing in reasonable detail the event requiring and the manner of computing such adjustment; and
 - (ii) any question that at any time or from time to time arises with respect to the Conversion Ratio or any adjustment in the amount of the Conversion Ratio shall be conclusively determined by the auditors from time to time of the Corporation and shall be binding up the Corporation and the Holder.
 - (iii) The adjustments provided for in this Section 3 are cumulative and will be made successively whenever an event referred to herein occurs.
 - (iv) As a condition precedent to the taking of any action which would require any adjustment to this Debenture, the Corporation must take any corporate action which may be necessary in order that the Corporation shall have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all of the shares or other securities which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof.
 - (v) The Corporation will from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in this Section 3, forthwith give notice to the Holder specifying the event requiring such adjustment or readjustment and the results thereof.
 - (vi) In the event that the Corporation shall take any action affecting the Common Shares, other than the actions described herein, which, in the opinion of the board of directors of the Corporation, would materially affect the rights of the Holder, then that number of Common Shares which are to be received upon the exercise of this Debenture shall be adjusted in such manner, if any, and at such time by

action of the directors as they may reasonably determine to be equitable to the Holder in such circumstances.

3.4 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of this Debenture into Common Shares pursuant to this Article. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal of this Debenture and any accrued interest thereon, the Corporation shall, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Holder an amount in lawful money of the United States equal (computed to the nearest cent) to the appropriate fraction of the value.

3.5 Corporation to Reserve Shares

The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares and conditionally allot to the Holder such number of Common Shares as shall be issuable upon the full conversion of the Debenture into Common Shares. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

3.6 Cancellation of Converted Debenture

Upon conversion of this Debenture, in whole or in part, under the provisions of this Article, the portion of this Debenture so converted shall be forthwith delivered to and cancelled by the Corporation and no Debenture shall be issued in substitution for the portion so converted; however, a new or supplemental Debenture shall be executed and delivered by the Corporation and the Holder, in respect of any portion of this Debenture not so converted.

3.7 Notice of Special Matters

The Corporation covenants with the Holder that, so long as this Debenture remains outstanding, it will give notice to the Holder in the manner provided in Section 10.1, of its intention to fix a record date or an effective date for any event referred to in Section 3.3 (other than the subdivision, redivision, change in number, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Ratio, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; and, if prepared or available as at the date that such notice is required to be given pursuant to this Section 3.7, such notice shall be accompanied by the material (i.e. proxy circulars, information booklets, etc.) sent to the holders of Common Shares in respect of the event in question provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date or effective date.

ARTICLE 4 **SECURITY**

4.1 Security

As security for the due payment of all amounts payable hereunder, the Corporation hereby:

- (a) mortgages, charges and assigns to the Holder, its successors and assigns, and grants to the Holder a security interest in, all of present and after-acquired Personal Property of the Corporation and each of the Corporation's present and future Subsidiaries;
- (b) charges as and by way of a floating charge to and in favour of the Holder, its successors and assigns, all of its and its present and future Subsidiaries undertaking, real property and assets, both present and future, of every nature and kind and wherever situate;

which Security shall rank at all times in priority to any other security interest, charge and mortgage, save and except for (i) those security interests registered at the date hereof under the PPSA, as confirmed by the Corporation to the Holder by the delivery of a report prior to the delivery of the Debenture, and (ii) Permitted Encumbrances.

For greater certainty, the Security does not include any amounts payable or debts owing to the Holder by the Corporation except amounts payable pursuant to this Debenture.

For greater certainty, the Corporation and its Subsidiaries shall be entitled to enter into security interests, charges and mortgages in priority to this Debenture relating to one or more Unit Financings provided that such liens are related solely to the capital assets related to the Operating Unit being financed.

4.2 Dealing With Charged Property

Until the occurrence of an Event of Default, the Corporation may dispose of or deal with the Charged Property in the ordinary course of its business and for the purpose of carrying on the same provided that the Corporation may not sell, charge or transfer any of its Operating Units except for a sale or transfer of an Operating Unit to a direct or indirect wholly owned subsidiary of the Corporation and except for charges created in favour of third parties as permitted by Section 4.1.

4.3 Attachment

The Security created by this Debenture is intended to attach:

- (a) to the existing Charged Property when the Corporation signs this Debenture; and
- (b) to Charged Property subsequently acquired by the Corporation, immediately upon the Corporation acquiring any rights in such Charged Property.

4.4 Enforcement

Upon the occurrence of an Event of Default, the entire outstanding principal and interest owing pursuant to this Debenture shall be accelerated and shall be due and owing, and the Security shall become enforceable. Whenever the Security has become enforceable, the Holder may realize upon the Security and, to the extent permitted by law, enforce its rights by the following remedies:

- (a) entry into possession;

- (b) proceedings in any court of competent jurisdiction for the appointment of a receiver (which term as used in this Debenture includes a receiver and manager) of all or any part of the Charged Property;
- (c) proceedings in any court of competent jurisdiction for sale (including, without limitation, sale by way of a deferred payment arrangement) or foreclosure or lease of all or any part of the Charged Property;
- (d) filing of proofs of claim and other documents to establish its claims in any proceeding relative to the Corporation;
- (e) appointment by instrument in writing of a receiver of all or any part of the Charged Property and removal or replacement from time to time of any such receiver;
- (f) any other remedy or proceeding authorized or permitted hereby or by law or equity; and
- (g) at the option of the Holder, to convert the Debenture into the number of Common Shares resulting from dividing the Principal Amount and any accrued interest up to and including the date of conversion by a price of US\$0.30 per Common Share, subject to adjustment on equivalent terms to those set forth in Section 3.3.

Such remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights of the Holder however created.

4.5 Discharge Upon Payment or Conversion

If: (a) the Corporation pays in full to the Holder the Principal Amount, all accrued interest and any fees and expenses owing pursuant to this Debenture at the Maturity Date, or (b) the Holder elects to convert this Debenture pursuant to Article 3 and the Principal Amount and any accrued interest is converted into Common Shares and the Corporation pays in full any fees and expenses owing to the Holder pursuant to this Debenture, the Security shall be automatically released and the Holder shall sign and file such forms as may be required to release the Security.

4.6 Failure or Omission of Holder

Any failure or omission by the Holder to present this Debenture for payment will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture, provided that the Holder or its agents are, at the time of demand or enforcement, in possession of this Debenture and have not assigned its rights under it.

4.7 Secured Party Rights

Before and after default in the payment of any money payable by the Corporation hereunder, the Holder will have the rights of a secured party under the PPSA, as well as the rights recognized at law and in equity. No right of the Holder in regard to this Debenture will be exclusive of or dependent upon or merge in any other such right, and one or more of such rights may be exercised separately or in combination from time to time.

4.8 No Liability

None of the Holder, a receiver appointed in regard to this Debenture or any agent of the Holder (including any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other parties in respect of any of the Charged Property.

4.9 Expenses

The Corporation agrees to pay the Holder forthwith on demand all costs, charges and expenses, including all legal fees (on a solicitor and his own client basis), incurred by the Holder in connection with the recovery or enforcement of payment of any amounts payable hereunder whether by realization or otherwise. All such sums shall be secured hereby and shall be added to the amounts hereby secured.

ARTICLE 5 **COVENANTS**

The Corporation hereby covenants and agrees with the Holder as follows:

5.1 Payment of Principal

That the Corporation will duly and punctually pay or cause to be paid to the Holder the Principal Amount and interest accrued on this Debenture and any fees and expenses owing to the Holder by the Corporation pursuant to this Debenture on the dates, at the places, in the currency, and in the manner mentioned in this Debenture. All payments made by the Corporation with respect to this Debenture, shall be made free and clear of and without deduction for or on account of any tax, levy or other assessment imposed or levied by or on behalf of the Government of Canada ("**Withholding Taxes**"), unless the Corporation is required to withhold or deduct Withholding Taxes by law.

5.2 Carrying on Business

That, subject to the express provisions hereof, the Corporation will carry on and conduct its business in a proper and efficient manner.

5.3 Maintenance of Corporate Existence

That the Corporation will preserve and maintain its corporate existence and its rights to do business where such rights are necessary for the purposes thereof under the laws of its jurisdiction of incorporation, and to register and qualify and to maintain the registration and qualification of the Corporation as a corporation authorized to carry on business under the laws of each jurisdiction in which the nature of any material business conducted by it or the character of any material properties and assets owned or leased by it requires such registration and qualification, and to diligently preserve and at all times renew or cause to be preserved and renewed all of the Corporation's rights, powers, privileges, franchises and goodwill.

5.4 Amendment of Articles

The Corporation will not take any steps to amend its articles except pursuant to the proposed name change of the Corporation.

5.5 Maintenance of Accurate Books and Records

That the Corporation will keep and maintain proper books of account and records accurately covering all aspects of the business affairs of the Corporation.

5.6 Provision of Information

That the Corporation will furnish to the Holder:

- (a) as soon as available and in any event from 140 days after each fiscal year of the Corporation (or such later date as may be allowed by applicable securities legislation), the consolidated audited financial statements for the Corporation and the reports, if any, of the Corporation's auditors thereon; and
- (b) as soon as available and in any event within 90 days after the end of each quarter of each fiscal year of the Corporation (or such later date as such statements are mailed to shareholders of the Corporation) consolidated unaudited financial statements of the Corporation prepared for the shareholders.

5.7 Maintenance of Insurance

That the Corporation shall use its reasonable commercial efforts to cause its current insurance policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.

5.8 Transactions with Affiliates

That the Corporation will not enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any holder of its securities or with any affiliate or with any of its directors, officers or partners, as applicable, except a transaction or agreement or arrangement which is in the ordinary course of business of the Corporation and which is upon fair and reasonable terms not materially less favourable to the Corporation than it would obtain in a comparable arm's length transaction.

5.9 Notice of Event of Default

That the Corporation will give notice in writing forthwith to the Holder of the occurrence of any Event of Default or other event which with lapse of time and/or giving of notice or otherwise would be an Event of Default forthwith upon becoming aware thereof and specifying the nature of such default and/or Event of Default and the steps taken to remedy the same.

5.10 Officers' Certificates

That each and every officers' certificate given pursuant to this Debenture shall be complete and accurate in all material respects and shall not be misleading in any manner.

5.11 Negative Covenants:

Without the prior written approval of the Holder, the Corporation shall not at any time prior to the earlier of: (a) the Maturity Date, or (b) the date Holder elects to convert this Debenture pursuant to Article 3 and the Principal Amount and accrued interest is converted into Common Shares or the Corporation exercises its right to repurchase pursuant to Subsection 3.2(a)(ii):

- (a) declare or pay any dividends on any of its preferred shares or Common Shares;
- (b) subject to Section 7.1, merge, amalgamate, consolidate, reorganize, wind up or sell, lease or transfer all or substantially all of the assets of the Corporation or any of its Subsidiaries provided that the Corporation may transfer or sell any of its assets to a direct or indirect wholly owned Subsidiary (it being understood that the present and after-acquired Personal Property of any such Subsidiary would be included in the Security pursuant to Section 4.1);
- (c) reduce or distribute capital or pay dividends or redeem or repurchase Common Shares or preferred shares or repay principal or interest on any loans or other indebtedness owing to shareholders or any party not at arms length with any shareholder or allow any of its Subsidiaries to do the same;
- (d) incur, issue, assume or guarantee or allow any of its Subsidiaries to incur, issue, allow or guarantee any obligations with respect to any debt in respect of borrowed money except the following: (i) subject to a limit of US\$250,000 in the aggregate, indebtedness incurred in connection with the purchase of capital property and secured only by such capital property, (ii) unsecured subordinated debt incurred by the Corporation that is expressly subordinated to the Debenture and the Security and has a maturity that extends beyond the maturity of the Debenture, and (iii) indebtedness incurred as part of a Unit Financing which may take priority over this Debenture (collectively, the "**Permitted Debt**");
- (e) mortgage, charge, pledge or encumber or allow any of its Subsidiaries to mortgage, charge, pledge or encumber its assets, other than to secure Permitted Debt referred to in clause (d) and, except in the case of a Unit Financing, only to the extent such mortgage, charge, pledge or encumbrance (a "**Permitted Encumbrance**") relates to property (real or personal) of the Corporation or of a Subsidiary that is not subject to the Security granted to the Holder or is expressly subordinated to the Debenture and the Security;
- (f) make loans to or investments in any shareholder, employee, Subsidiary, affiliate or joint venture except to a direct or indirect wholly owned subsidiary;
- (g) sell or dispose of, or allow any of its Subsidiaries to sell or dispose of, any assets or investments except in the ordinary course of business or except to a direct or indirect wholly owned subsidiary; or
- (h) directly or indirectly, or allow any of its Subsidiaries to directly or indirectly pay remuneration to shareholders in any form including without limitation wages, fees, royalties, bonuses, interest on shareholder loans, other than in respect of obligations currently outstanding and salaries and wages paid in the ordinary course of business on a basis consistent with prior practice provided that the Corporation may adjust salaries and wages on a basis consistent with competitive industry conditions.

ARTICLE 6
DEFAULT

6.1 Events of Default

It is an "Event of Default" if:

- (a) the Corporation makes default in repayment of the principal amount or interest of the Debenture on the Maturity Date;
- (b) a decree or order of a court having jurisdiction is entered adjudging the Corporation or any of its Subsidiaries a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of the property of, the Corporation or any of its Subsidiaries, or appointing a receiver of, or of any substantial part of the property of, the Corporation or any of its Subsidiaries or ordering the winding-up or liquidation of its affairs, and any such decree or order continues un-stayed and in effect for a period of sixty (60) days;
- (c) a resolution is passed for the winding-up or liquidation of the Corporation or any of its Subsidiaries or if the Corporation or any of its Subsidiaries institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of or of any substantial part of the property of the Corporation or such Subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (d) the Corporation shall cease to carry on in the ordinary course its business or a substantial part thereof;
- (e) the Corporation fails to comply with any of its covenants hereunder, including, without limitation, a failure to pay any fees and expenses owing by it to the Holder hereunder, which failure is not cured for a period of sixty (60) days; and
- (f) if the Corporation fails to pay any indebtedness of the Corporation in excess of \$500,000, or its equivalent in another currency, when due (whether at scheduled maturity or by required prepayment, acceleration, demand, or otherwise); or if any other default under any agreement or instrument relating to an indebtedness in excess of \$500,000 shall occur, and if the effect of such default or event is either to accelerate the maturity of such indebtedness, or permit the holder to accelerate the maturity of such indebtedness after having given notice of such default or event and the failure of the Corporation to remedy such event or default within the time permitted, if so provided for; or such indebtedness in excess of \$500,000 shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required repayment) prior to the stated maturity thereof.

6.2 Occurrence of Default

On the occurrence of an Event of Default in each and every such event the Holder may in its discretion by notice in writing to the Corporation declare the Principal Amount and accrued interest to be due and payable and the same shall forthwith become immediately due and payable to the Holder, anything herein to the contrary notwithstanding, and the Corporation shall forthwith pay to the Holder the Principal Amount and accrued interest. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder.

6.3 Waiver of Default

The Holder has the power to waive any Event of Default and/or to cancel any declaration made by the Holder pursuant to Section 6.2 in which case such Event of Default shall be deemed not to have occurred or such declaration shall be deemed not to have been made, as the case may be; provided that no such waiver of an Event of Default shall extend to, or be taken in any manner whatsoever to affect, any subsequent Event of Default or the rights resulting therefrom and no such cancellation of a declaration prevents a subsequent declaration under Section 6.2 in respect of the Event of Default to which the cancellation related (unless the Event of Default was also waived) or in respect of any other Event of Default.

ARTICLE 7

SUCCESSOR CORPORATIONS

7.1 Permitted Corporate Reorganizations

The Corporation shall not, directly or indirectly, sell, lease, transfer or otherwise dispose of, in one or a series of transactions, all or substantially all of its property and assets as an entirety to any other Person, and shall not amalgamate or merge with or into any other corporation (any such other corporation being herein referred to as a "Successor Corporation") unless prior to or concurrent with the transaction, the Corporation or the Successor Corporation redeems in cash the Debentures in an amount equal to (a) the sum of the outstanding Principal Amount and all accrued interest multiplied by (b) 1.75.

7.2 Status of Successor Corporation

Whenever the conditions of Section 7.1 have been duly observed and performed the Successor Corporation shall possess and from time to time may exercise each and every right and power of the Corporation under this Debenture in the name of the Corporation or otherwise and any act or proceeding by any provision of this Debenture required to be done or performed by any directors or officers of the Corporation may be done and performed with like force and effect by the directors or officers of such Successor Corporation and thereupon the Corporation shall be released and discharged from liability under this Debenture and the Holder shall execute any document or documents which it may be advised is or are necessary or advisable for effecting or evidencing such release and discharge.

ARTICLE 8

DEFEASANCE

8.1 Defeasance

These presents and the rights hereby granted shall cease, determine and be void, if the Corporation shall have first satisfied the Holder that it has paid or made due provisions satisfactory to the Holder for the payment of all the principal moneys and interest due or to become due hereunder, at the time and in the

manner herein provided, and also all other moneys payable hereunder by the Corporation or shall surrender or cause to be surrendered this Debenture to the Corporation for cancellation and shall in any case pay all sums due or accruing due to the Holder of this Debenture hereunder.

ARTICLE 9 **AMENDMENT**

9.1 Amendment

The provisions of this Debenture may be amended at any time or times by written agreement between the Corporation and the Holder.

ARTICLE 10 **NOTICES**

10.1 Notice

Any notice required or permitted to be given hereunder shall be in writing and given by delivering, by post or courier, or by transmitting by facsimile:

- (a) to the Corporation at:

EarthRenew Corporation
201, 1925 – 18th Avenue N.E.
Calgary, AB T2E 7T8

Attention: Vice President, Legal
Fax: (403) 288-4748

- (b) to the Holder at:

Luxor Capital Partners Offshore Master Fund, LP
c/o Luxor Capital Group, LP
767 Fifth Avenue, 19th Floor
New York, NY 10153

Attention: Akiko Takahashi
Fax: (212) 763-8046

Any notice given as aforesaid shall be deemed to have been given at the time delivered or faxed (provided complete transmission is confirmed) if delivered or faxed to the recipient on a Business Day (in the city in which the addressee is located) and before 4:30 p.m. (local time in the city in which the addressee is located) on such Business Day, and otherwise shall be deemed to be given at 9:00 a.m. (local time in the city in which the addressee is located) on the next following Business Day (in the city in which the addressee is located) or, in the case of notice being given by post on the day that is five (5) Business Days after the date of mailing. Any party may change its address for notice by notice to the other parties hereto given in the manner herein provided.

ARTICLE 11
EXECUTION

11.1 Successors and Assigns

The provisions of this Debenture shall enure to the benefit of, and be binding upon, the parties and any of their heirs, executors, administrators, personal representatives, successors and assigns.

IN WITNESS WHEREOF this Debenture has been executed with effect from the date first written above.

EARTHRENEW CORPORATION

Per: _____


Christianne Carin
Chief Executive Officer

APPENDIX I

CONVERSION FORM

TO: EARTHRENEW CORPORATION

The undersigned registered holder of the within Debenture hereby irrevocably elects to convert the principal amount of the within Debenture specified below and the interest amount of the within Debenture into Common Shares of EarthRenew Corporation (the "Corporation") (or such number of other securities or property to which the Debentures entitle the undersigned in lieu thereof or in addition thereto) in accordance with and subject to the provisions of the annexed Debenture Certificate.

Principal Amount converted:

☐ All

- or -

☐ \$ _____

Interest Amount converted:

☐ All

- or -

☐ \$ _____

DATED this ____ day of _____, 20__.

Signature Guaranteed

Signature (Signature of Debentureholder to be the same as appears on the face of the Debenture Certificate)

(Name in Full – Please Print)

Notes:

- (1) Common Shares received on the conversion of the Debentures may be subject to a "hold period" under applicable securities laws if the Debentures are converted prior to the date that is four months and a day after the later of (a) August 12, 2010; and (b) the date the issuer became a reporting issuer in any province or territory.
- (2) Common Shares and any replacement debenture will be issued in the name of the registered holder and delivered to the address of the registered holder as it appears on the Debenture register unless otherwise directed.

Instructions: The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Debenture Certificate representing the Debentures being converted to the Corporation at the head office of the Corporation, at 201, 1925 18th Avenue NE, Calgary, AB T2E 7T8, Attention: CFO. Certificates for Common Shares will be made available for pick-up or, at the request of the holder, delivered or mailed within three (3) business days after the conversion of the Debentures. If the Conversion Form is signed by a corporation, executor, administrator, curator, guardian,

attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

The above signed hereby directs that the said Common Shares be issued and registered as follows:

Name(s) in Full:

Address(es) in Full:

(including postal code)

No. of Common Shares

Note: If further nominees are intended, please attach (and initial) schedule giving these particulars.

THIS IS EXHIBIT "6" referred to in the Affidavit of Michael Conboy Sworn before me this 15 Day of Sept. A.D. 2010

SEARCH SUMMARY

Enquiries and searches were made at the registration system maintained pursuant to the *Personal Property Security Act* (Ontario and Alberta, as appropriate) (the "PPSA") and at the registration system maintained pursuant to the Uniform Commercial Code (Delaware and California, as appropriate) against:

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
HOWARD A. GORMAN
BARRISTER & SOLICITOR

Name	Jurisdiction of Incorporation/Prior/Predecessor Names/ General Partner
Earthrenew Corporation	an Alberta Corporation - Earthrenew Organics Ltd.
Earthrenew Management General Partner Ltd.	- an Alberta Corporation General Partner to: Earthrenew Operational Employee LP Earthrenew Management LP Earthrenew Solutions LP
Earthrenew Strathmore General Partner Ltd.	an Alberta Corporation General Partner to: Earthrenew Strathmore 1 LP
Earthrenew Operational Employee LP	an Alberta Limited Partnership General Partner is Earthrenew Management General Partner Ltd.
Earthrenew Management LP	an Alberta Limited Partnership General Partner is Earthrenew Management General Partner Ltd.
Earthrenew Solutions LP	an Alberta Limited Partnership General Partner is Earthrenew Management General Partner Ltd.
Earthrenew Strathmore 1 LP	an Alberta Limited Partnership General Partner is Earthrenew Strathmore General Partner Ltd.
Earthrenew, Inc.	a California Corporation
Earthrenew IP Holdings LLC	a Delaware Limited Liability Company - Annona, LLC

Such enquiries and searches failed to disclose any undischarged registrations, filings or recordings with respect to the aforementioned names except as follows:

Name	PPSA
Earthrenew Corporation	AB: September 14, 2010 ON: September 13, 2010
Earthrenew Organics Ltd.	AB: September 7, 2010 ON: September 6, 2010
Earthrenew Management General Partner Ltd.	AB: September 8, 2010
Earthrenew Strathmore General Partner Ltd.	AB: September 8, 2010
Earthrenew Operational Employee LP	AB: September 8, 2010
Earthrenew Management LP	AB: September 8, 2010

Name	PPSA
Earthrenew Solutions LP	AB: September 8, 2010
Earthrenew Strathmore 1 LP	AB: September 8, 2010
Earthrenew, Inc.	AB: September 8, 2010 CA: August 26, 2010
Earthrenew IP Holdings LLC	AB: September 8, 2010 DE: August 25, 2010
<i>Annona, LLC</i>	AB: September 9, 2010 DE: August 25, 2010

PPSA REGISTRATIONS

Legend:

A -	Accounts	DOM -	Date of Maturity	I -	Inventory	O -	Other
CF -	Caution Filing	E -	Equipment	MV -	Motor Vehicle	RSLA -	<i>Repair & Storage Lien Act</i>
CG -	Consumer Goods	GCD -	General Collateral Description:	NFMD -	No Fixed Maturity Date	\$ -	Amount

EARTHRENEW CORPORATION						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	09090310080 Amended to the name change of EarthRenew Organics Ltd. by 10090908414	September 3, 2009	September 3, 2012	EarthRenew Corporation EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP	Luxor Capital Partners Offshore, Ltd.	All present and after-acquired personal property of the Debtor.

EARTHRENEW CORPORATION						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP		
2.	09090310267 Amended to the name change of EarthRenew Organics Ltd. by 10090909554	September 3, 2009	September 3, 2012	EarthRenew Corporation EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd.	Luxor Capital Partners, LP	All present and after-acquired personal property of the Debtor.

EARTHRENEW CORPORATION Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				EarthRenew Strathmore 1 LP		
3.	09090310406 Amended to the name change of EarthRenew Organics Ltd. by 10090909618	September 3, 2009	Infinity	EarthRenew Corporation EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP	Luxor Capital Partners Offshore, Ltd.	Land Charge
4.	09090310510 Amended to the name change of EarthRenew Organics Ltd. by 10090909658	September 3, 2009	Infinity	EarthRenew Corporation EarthRenew, Inc. EarthRenew	Luxor Capital Partners, LP	Land Charge

EARTHRENEW CORPORATION						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				IP Holdings LLC		
				EarthRenew Strathmore General Partner Ltd.		
				EarthRenew Solutions IP		
				EarthRenew Operational Employee LP		
				EarthRenew Management LP		
				EarthRenew Management General Partner Ltd.		
				EarthRenew Strathmore 1 LP		
5.	10012703893	January 27, 2010	January 27, 2014	EarthRenew Corporation	MCAP Leasing Inc. 5575 North Service Rd., Ste. 300 Burlington, ON L7L 6M1	Daewoo Model G30E forklift equipment as described on leases, from time to time leased by the secured party to the debtor and any proceeds thereof, together with all replacement parts, accessories and attachments. SN: GA-00463
6.	10081710966 Amended to add 8 additional debtor by 10090915159 Amended to add 2 additional secured parties by	August 17, 2010	<i>Infinity</i>	EarthRenew Corporation EarthRenew, Inc. EarthRenew	Luxor Capital Partners, LP Luxor Capital Partners Offshore Master Fund, LP	Land Charge

EARTHRENEW CORPORATION						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
	10091425488			IP Holdings LLC	Nile Capital I S.A.R.L.	
				EarthRenew Strathmore General Partner Ltd.	Nile Capital II S.A.R.L.	
				EarthRenew Solutions IP		
				EarthRenew Operational Employee LP		
				EarthRenew Management LP		
				EarthRenew Management General Partner Ltd.		
				EarthRenew Strathmore 1 LP		
7.	10081706441 Amended to add 8 additional debtor by 10090915307 Amended to add 2 additional secured parties by 10091425631	August 17, 2010	August 17, 2015	EarthRenew Corporation	Luxor Capital Partners, LP	All of the debtor's present and after-acquired personal property.
				EarthRenew, Inc.	Luxor Capital Partners Offshore Master Fund, LP	
				EarthRenew IP Holdings LLC	Nile Capital I S.A.R.L.	
				EarthRenew Strathmore General Partner Ltd.	Nile Capital II S.A.R.L.	
				EarthRenew Solutions IP		

EARTHRENEW CORPORATION						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				EarthRenew Operational Employee LP		
				EarthRenew Management LP		
				EarthRenew Management General Partner Ltd.		
				EarthRenew Strathmore 1 LP		

EARTHRENEW ORGANICS LTD.						
{prior name of EARTHRENEW CORPORATION}						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	06090826147	September 8, 2006	September 8, 2010	Earthrenew Organics Ltd.	MCAP Leasing Inc.	<i>Specific s/n equipment – see pages 2 and 3 of search</i>
2.	07012229378 Amended debtor address and added a new address by 09050529907	January 22, 2007	January 22, 2011	Earthrenew Organics Ltd.	Summit Credit Corporation 30 Vogell Road, Suite 1 Richmond Hill, ON L4B 3K6	Various computer equipment, telephone equipment, office furniture, computer software, as per Summit Credit Corporation lease agreement(s), together with all attachments, accessories, accessions, replacements, substitutions, modifications, additions and improvements thereto and all proceeds of, but not limited to, in any form derived directly or indirectly from any dealing with collateral and a right to an insurance payment or any other payment that indemnifies or compensates

EARTHRENEW ORGANICS LTD. {prior name of EARTHRENEW CORPORATION} Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
						for loss, damage or replacement to the collateral or the proceeds of the collateral.
3.	07091712054	September 17, 2007	September 17, 2011	Earthrenew Organics Ltd.	CIT Financial Ltd. 5035 South Service Road Burlington, ON L7R 4C8	Computer equipment all present and after acquired computers, computer accessories, computer accessions and computer software including but not limited to computer hardware, computer monitors, computer modems, computer keyboards, computer printers, computer software, computer software manuals and computer software licences. Proceeds: accounts, chattel paper, money, intangibles, goods, documents of title, inventory, instruments, securities (all as defined in the Personal Property Security Act) and insurance proceeds.
4.	09022512179	February 25, 2009	February 25, 2012	EarthRenew Organics Ltd.	Roynat Inc. Suite 300 666 Burrard St. Vancouver, BC V6C 2X8	MV details provided GCD: bucket(s) together with all attachments, accessories, accessions, replacements, substitutions, additions, and improvements thereto and all proceeds in any form derived directly or indirectly from any sale and or dealings with the collateral and a right to an insurance payment or other payment that indemnifies or compensates for loss or damage to the collateral or proceeds of the collateral.
5.	09022606015	February 26, 2009	February 26, 2013	Earthrenew Organics Ltd.	National Leasing Group Inc. 1558 Willson	<i>Purchase Money Security Interest</i>

EARTHRENEW ORGANICS LTD. {prior name of EARTHRENEW CORPORATION} Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
					Place Winnipeg, MB R3T 0Y4	All computer systems, software, licenses of every nature or kind described in lease number 2448503 between Easylease Corp., as original lessor and the debtor, as lessee, which lease was assigned by the original lessor to the secured party, as amended from time to time, together with all attachments, accessories and substitutions.
6.	09031605975 Amended debtor address by 09041526800	March 16, 2009	March 16, 2012	Earth Renew Organics Ltd.	Cisco Systems Capital Canada Co. 5500 Explorer Drive Mississauga, ON L4W 5C7	Cisco Equipment \$167,276.32
7.	09061020730	June 10, 2009	June 10, 2014	Earthrenew Organics Ltd.	National Leasing Group Inc. 1558 Willson Place Winnipeg, MB R3T 0Y4	<i>Purchase Money Security Interest</i> All photocopiers of every nature or kind described in lease number 2453147 between Bergeron Collins Capital Corp o/a BC Capital, as original lessor and the debtor, as lessee, which lease was assigned by the original lessor to the secured party, as amended from time to time, together with all attachments, accessories and substitutions
8.	09090310080 [same as #1 in EarthRenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd. EarthRenew, Inc.	Luxor Capital Partners Offshore, Ltd.	All present and after-acquired personal property of the Debtor.

EARTHRENEW ORGANICS LTD. [prior name of EARTHRENEW CORPORATION] Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP		
9.	09090310267 [same as #2 in EarthRenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd.	Luxor Capital Partners, LP	All present and after-acquired personal property of the Debtor.

EARTHRENEW ORGANICS LTD. (prior name of EARTHRENEW CORPORATION) Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP		
10.	09090310406 [same as #3 in EarthRenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management	Luxor Capital Partners Offshore, Ltd.	Land Charge

EARTHRENEW ORGANICS LTD. {prior name of EARTHRENEW CORPORATION} Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP		
11.	09090310510 [same as #4 in EarthRenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1	Luxor Capital Partners, LP	Land Charge

EARTHRENEW ORGANICS LTD. (prior name of EARTHRENEW CORPORATION) Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				LP		

EARTHRENEW CORPORATION Ontario						
	Registration Number	Reference File Number	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	20100817 1126 1793 8818 Amended to add 8 additional debtors by 20100909 1215 1793 9717 Amended to add 2 additional secured parties by 20100914 1511 1793 9916	663742737	August 17, 2015	Earthrenew Corporation EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP	Luxor Capital Partners, LP Luxor Capital Partners Offshore Master Fund, LP Nile Capital I S.A.R.L. Nile Capital II S.A.R.L.	I, E, A, O, MV

EARTHRENEW MANAGEMENT GENERAL PARTNER LTD. Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
2.	09090310080 [same as #1 in Earthrenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP	Luxor Capital Partners Offshore, Ltd.	All present and after-acquired personal property of the Debtor.
3.	09090310267 [same as #2 in Earthrenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings	Luxor Capital Partners, LP	All present and after-acquired personal property of the Debtor.

EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP		
4.	09090310406 [same as #3 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP	Luxor Capital Partners Offshore, Ltd.	Land Charge

EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP		
5.	09090310510 [same as #4 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management	Luxor Capital Partners, LP	Land Charge

EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				General Partner Ltd. EarthRenew Strathmore 1 LP		

EARTHRENEW STRATHMORE GENERAL PARTNER LTD.						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
6.	07120747448 Amended collateral to include s/n details by 07121211806 Amended secured party address by 08062144985	December 7, 2007	December 7, 2013	Earthrenew Strathmore 1 LP Earthrenew Strathmore General Partner Ltd.	Caterpillar Financial Services Limited Suite 705, 700 Dorval Drive Oakville, ON L6K 3V3	S/N details provided GCD: ALLU Bucket From the collateral all proceeds including accounts, money, chattel paper, intangibles, goods, documents of title, licences, instruments, securities, substitutions, trade-ins, insurance proceeds and any other form of proceeds.
7.	08052010526 Amended to include an additional debtor and to include collateral description by 08052913522 Amended secured party details by 08062147465	May 20, 2008	May 20, 2014	Earthrenew Strathmore 1 LP Earthrenew Strathmore General Partner Ltd.	Caterpillar Financial Services Limited Suite 705, 700 Dorval Drive Oakville, ON L6K 3V3	S/N details provided GCD: Caterpillar 930H Wheel Loader serial numbertogether with Caterpillar Allu Bucket serial number..... All attachments, accessories, accessions, replacements, substitutions, additions and improvements to the abovementioned collateral and all proceeds in any form derived directly or indirectly from any dealing with such collateral and a right to an insurance payment or any payment that indemnifies or compensates for loss or damage to such collateral or proceeds of such collateral. Proceeds: goods, securities,

EARTHRENEW STRATHMORE GENERAL PARTNER LTD. Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
						documents of title, chattel paper, instruments, money and intangibles. <i>Additional Information:</i> Earthrenew Strathmore LP, an Alberta Limited Partnership, by its general partner, Earthrenew Strathmore General Partner Ltd.
8.	09090310080 [same as #1 in Earthrenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1	Luxor Capital Partners Offshore, Ltd.	All present and after-acquired personal property of the Debtor.

EARTHRENEW STRATHMORE GENERAL PARTNER LTD.						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				LP		
9.	09090310267 [same as #2 in Earthrenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP	Luxor Capital Partners, LP	All present and after-acquired personal property of the Debtor.
10.	09090310406 [same as #3 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC	Luxor Capital Partners Offshore, Ltd.	Land Charge

EARTHRENEW STRATHMORE GENERAL PARTNER LTD.						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP		
11.	09090310510 [same as #4 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew	Luxor Capital Partners, LP	Land Charge

EARTHRENEW STRATHMORE GENERAL PARTNER LTD.						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				Operational Employee LP		
				EarthRenew Management LP		
				EarthRenew Management General Partner Ltd.		
				EarthRenew Strathmore 1 LP		

EARTHRENEW OPERATIONAL EMPLOYEE LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
12.	09090310080 [same as #1 in Earthrenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd.	Luxor Capital Partners Offshore, Ltd.	All present and after-acquired personal property of the Debtor.
				EarthRenew, Inc.		
				EarthRenew IP Holdings LLC		
				EarthRenew Strathmore General Partner Ltd.		
				EarthRenew Solutions IP		
				EarthRenew Operational Employee LP		

EARTHRENEW OPERATIONAL EMPLOYEE LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				EarthRenew Management LP		
				EarthRenew Management General Partner Ltd.		
				EarthRenew Strathmore 1 LP		
13.	09090310267 [same as #2 in Earthrenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd.	Luxor Capital Partners, LP	All present and after-acquired personal property of the Debtor.
				EarthRenew, Inc.		
				EarthRenew IP Holdings LLC		
				EarthRenew Strathmore General Partner Ltd.		
				EarthRenew Solutions IP		
				EarthRenew Operational Employee LP		
				EarthRenew Management LP		
				EarthRenew Management General Partner Ltd.		
				EarthRenew		

EARTHRENEW OPERATIONAL EMPLOYEE LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				Strathmore 1 LP		
14.	09090310406 [same as #3 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP	Luxor Capital Partners Offshore, Ltd.	Land Charge
15.	09090310510 [same as #4 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings	Luxor Capital Partners, LP	Land Charge

EARTHRENEW OPERATIONAL EMPLOYEE LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				LLC		
				EarthRenew Strathmore General Partner Ltd.		
				EarthRenew Solutions IP		
				EarthRenew Operational Employee LP		
				EarthRenew Management LP		
				EarthRenew Management General Partner Ltd.		
				EarthRenew Strathmore 1 LP		

EARTHRENEW MANAGEMENT LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
16.	08030518325	March 5, 2008	March 5, 2012	Earthrenew Management LP	Crowfoot Ford Sales Limited 9 Crowfoot Circle NW, Calgary, AB T3G 3J8	MV details provided
17.	08090430087	September 4, 2008	September 4, 2012	Earthrenew Management Limited Partnership	Crowfoot Ford Sales Limited 9 Crowfoot Circle NW, Calgary, AB T3G 3J8	MV details provided
18.	09090310080	September 3,	September	EarthRenew	Luxor Capital	All present and after-

EARTHRENEW MANAGEMENT LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
	[same as #1 in Earthrenew Corporation]	2009	3, 2012	Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP	Partners Offshore, Ltd.	acquired personal property of the Debtor.
19.	09090310267 [same as #2 in Earthrenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew	Luxor Capital Partners, LP	All present and after-acquired personal property of the Debtor.

EARTHRENEW MANAGEMENT LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP		
20.	09090310406 [same as #3 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP	Luxor Capital Partners Offshore, Ltd.	Land Charge

EARTHRENEW MANAGEMENT LP Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP		
21.	09090310510 [same as #4 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd.	Luxor Capital Partners, LP	Land Charge

EARTHRENEW MANAGEMENT LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				EarthRenew Strathmore 1 LP		

EARTHRENEW SOLUTIONS LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
22.	09090310080 [same as #1 in Earthrenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP	Luxor Capital Partners Offshore, Ltd.	All present and after-acquired personal property of the Debtor.

EARTHRENEW SOLUTIONS LP Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
23.	09090310267 [same as #2 in Earthrenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP	Luxor Capital Partners, LP	All present and after-acquired personal property of the Debtor.
24.	09090310406 [same as #3 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC	Luxor Capital Partners Offshore, Ltd.	Land Charge

EARTHRENEW SOLUTIONS LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				EarthRenew Strathmore General Partner Ltd.		
				EarthRenew Solutions IP		
				EarthRenew Operational Employee LP		
				EarthRenew Management LP		
				EarthRenew Management General Partner Ltd.		
				EarthRenew Strathmore 1 LP		
25.	09090310510 [same as #4 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd.	Luxor Capital Partners, LP	Land Charge
				EarthRenew, Inc.		
				EarthRenew IP Holdings LLC		
				EarthRenew Strathmore General Partner Ltd.		
				EarthRenew Solutions IP		
				EarthRenew Operational		

EARTHRENEW SOLUTIONS LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				Employee LP		
				EarthRenew Management LP		
				EarthRenew Management General Partner Ltd.		
				EarthRenew Strathmore 1 LP		

EARTHRENEW STRATHMORE 1 LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
26.	07120747448 Amended collateral to include s/n details by 07121211806 Amended secured party address by 08062144985 [same as #1 in Earthrenew Strathmore General Partner Ltd.]	December 7, 2007	December 7, 2013	Earthrenew Strathmore 1 LP Earthrenew Strathmore General Partner Ltd.	Caterpillar Financial Services Limited Suite 705, 700 Dorval Drive Oakville, ON L6K 3V3	S/N details provided GCD: ALLU Bucket From the collateral all proceeds including accounts, money, chattel paper, intangibles, goods, documents of title, licences, instruments, securities, substitutions, trade-ins, insurance proceeds and any other form of proceeds.
27.	08052010526 Amended to include an additional debtor and to include collateral description by 08052913522 Amended secured party details by 08062147465 [same as #2 in Earthrenew	May 20, 2008	May 20, 2014	Earthrenew Strathmore 1 LP Earthrenew Strathmore General Partner Ltd.	Caterpillar Financial Services Limited Suite 705, 700 Dorval Drive Oakville, ON L6K 3V3	S/N details provided GCD: Caterpillar 930H Wheel Loader serial numbertogether with Caterpillar Allu Bucket serial number..... All attachments, accessories, accessions, replacements, substitutions, additions and improvements to the abovementioned collateral and all proceeds

EARTHRENEW STRATHMORE 1 LP Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
	Strathmore General Partner Ltd.]					in any form derived directly or indirectly from any dealing with such collateral and a right to an insurance payment or any payment that indemnifies or compensates for loss or damage to such collateral or proceeds of such collateral. Proceeds: goods, securities, documents of title, chattel paper, instruments, money and intangibles. <i>Additional Information:</i> Earthrenew Strathmore LP, an Alberta Limited Partnership, by its general partner, Earthrenew Strathmore General Partner Ltd.
28.	09090310080 [same as #1 in Earthrenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management	Luxor Capital Partners Offshore, Ltd.	All present and after-acquired personal property of the Debtor.

EARTHRENEW STRATHMORE 1 LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP		
29.	09090310267 [same as #2 in Earthrenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP	Luxor Capital Partners, LP	All present and after-acquired personal property of the Debtor.

EARTHRENEW STRATHMORE 1 LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
30.	09090310406 [same as #3 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP	Luxor Capital Partners Offshore, Ltd.	Land Charge
31.	09090310510 [same as #4 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC	Luxor Capital Partners, LP	Land Charge

EARTHRENEW STRATHMORE 1 LP						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				EarthRenew Strathmore General Partner Ltd.		
				EarthRenew Solutions IP		
				EarthRenew Operational Employee LP		
				EarthRenew Management LP		
				EarthRenew Management General Partner Ltd.		
				EarthRenew Strathmore 1 LP		

EARTHRENEW, INC.						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
32.	09090310080 [same as #1 in Earthrenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd.	Luxor Capital Partners Offshore, Ltd.	All present and after-acquired personal property of the Debtor.
				EarthRenew, Inc.		
				EarthRenew IP Holdings LLC		
				EarthRenew Strathmore General		

EARTHRENEW, INC. Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/ Description
				Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP		
33.	09090310267 [same as #2 in Earthrenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew	Luxor Capital Partners, LP	All present and after- acquired personal property of the Debtor.

EARTHRENEW, INC. Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/ Description
				Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP		
34.	09090310406 [same as #3 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1	Luxor Capital Partners Offshore, Ltd.	Land Charge

EARTHRENEW, INC. Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				LP		
35.	09090310510 [same as #4 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP	Luxor Capital Partners, LP	Land Charge

EARTHRENEW IP HOLDINGS LLC Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
36.	09090310080 [same as #1 in	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd.	Luxor Capital Partners Offshore,	All present and after-acquired personal property

EARTHRENEW IP HOLDINGS LLC						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
	Earthrenew Corporation]			EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP	Ltd.	of the Debtor.
37.	09090310267 [same as #2 in Earthrenew Corporation]	September 3, 2009	September 3, 2012	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore	Luxor Capital Partners, LP	All present and after-acquired personal property of the Debtor.

EARTHRENEW IP HOLDINGS LLC						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP		
38.	09090310406 [same as #3 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP	Luxor Capital Partners Offshore, Ltd.	Land Charge

EARTHRENEW IP HOLDINGS LLC						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
				EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew Strathmore 1 LP		
39.	09090310510 [same as #4 in Earthrenew Corporation]	September 3, 2009	Infinity	EarthRenew Organics Ltd. EarthRenew, Inc. EarthRenew IP Holdings LLC EarthRenew Strathmore General Partner Ltd. EarthRenew Solutions IP EarthRenew Operational Employee LP EarthRenew Management LP EarthRenew Management General Partner Ltd. EarthRenew	Luxor Capital Partners, LP	Land Charge

EARTHRENEW IP HOLDINGS LLC						
Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/ Description
				Strathmore 1 LP		

7076751.4

Search ID#: Z02262599

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

29 10015 103 AVENUE
EDMONTON, AB T5J 0H1

Party Code: 50073881
Phone #: 780 429 5969
Reference #: 106415-SLG-135

Search ID #: Z02262599

Date of Search: 2010-Sep-09

Time of Search: 08:12:42

Business Debtor Search For:

ANNONA, LLC

THIS IS EXHIBIT "H"
referred to in the Affidavit of
Michael Coache
Sworn before me this 15
Day of Sept A.D. 2010.

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

No Result(s) Found

HOWARD A. GORMAN
BARRISTER & SOLICITOR

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

Result Complete



Search ID#: Z02208746

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

29 10015 103 AVENUE
EDMONTON, AB T5J 0H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 106415-SBILLARD-1116

Search ID #: Z02208746

Date of Search: 2010-Aug-18

Time of Search: 07:55:57

Business Debtor Search For:

EARTHRENEW CORPORATION

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z02208746

Business Debtor Search For:

EARTHRENEW CORPORATION

Search ID #: Z02208746

Date of Search: 2010-Aug-18

Time of Search: 07:55:57

Registration Number: 09090310080

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Inexact Match on: Debtor

No: 2

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6 Current

Search ID#: Z02208746

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02208746

Business Debtor Search For:

EARTHRENEW CORPORATION

Search ID #: Z02208746

Date of Search: 2010-Aug-18

Time of Search: 07:55:57

Registration Number: 09090310267

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Inexact Match on: Debtor

No: 2

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02208746

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Secured Party / Parties

Block

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Status

Current

Collateral: General

Block

Description

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Status

Current

Particulars

Block

Additional Information

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Status

Current

Search ID#: Z02208746

Business Debtor Search For:

EARTHRENEW CORPORATION

Search ID #: Z02208746

Date of Search: 2010-Aug-18

Time of Search: 07:55:57

Registration Number: 09090310406

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Inexact Match on: Debtor

No: 2

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02208746

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Secured Party / Parties

Block

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Status

Current

Particulars

Block

Additional Information

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Status

Current

Search ID#: Z02208746

Business Debtor Search For:

EARTHRENEW CORPORATION

Search ID #: Z02208746

Date of Search: 2010-Aug-18

Time of Search: 07:55:57

Registration Number: 09090310510

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Inexact Match on: Debtor

No: 2

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02208746

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS, LP
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02208746

Business Debtor Search For:

EARTHRENEW CORPORATION

Search ID #: Z02208746

Date of Search: 2010-Aug-18

Time of Search: 07:55:57

Registration Number: 10012703893

Registration Type: SECURITY AGREEMENT

Registration Date: 2010-Jan-27

Registration Status: Current

Expiry Date: 2014-Jan-27 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 EARTHRENEW CORPORATION
201-1925 18TH AVE NE
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 MCAP LEASING INC.
5575 NORTH SERVICE RD, STE 300
BURLINGTON, ON L7L 6M1

Current

Collateral: General

Block

Description

Status

1 DAEWOO MODEL G30E FORKLIFT EQUIPMENT AS DESCRIBED ON LEASES, FROM
TIME TO TIME LEASED BY THE SECURED PARTY TO THE DEBTOR AND ANY
PROCEEDS THEREOF, TOGETHER WITH ALL REPLACEMENT PARTS, ACCESSORIES
AND ATTACHMENTS. SN: GA-00463

Current

Search ID#: Z02208746

Business Debtor Search For:

EARTHRENEW CORPORATION

Search ID #: Z02208746

Date of Search: 2010-Aug-18

Time of Search: 07:55:57

Registration Number: 10081706441

Registration Type: SECURITY AGREEMENT

Registration Date: 2010-Aug-17

Registration Status: Current

Expiry Date: 2015-Aug-17 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 EARTHRENEW CORPORATION
201, 1925 - 18TH AVENUE N.E.
CALGARY, AB T2E7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
C/O 767 FIFTH AVENUE, 19TH FLOOR
NEW YORK, NY 10153

Current

Block

Status

2 LUXOR CAPITAL PARTNERS OFFSHORE MASTER FUND, LP
C/O 767 FIFTH AVENUE, 19TH FLOOR
NEW YORK, NY 10153

Current

Collateral: General

Block

Description

Status

1 ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.

Current

Search ID#: Z02208746

Business Debtor Search For:

EARTHRENEW CORPORATION

Search ID #: Z02208746

Date of Search: 2010-Aug-18

Time of Search: 07:55:57

Registration Number: 10081710966

Registration Type: LAND CHARGE

Registration Date: 2010-Aug-17

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 EARTHRENEW CORPORATION
201, 1925 - 18TH AVENUE N.E.
CALGARY, AB T2E7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
C/O 767 FIFTH AVENUE, 19TH FLOOR
NEW YORK, NY 10153

Current

Block

Status

2 LUXOR CAPITAL PARTNERS OFFSHORE MASTER FUND, LP
C/O 767 FIFTH AVENUE, 19TH FLOOR
NEW YORK, NY 10153

Current

Result Complete

Search ID#: Z02260358

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

29 10015 103 AVENUE
EDMONTON, AB T5J 0H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 106415-SLG-135

Search ID #: Z02260358

Date of Search: 2010-Sep-08

Time of Search: 11:38:47

Business Debtor Search For:

EARTHRENEW IP HOLDINGS LLC

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z02260358

Business Debtor Search For:

EARTHRENEW IP HOLDINGS LLC

Search ID #: Z02260358

Date of Search: 2010-Sep-08

Time of Search: 11:38:47

Registration Number: 09090310080

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 3

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260358

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260358

Business Debtor Search For:

EARTHRENEW IP HOLDINGS LLC

Search ID #: Z02260358

Date of Search: 2010-Sep-08

Time of Search: 11:38:47

Registration Number: 09090310267

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 3

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260358

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260358

Business Debtor Search For:

EARTHRENEW IP HOLDINGS LLC

Search ID #: Z02260358

Date of Search: 2010-Sep-08

Time of Search: 11:38:47

Registration Number: 09090310406

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 3

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260358

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY: Current
LUXOR CAPITAL PARTNERS OFFSHORE, LTD
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Search ID#: Z02260358

Business Debtor Search For:

EARTHRENEW IP HOLDINGS LLC

Search ID #: Z02260358

Date of Search: 2010-Sep-08

Time of Search: 11:38:47

Registration Number: 09090310510

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 3

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260358

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS, LP
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Result Complete

Search ID#: Z02260364

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

29 10015 103 AVENUE
EDMONTON, AB T5J 0H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 106415-SLG-135

Search ID #: Z02260364

Date of Search: 2010-Sep-08

Time of Search: 11:39:12

Business Debtor Search For:

EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z02260364

Business Debtor Search For:

EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.

Search ID #: Z02260364

Date of Search: 2010-Sep-08

Time of Search: 11:39:12

Registration Number: 09090310080

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 8

Inexact Match on: Debtor

No: 7

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260364

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260364

Business Debtor Search For:

EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.

Search ID #: Z02260364

Date of Search: 2010-Sep-08

Time of Search: 11:39:12

Registration Number: 09090310267

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 8

Inexact Match on: Debtor

No: 7

Debtor(s)

Block

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

6

Status

Current

Search ID#: Z02260364

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260364

Business Debtor Search For:

EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.

Search ID #: Z02260364

Date of Search: 2010-Sep-08

Time of Search: 11:39:12

Registration Number: 09090310406

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 8

Inexact Match on: Debtor

No: 7

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260364

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY: Current
LUXOR CAPITAL PARTNERS OFFSHORE, LTD
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Search ID#: Z02260364

Business Debtor Search For:

EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.

Search ID #: Z02260364

Date of Search: 2010-Sep-08

Time of Search: 11:39:12

Registration Number: 09090310510

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 8

Inexact Match on: Debtor

No: 7

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260364

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS, LP
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260364

Note:

The following is a list of matches closely approximating your Search Criteria,
which is included for your convenience and protection.

Debtor Name / Address

Reg. #

EARTHRENEW MANAGEMENT LIMITED
PARTNERSHIP
101, 5740 - 2 Street SW
Calgary, AB T2H 1Y6

08090430087

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

EARTHRENEW MANAGEMENT LP
101,5740-2 st sw
calgary, AB T2H 1Y6

08030518325

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

09090310080

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

09090310267

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

09090310406

LAND CHARGE

Debtor Name / Address

Reg. #

Search ID#: Z02260364

EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

09090310510

LAND CHARGE

Debtor Name / Address

EARTHRENEW MANGEMENT LP
101,5740-2 st sw
calgary, AB T2H 1Y6

Reg. #

08030518325

SECURITY AGREEMENT

Result Complete

Search ID#: Z02260370

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

29 10015 103 AVENUE
EDMONTON, AB T5J 0H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 106415-SLG-135

Search ID #: Z02260370

Date of Search: 2010-Sep-08

Time of Search: 11:39:37

Business Debtor Search For:

EARTHRENEW MANAGEMENT LP

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z02260370

Business Debtor Search For:

EARTHRENEW MANAGEMENT LP

Search ID #: Z02260370

Date of Search: 2010-Sep-08

Time of Search: 11:39:37

Registration Number: 08030518325

Registration Type: SECURITY AGREEMENT

Registration Date: 2008-Mar-05

Registration Status: Current

Expiry Date: 2012-Mar-05 23:59:59

Exact Match on: Debtor No: 2

Inexact Match on: Debtor No: 1

Debtor(s)

Block

Status

1 EARTHRENEW MANGEMENT LP
101,5740-2 st sw
calgary, AB T2H 1Y6

Current

Block

Status

2 EARTHRENEW MANAGEMENT LP
101,5740-2 st sw
calgary, AB T2H 1Y6

Current

Secured Party / Parties

Block

Status

1 CROWFOOT FORD SALES LIMITED
9 CROWFOOT CIRCLE NW
CALGARY, AB T3G 3J8

Current

Phone #: 403 239 1115

Fax #: 403 239 1291

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1FMEU51EX8UA08690	2008	ford sport truck 4x4 xl	MV - Motor Vehicle	Current

Search ID#: Z02260370

Business Debtor Search For:

EARTHRENEW MANAGEMENT LP

Search ID #: Z02260370

Date of Search: 2010-Sep-08

Time of Search: 11:39:37

Registration Number: 08090430087

Registration Type: SECURITY AGREEMENT

Registration Date: 2008-Sep-04

Registration Status: Current

Expiry Date: 2012-Sep-04 23:59:59

Inexact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1	EARTHRENEW MANAGEMENT LIMITED PARTNERSHIP 101, 5740 - 2 Street SW Calgary, AB T2H 1Y6	Current
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Secured Party / Parties

Block

Status

1	CROWFOOT FORD SALES LIMITED 9 CROWFOOT CIRCLE NW CALGARY, AB T3G 3J8 Phone #: 403 239 1115 Fax #: 403 239 1291	Current
---	--	---------

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1FTRW14W98FB34718	2008	Ford/F150	MV - Motor Vehicle	Current

Search ID#: Z02260370

Business Debtor Search For:

EARTHRENEW MANAGEMENT LP

Search ID #: Z02260370

Date of Search: 2010-Sep-08

Time of Search: 11:39:37

Registration Number: 09090310080

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor No: 7

Inexact Match on: Debtor No: 8

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260370

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260370

Business Debtor Search For:

EARTHRENEW MANAGEMENT LP

Search ID #: Z02260370

Date of Search: 2010-Sep-08

Time of Search: 11:39:37

Registration Number: 09090310267

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 7

Inexact Match on: Debtor

No: 8

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260370

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Secured Party / Parties

Block

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Status

Current

Collateral: General

Block

Description

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Status

Current

Particulars

Block

Additional Information

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Status

Current

Search ID#: Z02260370

Business Debtor Search For:

EARTHRENEW MANAGEMENT LP

Search ID #: Z02260370

Date of Search: 2010-Sep-08

Time of Search: 11:39:37

Registration Number: 09090310406

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 7

Inexact Match on: Debtor

No: 8

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260370

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY: Current
LUXOR CAPITAL PARTNERS OFFSHORE, LTD
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Search ID#: Z02260370

Business Debtor Search For:

EARTHRENEW MANAGEMENT LP

Search ID #: Z02260370

Date of Search: 2010-Sep-08

Time of Search: 11:39:37

Registration Number: 09090310510

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 7

Inexact Match on: Debtor

No: 8

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260370

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS, LP
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Result Complete

Search ID#: Z02260373

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

29 10015 103 AVENUE
EDMONTON, AB T5J 0H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 106415-SLG-135

Search ID #: Z02260373

Date of Search: 2010-Sep-08

Time of Search: 11:39:54

Business Debtor Search For:

EARTHRENEW OPERATIONAL EMPLOYEE LP

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID#: Z02260373

Business Debtor Search For:

EARTHRENEW OPERATIONAL EMPLOYEE LP

Search ID #: Z02260373

Date of Search: 2010-Sep-08

Time of Search: 11:39:54

Registration Number: 09090310080

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 6

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260373

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260373

Business Debtor Search For:

EARTHRENEW OPERATIONAL EMPLOYEE LP

Search ID #: Z02260373

Date of Search: 2010-Sep-08

Time of Search: 11:39:54

Registration Number: 09090310267

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 6

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260373

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7. EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260373

Business Debtor Search For:

EARTHRENEW OPERATIONAL EMPLOYEE LP

Search ID #: Z02260373

Date of Search: 2010-Sep-08

Time of Search: 11:39:54

Registration Number: 09090310406

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 6

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260373

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260373

Business Debtor Search For:

EARTHRENEW OPERATIONAL EMPLOYEE LP

Search ID #: Z02260373

Date of Search: 2010-Sep-08

Time of Search: 11:39:54

Registration Number: 09090310510

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 6

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260373

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS, LP
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Result Complete

Search ID#: Z02257036

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

29 10015 103 AVENUE
EDMONTON, AB T5J 0H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 106415-SLG-135

Search ID #: Z02257036

Date of Search: 2010-Sep-07

Time of Search: 12:07:29

Business Debtor Search For:

EARTHRENEW ORGANICS LTD.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID#: Z02257036

Business Debtor Search For:

EARTHRENEW ORGANICS LTD.

Search ID #: Z02257036

Date of Search: 2010-Sep-07

Time of Search: 12:07:29

Registration Number: 06090826147

Registration Type: SECURITY AGREEMENT

Registration Date: 2006-Sep-08

Registration Status: Current

Expiry Date: 2010-Sep-08 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
#101, 5740-2 STREET SW
CALGARY, AB T2H 1Y6

Current

Secured Party / Parties

Block

Status

1 MCAP LEASING INC.
5575 NORTH SERVICE RD, STE 300
BURLINGTON, ON L7L 6M1

Current

Collateral: General

Block

Description

Status

1	(8)AVAYS 18D PHONE SET	Current
2	(1)AVAYA-PARTNER ACS 308 EC MODULE	Current
3	(1)512MB PC3200 RAM UPGRADE	Current
4	(1)OPTOMA EP719 S/N OS2G551AAAAAC0481	Current
5	(1)ACER TRAVELMATE 4222WLM S/N TCJ060136180135S2500	Current
6	(1)MICROSOFT OFFICE 2003 SBE SP2 (OEM)	Current
7	(1)MICROSOFT WIRELESS NOTEBOOK LASER MOUSE	Current
8	(1)PL177RMAHOGANY, 17" RIGHT PORKCHOP-BOW-MAHOG	Current
9	(1)PL192MAHOGANY, 23X35 RETURN SHELL-MAHOGANY	Current
10	(1)PL166MAHOGANY, BOX/BOX/FILE PEDESTAL-MAHOGANY	Current

11	(1)4255BURGCG530, ALLDAY PLUS NO ARM-BURG C530	Current
12	(1)1400DBI.K. ADJUSTABLE ARM KIT-BLACK	Current
13	(1)PL175MAHOGANY, FILE/FILE PEDESTAL-MAHOGANY	Current
14	(1)PL;122MAHOGANY, 35" W 2DRW LATERAL FILE-MAHOGANY	Current
15	(2)LATERAL FF 36" WIDE BLACK	Current
16	(1)28"WIDE KEYBOARD TRAY-BLACK	Current
17	(1)LINKS DESK SHELL 24X30 C/W ONE TILL LEG	Current
18	(1)LINKS DESK SHELL C/W TWO 1/2 LEG	Current
19	(2)TRANSACTION COUNTER. 30" C/W GLAZED PANEL	Current
20	(1)BOX/BOX/FILE PEDESTAL	Current
21	(1)MOBILE FILE PEDESTAL	Current
22	(1)COMPACT ROLLING COMPUTER-OLIVE	Current
23	(1)SURE TRACK PROJECT MANAGER	Current

Search ID#: Z02257036

Business Debtor Search For:

EARTHRENEW ORGANICS LTD.

Search ID #: Z02257036

Date of Search: 2010-Sep-07

Time of Search: 12:07:29

Registration Number: 07012229378

Registration Type: SECURITY AGREEMENT

Registration Date: 2007-Jan-22

Registration Status: Current

Expiry Date: 2011-Jan-22 23:59:59

Exact Match on: Debtor

No: 2

Exact Match on: Debtor

No: 3

Amendments to Registration

09050529907

Amendment

2009-May-05

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
101- 5740 2ND STREET SW
CALGARY, AB T2H1Y6

Deleted by
09050529907

Block

Status

2 EARTH RENEW ORGANICS LTD.
101- 5740 2ND STREET SW
CALGARY, AB T2H1Y6

Current

Block

Status

3 EARTHRENEW ORGANICS LTD.
201-1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current by
09050529907

Secured Party / Parties

Block

Status

1 SUMMIT CREDIT CORPORATION
30 VOGELL ROAD, SUITE 1
RICHMOND HILL, ON L4B3K6

Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	VARIOUS COMPUTER EQUIPMENT, TELEPHONE EQUIPMENT, OFFICE	Current
2	FURNITURE, COMPUTER SOFTWARE, AS PER SUMMIT CREDIT CORPORATION	Current
3	LEASE AGREEMENT(S), TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES,	Current
4	ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, MODIFICATIONS,	Current
5	ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS OF, BUT NOT	Current
6	LIMITED TO, IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY	Current
7	DEALING WITH COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR	Current
8	ANY OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS,	Current
9	DAMAGE OR REPLACEMENT TO THE COLLATERAL OR THE PROCEEDS OF THE	Current
10	COLLATERAL.	Current

Search ID#: Z02257036

Business Debtor Search For:

EARTHRENEW ORGANICS LTD.

Search ID #: Z02257036

Date of Search: 2010-Sep-07

Time of Search: 12:07:29

Registration Number: 07091712054

Registration Type: SECURITY AGREEMENT

Registration Date: 2007-Sep-17

Registration Status: Current

Expiry Date: 2011-Sep-17 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1	EARTHRENEW ORGANICS LTD. 101-5740 2ND ST SW CALGARY, AB T2H 1Y6	Current
---	---	---------

Secured Party / Parties

Block

Status

1	CIT FINANCIAL LTD. 5035 SOUTH SERVICE ROAD BURLINGTON, ON L7R 4C8	Current
---	---	---------

Collateral: General

Block

Description

Status

1	COMPUTER EQUIPMENT ALL PRESENT AND AFTER ACQUIRED COMPUTERS,	Current
2	COMPUTER ACCESSORIES, COMPUTER ACCESSIONS AND COMPUTER SOFTWARE	Current
3	INCLUDING BUT NOT LIMITED TO COMPUTER HARDWARE, COMPUTER	Current
4	MONITORS, COMPUTER MODEMS, COMPUTER KEYBOARDS, COMPUTER	Current
5	PRINTERS, COMPUTER SOFTWARE, COMPUTER SOFTWARE MANUALS AND	Current
6	COMPUTER SOFTWARE LICENCES. PROCEEDS: ACCOUNTS, CHATTEL PAPER,	Current
7	MONEY, INTANGIBLES, GOODS, DOCUMENTS OF TITLE, INVENTORY,	Current
8	INSTRUMENTS, SECURITIES (ALL AS DEFINED IN THE PERSONAL	Current
9	PROPERTY SECURITY ACT) AND INSURANCE PROCEEDS.	Current

Search ID#: Z02257036

Business Debtor Search For:

EARTHRENEW ORGANICS LTD.

Search ID #: Z02257036

Date of Search: 2010-Sep-07

Time of Search: 12:07:29

Registration Number: 09022512179

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Feb-25

Registration Status: Current

Expiry Date: 2012-Feb-25 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

<u>Block</u>		<u>Status</u>
1	EARTHRENEW ORGANICS LTD. 101, 5740 - 2ND STREET SW CALGARY, AB T2H 1Y6	Current

Secured Party / Parties

<u>Block</u>		<u>Status</u>
1	ROYNAT INC. Suite 300, 666 Burrard St. Vancouver, BC V6C 2X8	Current

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	8S323015	2008	ALLU SM3 23 20	MV - Motor Vehicle	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	BUCKET(S) TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL	Current

Search ID#: Z02257036

Business Debtor Search For:

EARTHRENEW ORGANICS LTD.

Search ID #: Z02257036

Date of Search: 2010-Sep-07

Time of Search: 12:07:29

Registration Number: 09022606015

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Feb-26

Registration Status: Current

Expiry Date: 2013-Feb-26 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
5740 2 STREET SW
CALGARY, AB T2H 1Y6

Current

Secured Party / Parties

Block

Status

1 NATIONAL LEASING GROUP INC.
1558 WILLSON PLACE
WINNIPEG, MB R3T 0Y4

Current

Phone #: 204 954 9000

Fax #: 204 954 9099

Collateral: General

Block

Description

Status

1 ALL COMPUTER SYSTEMS, SOFTWARE, LICENSES OF EVERY NATURE OR KIND
DESCRIBED IN LEASE NUMBER 2448503 BETWEEN EASYLEASE CORP., AS
ORIGINAL LESSOR AND THE DEBTOR, AS LESSEE, WHICH LEASE WAS ASSIGNED
BY THE ORIGINAL LESSOR TO THE SECURED PARTY, AS AMENDED FROM TIME
TO TIME, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS.

Current

Particulars

Block

Additional Information

Status

1 PURCHASE MONEY SECURITY INTEREST

Current

Search ID#: Z02257036

Business Debtor Search For:

EARTHRENEW ORGANICS LTD.

Search ID #: Z02257036

Date of Search: 2010-Sep-07

Time of Search: 12:07:29

Registration Number: 09031605975

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Mar-16

Registration Status: Current

Expiry Date: 2012-Mar-16 23:59:59

Exact Match on: Debtor

No: 2

Amendments to Registration

09041526800

Amendment

2009-Apr-15

Debtor(s)

Block

Status

1 EARTH RENEW ORGANICS LTD
1925 18TH AVENUE NE
CALGARY, AB T2E 7T8

Deleted by
09041526800

Block

Status

2 EARTH RENEW ORGANICS LTD
1925 18TH AVENUE NE, SUITE 210
CALGARY, AB T2E 7T8

Current by
09041526800

Secured Party / Parties

Block

Status

1 CISCO SYSTEMS CAPITAL CANADA CO.
5500 EXPLORER DRIVE
MISSISSAUGA, ON L4W 5C7

Current

Collateral: General

Block

Description

Status

1 CISCO EQUIPMENT \$167276.32

Current

Particulars

Search ID#: Z02257036

<u>Block</u>	<u>Additional Information</u>
1	CISCO EQUIPMENT \$167276.32

Status
Current

Search ID#: Z02257036

Business Debtor Search For:

EARTHRENEW ORGANICS LTD.

Search ID #: Z02257036

Date of Search: 2010-Sep-07

Time of Search: 12:07:29

Registration Number: 09061020730

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Jun-10

Registration Status: Current

Expiry Date: 2014-Jun-10 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1	EARTHRENEW ORGANICS LTD 101-5740 2 ST SW SUITE 101 CALGARY, AB T2H1Y6	Current
---	---	---------

Secured Party / Parties

Block

Status

1	NATIONAL LEASING GROUP INC. 1558 WILLSON PLACE WINNIPEG, MB R3T 0Y4 Phone #: 204 954 9000 Fax #: 204 954 9099	Current
---	---	---------

Collateral: General

Block

Description

Status

1.	ALL PHOTOCOPIERS OF EVERY NATURE OR KIND DESCRIBED IN LEASE NUMBER 2453147 BETWEEN BERGERON COLLINS CAPITAL CORP O/A BC CAPITAL., AS ORIGINAL LESSOR AND THE DEBTOR, AS LESSEE, WHICH LEASE WAS ASSIGNED BY THE ORIGINAL LESSOR TO THE SECURED PARTY, AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS.	Current
----	---	---------

Particulars

Block

Other Changes

Status

1	PURCHASE MONEY SECURITY INTEREST	Current
---	----------------------------------	---------

Search ID#: Z02257036

Business Debtor Search For:

EARTHRENEW ORGANICS LTD.

Search ID #: Z02257036

Date of Search: 2010-Sep-07

Time of Search: 12:07:29

Registration Number: 09090310080

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02257036

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02257036

Business Debtor Search For:

EARTHRENEW ORGANICS LTD.

Search ID #: Z02257036

Date of Search: 2010-Sep-07

Time of Search: 12:07:29

Registration Number: 09090310267

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

6

Status

Current

Search ID#: Z02257036

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02257036

Business Debtor Search For:

EARTHRENEW ORGANICS LTD.

Search ID #: Z02257036

Date of Search: 2010-Sep-07

Time of Search: 12:07:29

Registration Number: 09090310406

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02257036

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02257036

Business Debtor Search For:

EARTHRENEW ORGANICS LTD.

Search ID #: Z02257036

Date of Search: 2010-Sep-07

Time of Search: 12:07:29

Registration Number: 09090310510

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02257036

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Secured Party / Parties

Block

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Status

Current

Particulars

Block

Additional Information

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY: Current
LUXOR CAPITAL PARTNERS, LP
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Result Complete

Search ID#: Z02260381

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

29 10015 103 AVENUE
EDMONTON, AB T5J 0H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 106415-SLG-135

Search ID #: Z02260381

Date of Search: 2010-Sep-08

Time of Search: 11:40:41

Business Debtor Search For:

EARTHRENEW STRATHMORE 1 LP

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z02260381

Business Debtor Search For:

EARTHRENEW STRATHMORE 1 LP

Search ID #: Z02260381

Date of Search: 2010-Sep-08

Time of Search: 11:40:41

Registration Number: 07120747448

Registration Type: SECURITY AGREEMENT

Registration Date: 2007-Dec-07

Registration Status: Current

Expiry Date: 2013-Dec-07 23:59:59

Exact Match on: Debtor

No: 1

Inexact Match on: Debtor

No: 2

Amendments to Registration

07121211806

Amendment

2007-Dec-12

08062144985

Amendment

2008-Jun-21

Debtor(s)

Block

Status

1 EARTHRENEW STRATHMORE 1 LP
SUITE 101, 5740 - 2ND STREET SW
CALGARY, AB T2H 1Y6

Current

Block

Status

2 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
SUITE 101, 5740 - 2ND STREET SW
CALGARY, AB T2H 1Y6

Current

Secured Party / Parties

Block

Status

1 CATERPILLAR FINANCIAL SERVICES LIMITED
6735 11 STREET N.E., SUITE 200
CALGARY, AB T2E 7H9

Deleted by
08062144985

Phone #: 403 275 7747

Fax #: 403 275 1157

Block

Status

2

Current by
08062144985

Search ID#: Z02260381

CATERPILLAR FINANCIAL SERVICES LIMITED
Suite 705 700 Dorval Drive
Oakville, ON L6K 3V3

Phone #: 403 275 7747

Fax #: 403 275 1157

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	06S212007	2007	ALLU SM2-12/40	MV - Motor Vehicle	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	ALLU BUCKET	Current

FROM THE COLLATERAL ALL PROCEEDS INCLUDING ACCOUNTS, MONEY,
CHattel PAPER, INTANGIBLES, GOODS, DOCUMENTS OF TITLE, LICENCES,
INSTRUMENTS, SECURITIES, SUBSTITUTIONS, TRADE-INS, INSURANCE PROCEEDS
AND ANY OTHER FORM OF PROCEEDS.

2	2007 ALLU BUCKET MODEL SM2-12/40, S/N 06S212007	Current By 07121211806
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Search ID#: Z02260381

Business Debtor Search For:

EARTHRENEW STRATHMORE 1 LP

Search ID #: Z02260381

Date of Search: 2010-Sep-08

Time of Search: 11:40:41

Registration Number: 08052010526

Registration Type: SECURITY AGREEMENT

Registration Date: 2008-May-20

Registration Status: Current

Expiry Date: 2014-May-20 23:59:59

Exact Match on: Debtor No: 2

Inexact Match on: Debtor No: 1

Inexact Match on: Debtor No: 3

Amendments to Registration

08052913522

Amendment

2008-May-29

08062147465

Amendment

2008-Jun-21

Debtor(s)

Block

Status

1 EARTHRENEW STRATHMORE LLP
SUITE 101, 5740 - 2ND STREET SW
CALGARY, AB T2H 1Y6

Current

Block

Status

2 EARTHRENEW STRATHMORE 1 LP
SUITE 101, 5740 - 2ND STREET S.W.
CALGARY, AB T2H 1Y6

Current by
08052913522

Block

Status

3 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
SUITE 101, 5740 - 2ND STREET S.W.
CALGARY, AB T2H 1Y0

Current by
08052913522

Secured Party / Parties

Block

Status

1

Search ID#: Z02260381

CATERPILLAR FINANCIAL SERVICES LIMITED
6735 11 STREET N.E., SUITE 200
CALGARY, AB T2E 7H9

Deleted by
08062147465

Phone #: 403 275 7747 Fax #: 403 275 1157

Block

Status

2 CATERPILLAR FINANCIAL SERVICES LIMITED
Suite 705 700 Dorval Drive
Oakville, ON L6K 3V3

Current by
08062147465

Phone #: 403 275 7747 Fax #: 403 275 1157

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	CAT0930HTDHC00705	2008	CATERPILLAR 930H	MV - Motor Vehicle	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	CATERPILLAR 930H WHEEL LOADER SERIAL NUMBER CAT0930HTDHC00705 TOGETHER WITH CATERPILLAR ALLU BUCKET SERIAL NUMNER 4S323017	Current
2	ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO THE ABOVEMENTIONED COLLATERAL AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO SUCH COLLATERAL OR PROCEEDS OF SUCH COLLATERAL. PROCEEDS: GOODS, SECURITIES, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.	Current By 08052913522

Particulars

<u>Block</u>	<u>Additional Information</u>	<u>Status</u>
1	EARTHRENEW STRATHMORE LLP, AN ALBERTA LIMITED PARTNERSHIP, BY ITS GENERAL PARTNER, EARTHRENEW STRATHMORE GENERAL PARTNER LTD.	Current

Search ID#: Z02260381

Business Debtor Search For:

EARTHRENEW STRATHMORE 1 LP

Search ID #: Z02260381

Date of Search: 2010-Sep-08

Time of Search: 11:40:41

Registration Number: 09090310080

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor No: 9
Inexact Match on: Debtor No: 4

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260381

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260381

Business Debtor Search For:

EARTHRENEW STRATHMORE 1 LP

Search ID #: Z02260381

Date of Search: 2010-Sep-08

Time of Search: 11:40:41

Registration Number: 09090310267

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor No: 9
Inexact Match on: Debtor No: 4

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260381

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260381

Business Debtor Search For:

EARTHRENEW STRATHMORE 1 LP

Search ID #: Z02260381

Date of Search: 2010-Sep-08

Time of Search: 11:40:41

Registration Number: 09090310406

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor No: 9

Inexact Match on: Debtor No: 4

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260381

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260381

Business Debtor Search For:

EARTHRENEW STRATHMORE 1 LP

Search ID #: Z02260381

Date of Search: 2010-Sep-08

Time of Search: 11:40:41

Registration Number: 09090310510

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 9

Inexact Match on: Debtor

No: 4

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260381

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS, LP
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260381

Note:

The following is a list of matches closely approximating your Search Criteria,
which is included for your convenience and protection.

Debtor Name / Address

Reg. #

EARTHRENEW STRATHMORE GENERAL
PARTNER LTD.
SUITE 101, 5740 - 2ND STREET SW
CALGARY, AB T2H 1Y6

07120747448

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

EARTHRENEW STRATHMORE GENERAL
PARTNER LTD.
SUITE 101, 5740 - 2ND STREET S.W.
CALGARY, AB T2H 1Y0

08052010526

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

EARTHRENEW STRATHMORE GENERAL
PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

09090310080

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

EARTHRENEW STRATHMORE GENERAL
PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

09090310267

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

EARTHRENEW STRATHMORE GENERAL
PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

09090310406

LAND CHARGE

Search ID#: Z02260381

Debtor Name / Address

Reg. #

EARTHRENEW STRATHMORE GENERAL
PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

09090310510

LAND CHARGE

Debtor Name / Address

Reg. #

EARTHRENEW STRATHMORE LLP
SUITE 101, 5740 - 2ND STREET SW
CALGARY, AB T2H 1Y6

08052010526

SECURITY AGREEMENT

Result Complete

Search ID#: Z02260385

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

29 10015 103 AVENUE
EDMONTON, AB T5J 0H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 106415-SLG-135

Search ID #: Z02260385

Date of Search: 2010-Sep-08

Time of Search: 11:41:45

Business Debtor Search For:

EARTHRENEW STRATHMORE GENERAL PARTNER LTD.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z02260385

Business Debtor Search For:

EARTHRENEW STRATHMORE GENERAL PARTNER LTD.

Search ID #: Z02260385

Date of Search: 2010-Sep-08

Time of Search: 11:41:45

Registration Number: 07120747448

Registration Type: SECURITY AGREEMENT

Registration Date: 2007-Dec-07

Registration Status: Current

Expiry Date: 2013-Dec-07 23:59:59

Exact Match on: Debtor

No: 2

Inexact Match on: Debtor

No: 1

Amendments to Registration

07121211806

Amendment

2007-Dec-12

08062144985

Amendment

2008-Jun-21

Debtor(s)

Block

Status

1 EARTHRENEW STRATHMORE 1 LP
SUITE 101, 5740 - 2ND STREET SW
CALGARY, AB T2H 1Y6

Current

Block

Status

2 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
SUITE 101, 5740 - 2ND STREET SW
CALGARY, AB T2H 1Y6

Current

Secured Party / Parties

Block

Status

1 CATERPILLAR FINANCIAL SERVICES LIMITED
6735 11 STREET N.E., SUITE 200
CALGARY, AB T2E 7H9

Deleted by
08062144985

Phone #: 403 275 7747

Fax #: 403 275 1157

Block

Status

2

Current by
08062144985

Search ID#: Z02260385

CATERPILLAR FINANCIAL SERVICES LIMITED
Suite 705 700 Dorval Drive
Oakville, ON L6K 3V3

Phone #: 403 275 7747

Fax #: 403 275 1157

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	06S212007	2007	ALLU SM2-12/40	MV - Motor Vehicle	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	ALLU BUCKET	Current

FROM THE COLLATERAL ALL PROCEEDS INCLUDING ACCOUNTS, MONEY,
CHattel PAPER, INTANGIBLES, GOODS, DOCUMENTS OF TITLE, LICENCES,
INSTRUMENTS, SECURITIES, SUBSTITUTIONS, TRADE-INS, INSURANCE PROCEEDS
AND ANY OTHER FORM OF PROCEEDS.

2	2007 ALLU BUCKET MODEL SM2-12/40, S/N 06S212007	Current By 07121211806
---	---	---------------------------

Search ID#: Z02260385

Business Debtor Search For:

EARTHRENEW STRATHMORE GENERAL PARTNER LTD.

Search ID #: Z02260385

Date of Search: 2010-Sep-08

Time of Search: 11:41:45

Registration Number: 08052010526

Registration Type: SECURITY AGREEMENT

Registration Date: 2008-May-20

Registration Status: Current

Expiry Date: 2014-May-20 23:59:59

Exact Match on: Debtor No: 3
Inexact Match on: Debtor No: 1
Inexact Match on: Debtor No: 2

Amendments to Registration

08052913522	Amendment	2008-May-29
08062147465	Amendment	2008-Jun-21

Debtor(s)

Block

Status

1 EARTHRENEW STRATHMORE LLP
SUITE 101, 5740 - 2ND STREET SW
CALGARY, AB T2H 1Y6

Current

Block

Status

2 EARTHRENEW STRATHMORE 1 LP
SUITE 101, 5740 - 2ND STREET S.W.
CALGARY, AB T2H 1Y6

Current by
08052913522

Block

Status

3 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
SUITE 101, 5740 - 2ND STREET S.W.
CALGARY, AB T2H 1Y0

Current by
08052913522

Secured Party / Parties

Block

Status

1

Search ID#: Z02260385

CATERPILLAR FINANCIAL SERVICES LIMITED
6735 11 STREET N.E., SUITE 200
CALGARY, AB T2E 7H9

Deleted by
08062147465

Phone #: 403 275 7747 Fax #: 403 275 1157

Block

Status

2 CATERPILLAR FINANCIAL SERVICES LIMITED
Suite 705 700 Dorval Drive
Oakville, ON L6K 3V3

Current by
08062147465

Phone #: 403 275 7747 Fax #: 403 275 1157

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	CAT0930HTDHC00705	2008	CATERPILLAR 930H	MV - Motor Vehicle	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	CATERPILLAR 930H WHEEL LOADER SERIAL NUMBER CAT0930HTDHC00705 TOGETHER WITH CATERPILLAR ALLU BUCKET SERIAL NUMNER 4S323017	Current
2	ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO THE ABOVEMENTIONED COLLATERAL AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO SUCH COLLATERAL OR PROCEEDS OF SUCH COLLATERAL. PROCEEDS: GOODS, SECURITIES, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.	Current By 08052913522

Particulars

<u>Block</u>	<u>Additional Information</u>	<u>Status</u>
1	EARTHRENEW STRATHMORE LLP, AN ALBERTA LIMITED PARTNERSHIP, BY ITS GENERAL PARTNER, EARTHRENEW STRATHMORE GENERAL PARTNER LTD.	Current

Search ID#: Z02260385

Business Debtor Search For:

EARTHRENEW STRATHMORE GENERAL PARTNER LTD.

Search ID #: Z02260385

Date of Search: 2010-Sep-08

Time of Search: 11:41:45

Registration Number: 09090310080

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 4

Inexact Match on: Debtor

No: 9

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260385

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260385

Business Debtor Search For:

EARTHRENEW STRATHMORE GENERAL PARTNER LTD.

Search ID #: Z02260385

Date of Search: 2010-Sep-08

Time of Search: 11:41:45

Registration Number: 09090310267

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 4

Inexact Match on: Debtor

No: 9

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260385

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260385

Business Debtor Search For:

EARTHRENEW STRATHMORE GENERAL PARTNER LTD.

Search ID #: Z02260385

Date of Search: 2010-Sep-08

Time of Search: 11:41:45

Registration Number: 09090310406

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 4

Inexact Match on: Debtor

No: 9

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260385

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260385

Business Debtor Search For:

EARTHRENEW STRATHMORE GENERAL PARTNER LTD.

Search ID #: Z02260385

Date of Search: 2010-Sep-08

Time of Search: 11:41:45

Registration Number: 09090310510

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 4

Inexact Match on: Debtor

No: 9

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260385

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS, LP
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Result Complete

Search ID#: Z02260379

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

29 10015 103 AVENUE
EDMONTON, AB T5J 0H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 106415-SLG-135

Search ID #: Z02260379

Date of Search: 2010-Sep-08

Time of Search: 11:40:34

Business Debtor Search For:

EARTHRENEW SOLUTIONS LP

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID#: Z02260379

Business Debtor Search For:

EARTHRENEW SOLUTIONS LP

Search ID #: Z02260379

Date of Search: 2010-Sep-08

Time of Search: 11:40:34

Registration Number: 09090310080

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 5

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260379

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260379

Business Debtor Search For:

EARTHRENEW SOLUTIONS LP

Search ID #: Z02260379

Date of Search: 2010-Sep-08

Time of Search: 11:40:34

Registration Number: 09090310267

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 5

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260379

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260379

Business Debtor Search For:

EARTHRENEW SOLUTIONS LP

Search ID #: Z02260379

Date of Search: 2010-Sep-08

Time of Search: 11:40:34

Registration Number: 09090310406

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 5

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260379

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260379

Business Debtor Search For:

EARTHRENEW SOLUTIONS LP

Search ID #: Z02260379

Date of Search: 2010-Sep-08

Time of Search: 11:40:34

Registration Number: 09090310510

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 5

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260379

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Secured Party / Parties

Block

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Status

Current

Particulars

Block

Additional Information

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY: Current
LUXOR CAPITAL PARTNERS, LP
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Result Complete

Search ID#: Z02260353

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

29 10015 103 AVENUE
EDMONTON, AB T5J 0H1

Party Code: 50073881
Phone #: 780 429 5969
Reference #: 106415-SLG-135

Search ID #: Z02260353

Date of Search: 2010-Sep-08

Time of Search: 11:38:20

Business Debtor Search For:

EARTHRENEW, INC.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z02260353

Business Debtor Search For:

EARTHRENEW, INC.

Search ID #: Z02260353

Date of Search: 2010-Sep-08

Time of Search: 11:38:20

Registration Number: 09090310080

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 2

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260353

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260353

Business Debtor Search For:

EARTHRENEW, INC.

Search ID #: Z02260353

Date of Search: 2010-Sep-08

Time of Search: 11:38:20

Registration Number: 09090310267

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Sep-03

Registration Status: Current

Expiry Date: 2012-Sep-03 23:59:59

Exact Match on: Debtor

No: 2

Debtor(s)

Block

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

6

Status

Current

Search ID#: Z02260353

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY:
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Search ID#: Z02260353

Business Debtor Search For:

EARTHRENEW, INC.

Search ID #: Z02260353

Date of Search: 2010-Sep-08

Time of Search: 11:38:20

Registration Number: 09090310406

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 2

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260353

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Block

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Status

Current

Secured Party / Parties

Block

1 LUXOR CAPITAL PARTNERS OFFSHORE, LTD.
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Status

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY: Current
LUXOR CAPITAL PARTNERS OFFSHORE, LTD
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Search ID#: Z02260353

Business Debtor Search For:

EARTHRENEW, INC.

Search ID #: Z02260353

Date of Search: 2010-Sep-08

Time of Search: 11:38:20

Registration Number: 09090310510

Registration Type: LAND CHARGE

Registration Date: 2009-Sep-03

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 2

Debtor(s)

Block

Status

1 EARTHRENEW ORGANICS LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

2 EARTHRENEW, INC.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

3 EARTHRENEW IP HOLDINGS LLC
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

4 EARTHRENEW STRATHMORE GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

5 EARTHRENEW SOLUTIONS LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

6

Current

Search ID#: Z02260353

EARTHRENEW OPERATIONAL EMPLOYEE LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Block

Status

7 EARTHRENEW MANAGEMENT LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

8 EARTHRENEW MANAGEMENT GENERAL PARTNER LTD.
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Block

Status

9 EARTHRENEW STRATHMORE 1 LP
201, 1925 18TH AVENUE N.E.
CALGARY, AB T2E 7T8

Current

Secured Party / Parties

Block

Status

1 LUXOR CAPITAL PARTNERS, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Current

Particulars

Block

Additional Information

Status

1 INFORMATION PERTAINING TO THE COMPLETE ADDRESS OF THE SECURED PARTY: Current
LUXOR CAPITAL PARTNERS, LP
C/O LUXOR CAPITAL GROUP, LP
ONE NEW YORK PLAZA, 44TH FLOOR
NEW YORK, NY 10004

Search ID#: Z02260353

Note:

The following is a list of matches closely approximating your Search Criteria,
which is included for your convenience and protection.

Debtor Name / Address

Reg. #

EARTHRENEW CORPORATION
201-1925 18TH AVE NE
CALGARY, AB T2E 7T8

10012703893

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

EARTHRENEW CORPORATION
201, 1925 - 18TH AVENUE N.E.
CALGARY, AB T2E7T8

10081706441

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

EARTHRENEW CORPORATION
201, 1925 - 18TH AVENUE N.E.
CALGARY, AB T2E7T8

10081710966

LAND CHARGE

Result Complete

106415

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : P33R060
PAGE : 1
(1633)

RUN NUMBER : 232
RUN DATE : 2010/08/20
ID : 20100820094641.95

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

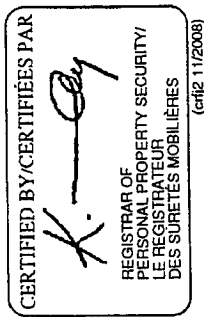
SEARCH CONDUCTED ON : EARTHRENEW CORPORATION

FILE CURRENCY : 19AUG 2010

ENQUIRY NUMBER 20100820094641.95 CONTAINS 4 PAGE(S), 1 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

AIRD & BERLIS LLP
ATTN SHANNON MORRIS



CONTINUED...



TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EARTHRENEW CORPORATION
FILE CURRENCY : 19AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

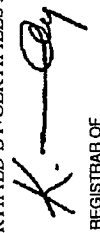
00	FILE NUMBER 663742737										
01	CAUTION FILING 001	PAGE NO. 001	TOTAL PAGES 2	MOTOR VEHICLE SCHEDULE 20100817 1126 1793 8818	REGISTRATION NUMBER P	REGISTERED UNDER P	REGISTRATION PERIOD 5				
02	DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME						
03	BUSINESS NAME	EARTHRENEW CORPORATION		CALGARY		ONTARIO CORPORATION NO. AB T2E7T8					
04	ADDRESS	201, 1925 - 18TH AVENUE N.E.									
05	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME							
06	BUSINESS NAME	LUXOR CAPITAL PARTNERS, LP		NEW YORK		ONTARIO CORPORATION NO.					
07	ADDRESS	C/O 767 FIFTH AVENUE, 19TH FLOOR		NY 10153							

08	SECURED PARTY / LIEN CLAIMANT												
09	ADDRESS												
10	COLLATERAL CLASSIFICATION	CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED	MOTOR VEHICLE	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
			X	X	X	X	X	X	X				

11	MOTOR	YEAR	MAKE	MODEL	V.I.N.								
12	VEHICLE												
13	GENERAL												
14	COLLATERAL												
15	DESCRIPTION												
16	REGISTERING AGENT	ADDRESS	AIRD & BERLIS LLP (SEILLARD-106415)										
17		ADDRESS	181 BAY STREET, SUITE 1800		TORONTO	ON	M5J2T9						

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SURETÉS MOBILIÈRES
(cjtfr 11/2008)



REPORT : PSSR060
PAGE : 3
(1635)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 212
RUN DATE : 2010/08/20
ID : 20100820094641.95

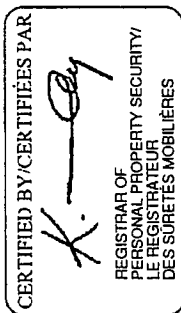
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EARTHRENEW CORPORATION
FILE CURRENCY : 19AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00	FILE NUMBER	563742737		
01	CAUTION FILING	PAGE NO. OF PAGES	TOTAL SCHEDULE	REGISTERED UNDER PERIOD
		002	2	20100817 1126 1793 8818
02	DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL SURNAME
03	BUSINESS NAME			
04	ADDRESS		ONTARIO CORPORATION NO.	
05	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL SURNAME	
06	BUSINESS NAME	ONTARIO CORPORATION NO.		
07	ADDRESS			
08	SECURED PARTY / LIEN CLAIMANT	LUXOR CAPITAL PARTNERS OFFSHORE MASTER FUND, LP		
09	ADDRESS	C/O 767 FIFTH AVENUE, 19TH FLOOR	NEW YORK	NY 10153
10	COLLATERAL CLASSIFICATION		MOTOR VEHICLE	AMOUNT
	CONSUMER	GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	DATE OF MATURITY OR	NO FIXED MATURITY DATE
11	YEAR MAKE	MODEL	V.I.N.	
12	MOTOR VEHICLE			
13	GENERAL			
14	COLLATERAL			
15	DESCRIPTION			
16	REGISTERING AGENT	ADDRESS		
17				

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 4



RUN N°: 232
RUN DATE : 2010/08/20
ID : 20100820094641.95

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

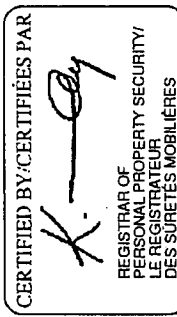
REPORT : PSER060
PAGE : 4
(1636)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : EARTHRENEW CORPORATION
FILE CURRENCY : 19AUG 2010

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
663742737	20100817 1126 1793 8818		

1 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



(en/2 11/2008)



PPSACanada

Phone: (416) 225-5511

Ontario Search Results
ID 786199

Your Ref No. 106415-SLG-135

Searched : 07SEP2010 02:07 PM
Printed : 07SEP2010 02:02 PM

PSSME01 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 09/07/2010
CCCL300 ENQUIRY REQUEST 14:06:48

FILE CURRENCY 06SEP 2010

SEARCH TYPE (BD,IN,IS,MV) :
SEARCH CRITERIA :

SUB-SEARCH

RETRIEVE REGISTRATIONS RECORDED SINCE (DDMMYYYY) :
RESPONSE TYPE (V,P) : V RESPONSE LANGUAGE (E,F) : E PICK-UP CODE :
RESPONSE MAILING ADDRESS

NAME :

:

ADDRESS :

CITY :

PROV :

POSTAL CODE :

ENQUIRY FOR "EARTHRENEW ORGANICS LTD." ENDED

NO MATCH

**"NO MATCH" MEANS THAT NO LIENS WERE FOUND IN THE ONTARIO
PERSONAL PROPERTY REGISTRY BASED ON THE SEARCH CRITERIA YOU SPECIFIED**

END OF REPORT



CT

a Wolters Kluwer business

CT
4400 Easton Commons Way
Suite 125
Columbus, OH 43219

800 713 0755 tel
800 914 4240 fax
www.ctlegalsolutions.com

September 9, 2010

Shannon Morris
Aird & Berlis, LLP
181 Bay Street, BCE Place.
Suite 1800
Toronto ON M5J 2T9
Canada

Re: Order #: 7934635 SO
Customer Reference 1: F# 106415-slg-135
Customer Reference 2: None Given

Dear Shannon Morris:

Pursuant to your request, please see the attached final status report for detailed information regarding the above referenced order.

Your request is now complete. If you have any questions, please do not hesitate to call.

We appreciate this opportunity to be of service.

Sincerely,

Stephen Grove
Customer Specialist
Stephen.Grove@wolterskluwer.com

Enclosure (s)



CT

a Wolters Kluwer business

www.gilead.com

Shannon Morris

Aird & Berlis LLP

181 Bay Street, BCE Place

Suite 1800

Toronto ON M5J 2T9

Canada

Invoice

FOR INQUIRIES CONTACT:

Stephen Grove
Columbus UCC Team 6
4400 Easton Commons Way
Suite 125
Columbus OH 43219

Fax: (800)516-6304
Attention: Stephen Grove
(Federal Tax ID# 51-0006522)

INVOICE NUMBER

6221886-RI

INVOICE DATE

09/09/10

ORDER NUMBER

7934635 SO

ORDER DATE

09/08/10

CUSTOMER NUMBER

1424219

CUSTOMER REFERENCE - 1

F# 106415-slg-135

CUSTOMER REFERENCE - 2

None Given

REQUESTED BY

Shannon Morris

AMOUNT DUE

\$ 253.00

Page 1 of 2

SERVICE CHARGES	DISBURSEMENTS	AMOUNT DUE
Annona, LLC		
<i>Services -</i>		
State Lien Search - Delaware	51.00	
<i>Disbursements -</i>		
State Lien Search - Delaware		25.00
Delaware Statutory Processing Fee - Delaware		25.00
SUBTOTAL	51.00	50.00
		\$101.00
EarthRenew IP Holdings LLC		
<i>Services -</i>		
State Lien Search - Delaware	51.00	
<i>Disbursements -</i>		
State Lien Search - Delaware		25.00
Delaware Statutory Processing Fee - Delaware		25.00
SUBTOTAL	51.00	50.00
		\$101.00
EarthRenew, Inc.		
<i>Services -</i>		
State Lien Search - California	51.00	

Stephen Grove
Columbus UCC Team 6
4400 Easton Commons Way
Suite 125
Columbus OH 43219

Please detach and return this stub with your payment using the enclosed envelope.
For proper credit, indicate your complete invoice number, including the two
characters following the invoice number on the check.
Contact your Team with any changes or questions.

☐ Check here for payment by Bank Card or ACH, and complete form on reverse of this stub.

Shannon Morris
Aird & Berlis LLP
181 Bay Street, BCE Place
Suite 1800
Toronto ON M5J 2T9
Canada

REMIT PAYMENTS ONLY TO:

CT Corporation
PO Box 4349
Carol Stream IL 60197-4349

INVOICE NUMBER

6221886-RI

INVOICE DATE

09/09/10

CUSTOMER NUMBER

1424219

AMOUNT DUE

\$ 253.00

Payment due upon receipt.

402 1 00001424219 06221886 8273 000025300 07934635 8379 2

**CT**

a Wolters Kluwer business

www.ctlegal.com

Shannon Morris

Aird & Berlis LLP

181 Bay Street, BCE Place

Suite 1800

Toronto ON M5J 2T9

Canada

Invoice

INVOICE NUMBER

6221886-RI

INVOICE DATE

09/09/10

ORDER NUMBER

7834635 SD

ORDER DATE

09/08/10

AMOUNT DUE

\$ 253.00

Page 2 of 2

SUBTOTAL**SERVICE CHARGES****51.00****DISBURSEMENTS****AMOUNT DUE****\$51.00****SUMMARY**

Service Charges

\$153.00

Disbursements

100.00

TOTAL AMOUNT DUE**\$ 253.00**

Columbus UCC Team 6
C T Corporation System
4400 Easton Commons Way
Suite 125
Columbus OH 43219

Phone: (800) 713-0755
Fax: (800) 516-6304
Email: Stephen.Grove@wolterskluwer.com

STATUS REPORT

Shannon Morris Aird & Berlis, LLP 181 Bay Street, BCE Place Suite 1800 Toronto ON M5J 2T9 Canada	Order #: Customer Reference 1: Customer Reference 2:	7934635 SO F# 106415-slg-135 None Given	CT Contact: Stephen Grove Team: Columbus UCC Team 6 Date: September 9, 2010			
Entity/Debtor Name	Order Type	Jurisdiction	Comments	File/Document Issue Date	File Number	Date Sent To Customer
Annona, LLC	State Lien Search	Delaware	STATUS: Invoiced			09/09/10
EarthRenew IP Holdings LLC	State Lien Search	Delaware	STATUS: Invoiced			09/09/10
EarthRenew, Inc.	State Lien Search	California	STATUS: Invoiced			09/09/10

CT CORPORATION SYSTEM**Search Report**

Date: 09/09/10

Customer: Shannon Morris
Aird & Berlis, LLP
181 Bay Street, BCE Place
Suite 1800
Toronto, ON M5J 2T9

Subject: EarthRenew, Inc.

CT Order#: 7934635 SO

Customer Reference #1: F# 106415-slg-135

Customer Reference #2: None Given

Jurisdiction: California

Search Type: UCC Liens - Secretary of State

Searched: 5 Years

Searched Through: 08/26/10

Synopsis: No Records Found

Information listed in this report was obtained by using flexible search logic; the results may include variations, or related filings on record to the above referenced target name.

Search Type: State Tax Liens - Secretary of State

Searched: 10 Years

Searched Through: 08/26/10

Synopsis: No Records Found

Search Type: Judgment Liens - Secretary of State

Searched: 10 Years

Searched Through: 08/26/10

Synopsis: No Records Found

Search Type: Federal Tax Liens - Secretary of State

Searched: 10 Years

Searched Through: 08/26/10

Synopsis: No Records Found

CT CORPORATION SYSTEM
Columbus UCC Service Center
4400 Easton Commons Way
Suite 125
Columbus, OH 43219
Phone: (800) 621-3216
Fax: (800) 914-4240

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Signed _____

CT CORPORATION SYSTEM**Search Report**

Date: 09/09/10

Customer: Shannon Morris
Aird & Berlis, LLP
181 Bay Street, BCE Place
Suite 1800
Toronto, ON M5J 2T9

Subject: EarthRenew IP Holdings LLC

CT Order#: 7934635 SO

Customer Reference #1: F# 106415-slg-135

Customer Reference #2: None Given

Jurisdiction: Delaware

Search Type: UCC Liens - Secretary of State

Searched: 5 Years

Searched Through: 08/25/10

Synopsis: No Records Found

Results of this search have been certified by the filing officer

Search Type: Federal Tax Liens - Secretary of State

Searched: 10 Years

Searched Through: 08/25/10

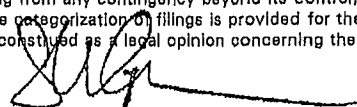
Synopsis: No Records Found

Results of this search have been certified by the filing officer

CT CORPORATION SYSTEM
Columbus UCC Service Center
4400 Easton Commons Way
Suite 125
Columbus, OH 43219
Phone: (800) 621-3216
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Signed



Delaware

PAGE 1

The First State

CERTIFICATE

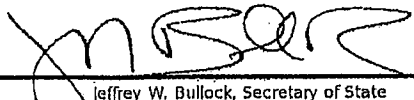
SEARCHED SEPTEMBER 8, 2010, AT 5:32 P.M.
FOR DEBTOR "EARTHRENEW IP HOLDINGS LLC"

THE UNDERSIGNED FILING OFFICER HEREBY CERTIFIES THAT THERE
ARE NO PRESENTLY EFFECTIVE FINANCING STATEMENTS, FEDERAL TAX
LIENS OR UTILITY SECURITY INSTRUMENTS FILED IN THIS OFFICE WHICH
NAME THE ABOVE DEBTOR, AS OF AUGUST 25, 2010 AT 11:59 P.M.



20103134586UCXN

100892929


Jeffrey W. Bullock, Secretary of State

AUTHENTICATION: 8215779

DATE: 09-08-10

CT CORPORATION SYSTEM

Search Report

Date: 09/09/10

Customer: Shannon Morris
Aird & Berlis, LLP
181 Bay Street, BCE Place
Suite 1800
Toronto, ON M5J 2T9

Subject: Annona, LLC

CT Order#: 7934635 SO

Customer Reference #1: F# 106415-slg-135

Customer Reference #2: None Given

Jurisdiction: Delaware

Search Type: UCC Liens - Secretary of State

Searched: 5 Years

Searched Through: 08/25/10

Synopsis: No Records Found

Results of this search have been certified by the filing officer

Search Type: Federal Tax Liens - Secretary of State

Searched: 10 Years

Searched Through: 08/25/10

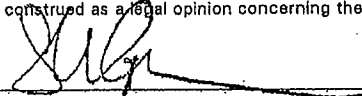
Synopsis: No Records Found

Results of this search have been certified by the filing officer

CT CORPORATION SYSTEM
Columbus UCC Service Center
4400 Easton Commons Way
Suite 125
Columbus, OH 43219
Phone: (800) 621-3216
Fax: (800) 914-4240

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Signed



Delaware

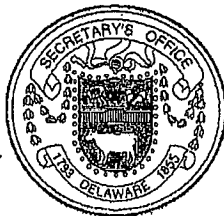
PAGE 1

The First State

CERTIFICATE

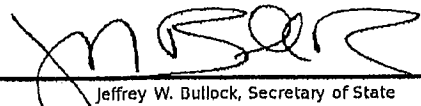
SEARCHED SEPTEMBER 8, 2010, AT 5:33 P.M.
FOR DEBTOR "ANNONA, LLC"

THE UNDERSIGNED FILING OFFICER HEREBY CERTIFIES THAT THERE
ARE NO PRESENTLY EFFECTIVE FINANCING STATEMENTS, FEDERAL TAX
LIENS OR UTILITY SECURITY INSTRUMENTS FILED IN THIS OFFICE WHICH
NAME THE ABOVE DEBTOR, AS OF AUGUST 25, 2010 AT 11:59 P.M.



20103134602UCXN

100892937


Jeffrey W. Bullock, Secretary of State

AUTHENTICATION: 8215787

DATE: 09-08-10

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

29 10015 103 AVENUE
EDMONTON, AB T5J 0H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 106415-SBILLARD-1116

Amendment of Security Agreement

Control #: M01272686

Registration Date: 2010-Sep-14

Registration #: 10091425631

Financing Change Statement

Use this section to Renew or Discharge this Registration. Note before returning, make a photocopy for your file.

Place an (X) in the appropriate box

Renew for: ☐ (1-25 years) _____

OR Renew for Infinity: ☐

Total Discharge : ☐ Discharge permanently removes ALL record of the registration(s).

Name of Person Authorized to Complete this section	Authorized Signature	Area Code & Telephone #:	Reference #:



Amendment of Security Agreement

Control #: M01272686

Registration Date: 2010-Sep-14

Registration #: 10091425631

This Registration Expires at 11:59 PM on 2015-Aug-17

Latest Registration # is 10090915307.

First Current Debtor is EARTHRENEW CORPORATION.

First Current Secured Party is LUXOR CAPITAL PARTNERS, LP.

Additions

Secured Party / Parties

Block

3 NILE CAPITAL I S.A.R.L.
C/O 767 FIFTH AVENUE, 19TH FLOOR
NEW YORK, NY 10153

Block

4 NILE CAPITAL II S.A.R.L.
C/O 767 FIFTH AVENUE, 19TH FLOOR
NEW YORK, NY 10153

End of Verification Statement

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

29 10015 103 AVENUE
EDMONTON, AB T5J 0H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 106415-SBILLARD-1116

Amendment of Land Charge

Control #: M01272682

Registration Date: 2010-Sep-14

Registration #: 10091425488



Amendment of Land Charge

Control #: M01272682

Registration Date: 2010-Sep-14

Registration #: 10091425488

Latest Registration # is 10090915159.

First Current Debtor is EARTHRENEW CORPORATION.

First Current Secured Party is LUXOR CAPITAL PARTNERS, LP.

Additions

Secured Party / Parties

Block

3 NILE CAPITAL I S.A.R.L.
C/O 767 FIFTH AVENUE, 19TH FLOOR
NEW YORK, NY 10153

Block

4 NILE CAPITAL II S.A.R.L.
C/O 767 FIFTH AVENUE, 19TH FLOOR
NEW YORK, NY 10153

End of Verification Statement

3C [2C-A AMENDMENT] CONFIRMATION STATEMENT / ETAT DE CONFIRMATION

DRAFT ID	AZ32C-A0914150120	CLIENT REF	AZ3AB79732C00856
TOTAL 3C PAGES	2	DOCKET	106415-SBILLARD-1116
CREATED	14 Sep 2010	PRINTED	14 Sep 2010 3:18:12 PM
REGISTRATION NO / NEUVEAU NO D'ENREGISTREMENT	20100914 1511 1793 9916	REDUCTION/ DIMINUTION	
NEW REFERENCE FILE NO / NO DE DOSSIER DE REFERENCE	663742737	OLD REFERENCE FILE NO /	663742737
CAUTION	NO	ACIENT	
FILING/AVERTISSEMENT		NO DE DOSSIER DE REFERENCE	
		EXPIRY DATE / DATE	Not available*
		D'EXPIRATION	

AMENDMENT / CORRECTION**REASONS FOR AMENDMENT / MOTIFS DE CORRECTION**

AMENDED TO INCLUDE TWO ADDITIONAL SECURED PARTIES.

DEBTORS REGISTERED / DEBITEUR ENRIGISTRE

REFERENCE DEBTOR EARTHRENEW CORPORATION

SECURED PARTY REGISTERED / CREANCIER GARANTISECURED PARTY 1 NILE CAPITAL I S.A.R.L.
C/O 767 FIFTH AVENUE, 19TH FLOOR
NEW YORK, NY
10153SECURED PARTY 2 NILE CAPITAL II S.A.R.L.
C/O 767 FIFTH AVENUE, 19TH FLOOR
NEW YORK, NY
10153**COLLATERAL CLASSIFICATION / CLASSIFICATION DES BIENS GREVES**

CONSUMER GOODS / BIENS DE CONS	INVENTORY/ STOCK	EQUIPMENT / MATERIEL	ACCOUNTS / COMPTES	OTHER / AUTRE	MOTOR VEHICLE INCLUDED / VEHICULE AUTOMOBILE INCLUS
-----------------------------------	---------------------	-------------------------	-----------------------	------------------	--

PRINCIPAL AMOUNT /
MONTANT PRINCIPAL GARANTIDATE OF MATURITY/
DATE E'ECANCE**MOTOR VEHICLE DESCRIPTION/DESCRIPTION DU VEHICULE AUTOMOBILE**

YEAR / ANNEE	MAKE / MARQUE	MODEL / MODELE	VIN
--------------	---------------	----------------	-----

GENERAL COLLATERAL DESCRIPTION/DESCRIPTION GENERALE DU BIEN GREVE**REGISTERING AGENT/AGENT D'ENREGISTREMENT**

AIRD & BERLIS LLP 181 BAY STREET, SUITE 1800, BOX# 754 TORONTO ON M5J2T9

COURTESY NOTES / AVIS A TITRE GRACIEUX**DRAFTED BY SHANNON MORRIS
[END OF REGISTRATION]**

* Note re. immediate registration: Please be advised that an expiry date is not available from PPSR System when requesting an immediate registration.

Action No: _____

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF *

BETWEEN:

**NILE CAPITAL I S.À.R.L., NILE CAPITAL II
S.À.R.L., LUXOR CAPITAL PARTNERS, LP and LUXOR
CAPITAL PARTNERS
OFFSHORE MASTER FUND, LP**

Plaintiffs
(Applicants)

- and -

**EARTHRENEW CORPORATION, EARTHRENEW, INC.,
EARTHRENEW IP HOLDINGS LLC, EARTHRENEW
STRATHMORE 1 LP, EARTHRENEW STRATHMORE
GENERAL PARTNER LTD., EARTHRENEW
SOLUTIONS LP, EARTHRENEW OPERATIONAL
EMPLOYEE LP, EARTHRENEW MANAGEMENT LP and
EARTHRENEW MANAGEMENT GENERAL PARTNER
LTD.**

Defendants
(Respondents)

**AFFIDAVIT OF MICHAEL CONBOY
Sworn September 15, 2010, VOLUME 2**

Aird & Berlis LLP
Brookfield Place, 181 Bay Street
Toronto, Ontario M5J 2T9

Steven L. Graff
Telephone: (416) 865-7726
Fax: (416) 863-1515

A copy of this amended and restated preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, other than Québec, but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws. Accordingly, except to the extent exempt from such registration requirements, these securities may not be offered or sold in the United States and this prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States of America. See "Plan of Distribution".

**AMENDED AND RESTATED PRELIMINARY PROSPECTUS DATED JUNE 4, 2010
AMENDING AND RESTATING THE PRELIMINARY PROSPECTUS DATED APRIL 29, 2010**

Initial Public Offering



EarthRenew®
Power to Renew the Earth

EARTHRENEW CORPORATION

\$50,000,000

● **Units**

THIS IS EXHIBIT "A" June 4, 2010
referred to in the Affidavit of
Sworn before me this 13
Day of Sept A.D. 2010.

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

HOWARD A. GORMAN
BARRISTER & SOLICITOR

This prospectus qualifies the distribution of ● units ("Units") of EarthRenew Corporation at a price of \$ ● per Unit (the "Offering"). Each Unit is comprised of one common share in the capital of EarthRenew Corporation ("Common Share") and one-half of one Common Share purchase warrant of EarthRenew Corporation ("Warrant"), each whole Warrant entitling the holder to acquire one Common Share at a price of \$ ● until the date that is 24 months following the closing of the Offering. The Offering price of the Units offered under this prospectus was determined by negotiation between EarthRenew and RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., Jacob Securities Inc. and Thomas Weisel Partners Canada Inc. (collectively, the "Underwriters"). Any references in this prospectus to "we", "us", "our", "EarthRenew" and the "Corporation" refer to EarthRenew Corporation and its subsidiaries, collectively.

Price: \$ ● per Unit

	Price to the Public	Underwriters' Fee ⁽¹⁾	Net Proceeds to EarthRenew ⁽²⁾
Per Unit	\$ ●	\$ ●	\$ ●
Total Offering ⁽³⁾	\$50,000,000	\$3,000,000	\$47,000,000

Notes:

- (1) We have agreed to pay the Underwriters a fee equal to 6% of the gross proceeds of the Offering.
- (2) After deducting the Underwriters' fee but before deducting the expenses of the Offering, estimated to be \$850,000, which expenses, together with the Underwriters' fee, will be paid from the proceeds of the Offering.
- (3) We have granted to the Underwriters an option (the "Over-Allotment Option") to purchase up to an additional ● Common Shares at a price of \$ ● per Common Share or up to an additional ● Warrants at a price of \$ ● per Warrant, or any combination thereof (collectively, the "Over-Allotment Securities"), exercisable in whole or in part from time to time for a period of 30 days following the date of closing solely to cover over-allotments, if any. A maximum of 15% of the aggregate number of Common Shares and Warrants comprising the Units sold at closing of the Offering may be issued pursuant to the Over-Allotment Option. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Securities issuable on the exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the price to the public, Underwriters' fee and net proceeds to us (before deducting the expenses of the Offering) will be \$57,500,000, \$3,450,000 and \$54,050,000, respectively. See "Plan of Distribution".

An investment in the Units should be considered speculative due to the nature of our business and our present stage of development and is subject to a number of risks. There is currently no market through which the Common Shares or Warrants may be sold and purchasers may not be able to resell the Common Shares or Warrants purchased under this prospectus. This may affect the pricing of the Common Shares and Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and Warrants and the extent of issuer regulation. See "Plan of Distribution". A prospective purchaser should review this prospectus in its entirety and carefully consider the risk factors described under the heading "Risk Factors" before purchasing the Units.

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by us and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on our behalf by Bennett Jones LLP and on behalf of the Underwriters by Fraser Milner Casgrain LLP. Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Units will separate into Common Shares and Warrants upon issuance and no certificates representing the Units will be issued. It is expected that certificates representing the Common Shares and Warrants to be issued to purchasers pursuant to the Offering will be available for delivery on the date of the closing of the Offering, which is expected to occur on or about ●, 2010 or such later date as the Corporation and the Underwriters may agree, but in any event not later than ●, 2010. The Units offered under this prospectus (other than any Units issuable on exercise of the Over-Allotment Option) are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for this prospectus.

In certain circumstances, the Underwriters may offer the Units at a price lower than the Offering price specified above. Any such reduction in the Offering price will not affect the proceeds received by us. See "Plan of Distribution".

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price for the Common Shares and Warrants at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

The following table sets forth the number of Common Shares and Warrants that may be issued by EarthRenew pursuant to the Over-Allotment Option.

Underwriters' Position	Maximum size or number of securities held	Exercise Period	Exercise Price
Over-Allotment Option	Up to ● Common Shares and up to ● Warrants	30 days following the Closing Date	\$ ● per Common Share and \$ ● per Warrant

If a purchaser acquires Units forming part of the Underwriters' over-allocation position, the purchaser acquires the Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

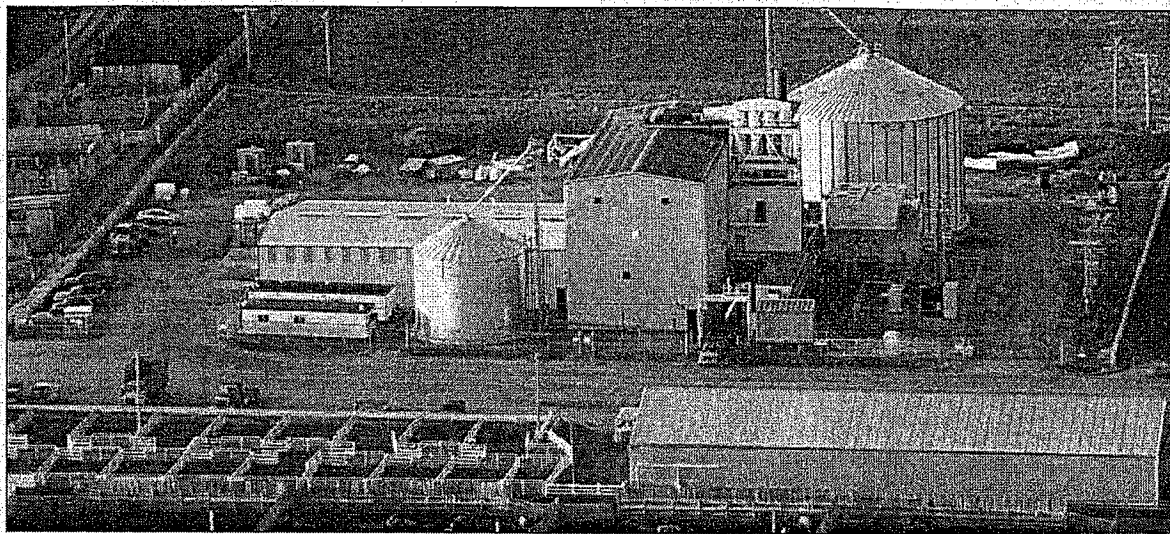
The Common Shares offered under this prospectus are such shares after giving effect to the Consolidation (as defined herein). See "Consolidated Capitalization".

Investors should rely only on the information contained in this prospectus. Neither we nor the Underwriters have authorized anyone to provide investors with different information. Neither we nor the Underwriters are offering the Units in any jurisdiction in which the offer is not permitted.



EarthRenew®
Power to Renew the Earth

An organic matter fertilizer company positioned for high growth.



First Generation Plant, Strathmore, Alberta

Plant development and product marketing focused on key agricultural markets in the western U.S., in particular California and Arizona, the U.S. Midwest and western Canada.

Modular design enables fast and efficient plant rollout.

Base load production for each second generation plant expected to be ~25,000 tons of organic matter fertilizer per year.

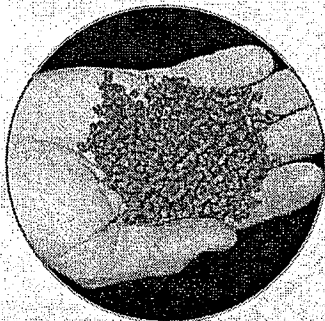


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FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus constitute forward-looking statements. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect” and similar expressions, as they relate to EarthRenew, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions, including, without limitation, those described in this prospectus under the headings “Risk Factors”, “The Business of EarthRenew”, and “Management’s Discussion and Analysis”. Many factors could cause our actual results, performance or achievements to vary from those described in this prospectus. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this prospectus as intended, planned, anticipated, believed, estimated or expected. Neither we nor the Underwriters intend, and do not assume any obligation, to update these forward-looking statements, except as required by law. These forward-looking statements are made as of the date of this prospectus and are expressly qualified in their entirety by these cautionary statements.

In particular, this prospectus contains forward-looking statements pertaining to the following:

- the anticipated benefits of our products;
- the un-degraded organic matter content of our products;
- the nutrient uptake of our products;
- the yield increases provided by our products;
- the economic advantages of our products for growers;
- the focus of our initial market development, including the location of our two second generation plants;
- the pricing of our products;
- the production rate of our Strathmore Plant;
- the production rate of our second generation plants;
- the energy efficiency and net energy costs of our Strathmore Plant and our second generation plants;
- the capital and maintenance costs of our second generation plants;
- our future production;
- the timeline for construction, commissioning and commercial operation of our second generation plants;
- projected market prices and costs for alternative fertilizers;
- the supply and demand for organic matter fertilizers in agriculture and other industries;
- emissions reductions and credits from various activities;
- the development of markets for our organic matter fertilizer and the demand for our organic matter fertilizer;
- anticipated availability and sources of future financing;
- our R&D activities;
- the commercialization of additional applications of our technology;
- our growth expectations and plans;
- our ability to enter into additional Host agreements;
- our ability to hire and retain sufficient personnel;
- our operating costs at our Strathmore Plant and our second generation plants;
- obtaining required permits, grid access and power purchase arrangements for our second generation plants; and
- results of trials of our products.

With respect to forward-looking statements contained in this prospectus, we have made assumptions regarding, among other things:

- future prices of fertilizer and soil products;
- future prices of natural gas and electricity;
- the actual and expected results of manufacturing activities;
- organic waste composition including qualities and quantities;
- market acceptance of our products;
- our ability to obtain equipment from suppliers;
- our ability to obtain additional financing on satisfactory terms;
- our ability to obtain and enforce our intellectual property rights;
- our ability to obtain qualified staff and equipment in a timely and cost-efficient manner;
- the regulatory framework governing our operations and environmental matters in the jurisdictions in which EarthRenew conducts and will conduct its business;
- our future production levels;
- operating costs associated with the operation of EarthRenew's plants;
- future capital expenditures to be made by EarthRenew;
- our products will perform as indicated in research trials;
- our ability to execute our growth plans;
- our ability to enter into additional Host agreements;
- the success of our R&D activities;
- our ability to quantify and verify emissions reductions and credits within established emissions credit regimes;
- our ability to obtain required permits, grid access and power purchase arrangements for our second generation plants;
- our ability to obtain organic inputs for our plants;
- the operation of our second generation plants, including in respect of matters referenced elsewhere in this prospectus; and
- the operation of our Strathmore Plant.

Our actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this prospectus:

- current economic conditions;
- limited operating history, including operating losses and negative cash flows;
- unproven second generation plant design;
- aggressive growth strategy;
- unproven products and unproven markets;
- availability of Hosts and relationships with industry participants;
- intellectual property risks;
- Host industry risks and dependence on Hosts;
- construction risks;
- volatility of electricity and natural gas prices;
- government regulation;
- operating risks and insurance;
- environmental and regulatory risk;
- inability to adapt or incorporate new technological processes;

- cross contamination;
- sales cycle;
- personnel and strategic allies;
- marketing and distribution expertise;
- competition;
- production process;
- dependence on a single plant;
- weather and climate;
- carbon emission credits;
- credit risk;
- conflicts of interest;
- foreign exchange and interest rates;
- disclosure and internal controls;
- additional financing;
- absence of history as a public corporation;
- product price and margin;
- expansion strategy risks;
- absence of cash dividends;
- catastrophic event risk;
- litigation risks;
- management estimates and assumptions;
- product trials;
- market volatility of our Common Shares, Warrants and product price;
- principal shareholders;
- future sales;
- dilution; and
- absence of prior public market for the Common Shares and Warrants.

See "Risk Factors".

INDUSTRY AND MARKET DATA

This prospectus contains industry, market and competitive position data from industry journals and publications, data on websites maintained by private and public entities, general publications and other publicly available information. Management believes that all of these sources are reliable, but none of EarthRenew, Management or the Underwriters have independently verified any of this information or ascertained the underlying economic assumptions relied upon by such sources. As such, EarthRenew, Management and the Underwriters cannot guarantee the accuracy or completeness of this information. Furthermore, references in this prospectus to publications, reports or articles prepared by third parties should not be construed as depicting the complete findings of the entire publication, report or article and should not be construed as an endorsement of the publication or the parties publishing the information. The information in any such publication, report or article is not incorporated by reference in this prospectus.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Please refer to the "Glossary of Terms" for an explanation of certain terms used in this prospectus and in this summary.

BUSINESS OF EARTHRENEW

Introduction

EarthRenew is an organic matter fertilizer company that is positioned for high growth.

Our patented fertilizer contains over 50% un-degraded organic matter and a variety of nutrients. This concentrated organic matter is a fertilizer which provides slow release nutrients to plants. In addition, the organic matter has the added benefit of increasing plant nutrient uptake, resulting in higher yields.

Our organic matter fertilizer is approved for use in organic agriculture in the U.S. and Canada. Historically, organic growers, who are precluded from using chemical fertilizers, have produced yields that are lower than conventional growers. We have conducted a series of research trials since 2007 primarily intended to demonstrate that the use of our fertilizer could reduce or eliminate this yield gap. Certain of our research trials compared one pre-plant application of varying rates of our fertilizer with multiple applications of chemical fertilizers and, in a majority of those cases, the one application of our fertilizer produced equivalent or higher yields than multiple applications of chemical fertilizers. These preliminary trial results, which are limited to certain crops and soil conditions, are encouraging and have led us to increase the scope of our trials program to additional crops and climates and over multiple growing seasons to more fully understand the benefits and characteristics of our fertilizer.

We produce our organic matter fertilizer by cooking fresh manure at temperatures up to 1,000 degrees Fahrenheit (538 degrees Celsius) which stabilizes the nutrients in the manure and maintains the un-degraded organic matter. Our patented technology applies the hot exhaust from a four MW rated industrial natural gas turbine directly to heat processing while the turbine generates electricity. Most of the electricity is sold to the grid which we expect to offset the majority of the cost of the gas used to run the turbine.

We have proven our technology by building and operating a first generation organic matter fertilizer plant situated at a 25,000 head cattle feedlot near Strathmore, Alberta. Our plant utilizes only a portion of the manure produced by the feedlot (approximately 4,000 head). We intend to complete the construction and commissioning of two second generation plants with the proceeds of the Offering. We have a Host agreement with a feedlot in California to situate our next second generation plant and we are in advanced discussions with several potential new Host sites. We have initiated the construction of modules for the next two plants.

Our fertilizer is an input to the US\$25 billion organic food market in the U.S.; the intensive, high value vegetables, fruits and nuts sector with crop receipts of approximately US\$40 billion and the large industrial market of land repair and turf.

Since 2006, the Corporation has raised approximately \$65.2 million which it has invested in researching and developing its technology, establishing the effectiveness of its fertilizer, protecting its intellectual property and constructing and upgrading its first generation plant. Management believes a large and growing market for our fertilizer coupled with a low cost business structure and a highly scalable plant rollout capability position EarthRenew for high growth.

Our Fertilizer

By increasing the organic matter in the soil, our products can increase the amount of nutrients absorbed and used by the crop, referred to as nutrient "uptake", versus the amount of nutrients (i.e. fertilizer) lost to the environment. Whereas the nutrient uptake from applying raw manure is typically greater than 85% over a three year period. Our patented cooking process stabilizes the nutrient content and the organic matter in our manure inputs, the combination of which enables an even greater nutrient uptake. On the other hand, chemical nitrogen fertilizer uptake by plants typically averages approximately 30%.

This difference in nutrient uptake explains the performance of our organic matter fertilizer. Chemical fertilizers do not contain organic matter, and only contain nutrients (usually only quick release nutrients). As a result, the typical analysis of the nitrogen, phosphate and potassium used in respect of chemical fertilizers (commonly referred to as an "N-P-K" analysis) is not fully representative of our fertilizer. Our product not only supplies nutrients but also supplies organic matter which fertilizes and increases the soil's ability to hold and distribute nutrients. This results in improved

nutrient delivery to growing plants, and ultimately to increased nutrient uptake and improved yields. The result is what we believe to be a "multiplier effect" which substantially changes the metrics of nutrient application.

Historically, organic growers, who are precluded from using chemical fertilizers, have produced yields that are lower than conventional growers. In addition, conventional and organic growers typically utilize multiple applications of fertilizers due to the fact that the fertilizers they have used are released immediately rather than slowly throughout the growing season. Multiple applications increases costs due to increased labour and fuel costs.

We have conducted a series of research trials since 2007 intending to demonstrate that the use of our fertilizer could reduce or eliminate this yield gap and demonstrate that our fertilizer exhibited slow release characteristics, thus eliminating the need for multiple applications. Certain of our research trials compared one pre-plant application of varying rates of our fertilizer with multiple applications of chemical fertilizers and, in a majority of those cases, the one application of our fertilizer produced equivalent or higher yields than multiple applications of chemical fertilizers.

In addition, our fertilizer provides the following benefits:

- is approved for use in organic agriculture in the U.S. and Canada;
- reduces water requirements;
- reduces food safety risks and crop risks;
- our high heat process deactivates weed seeds in the input material;
- increases productivity as an alternative to green cropping; and
- is easy to apply, requiring no change to current application practices.

Market Development

Our target markets include: (i) organic agriculture; (ii) conventional high value vegetables, fruits and nuts; and (iii) large markets of land repair and turf. EarthRenew has focused its initial market development efforts on three strategic regions of North America: (i) the western U.S., in particular California and Arizona; (ii) the U.S. Midwest; and (iii) western Canada.

Our strategy is to be the first large-scale supplier of consistent fertilizer to the large and growing organic agriculture market. In doing so, we intend to displace "organic fertilizers" which include feather meal, blood meal, liquid organic fertilizers and fish emulsion, as well as compost and compost-based products such as pelleted poultry manure.

We anticipate increasing market adoption of our organic matter fertilizer in the latter half of 2010 in western Canada, primarily by land repair customers. We are working with a respected land repair soil advisory service provider which specifies our fertilizer for use on its customers' land repair projects.

We are developing the California market with production from the Strathmore Plant in order to build demand ahead of construction of our Kings County Plant. These efforts are most notable in our California target organic agriculture and conventional vegetables, fruits and nuts markets. We have initiated a number of grower trials in these markets in a variety of crop types and soil conditions with both existing and new grower customers. Once these trials are complete in late spring and fall of 2010 we expect to begin receiving commercial orders. During this time we intend to continue to develop our customer base and expand our grower trials. Growers in this region have indicated to us that they intend to trial our product over a number of crop cycles before moving to full commercial adoption. However, since in California there are two to three crop cycles per year, we believe that the adoption of our fertilizer in this region will be firmly established ahead of the completion of our Kings County Plant. We expect the demand for our product in this large market to exceed our supply as our additional plants come online.

We will be initiating a similar program in the U.S. Midwest in late 2010 with the goal to build demand for our products before constructing our Minnesota plant. As with California, we aim to build knowledge and interest in our products through grower trials with local crops and soil conditions.

Concurrent with these initiatives, we intend to align ourselves with established soil service providers and regional agricultural retailers with local knowledge and strong customer relationships. These service providers will distribute our products along with their services. We have initiated this approach in California and western Canada and intend to commence a similar program in Minnesota.

Over the next two years we expect a significant portion of our production from the Strathmore Plant to be sold into land repair and turf. Currently we are selling into the Alberta and British Columbia land repair markets to customers such

as oil and gas companies and their service providers. Going forward we expect approximately 50% of our sales to be in the land repair and turf market across all strategic regions.

Growth Strategy

EarthRenew's strategy is to aggressively pursue growth within our target markets, capitalizing on the anticipated demand for our organic matter fertilizer. Concurrent with the construction of our next two plants, we will continue to negotiate additional Host locations.

Our goal is to build demand for the future output from these plants and have potential or existing customers who will contractually agree to take a percentage of a new plant's output once installed. Management believes the opportunity to build additional plants is substantial given the size of the potential market for our organic matter fertilizer and the number of possible Host sites within our target regions.

The combined production of our next two proposed second generation plants together with our Strathmore Plant is estimated to be approximately 60,000 tons of organic matter fertilizer per year at base load operations, which we expect to reach in two years time. As construction of the next two second generation plants nears completion, we intend to access debt capital sources for financial leverage on the plants. We intend to start component construction of our fourth and fifth plants in the third quarter of 2011 and thereafter to install and startup two additional plants in every six month period thereafter, subject to the availability of required debt and equity financing. The development of additional plants will utilize internally generated cash flow together with prudent levels of debt and equity financing. Our strategic objective is to have a total of 12 plants in operation by the third quarter of 2014. This expansion plan will give us a total combined per year base load production of 280,000 tons of organic matter fertilizer by the third quarter of 2014 with plants located in each of our three cluster areas. With availability of capital and human resources, Management believes that the growth of plant installations matched with organic matter fertilizer demand could see a more rapid scalable growth.

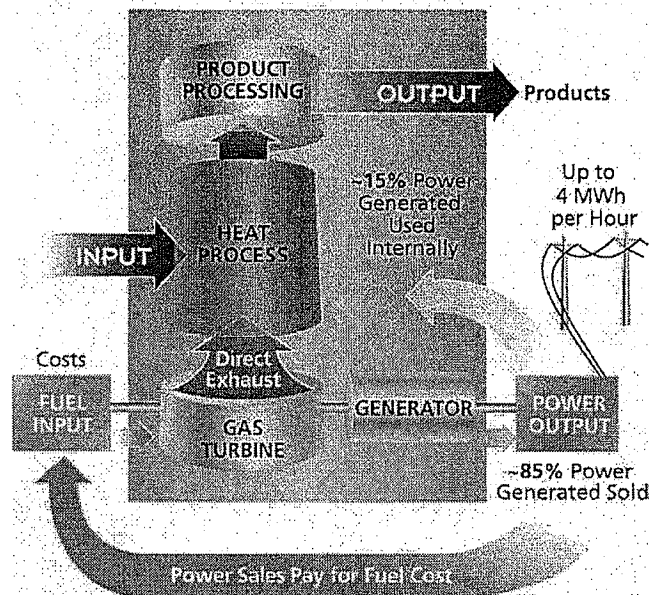
Timeline for Installation of our Second Generation Plants

We intend to install second generation plants in each of central California and Minnesota. We have a Host agreement with a 20,000 head cattle feedlot in central California and are in the final stages of negotiating a Host agreement with a poultry operation in Minnesota. We have initiated permitting in both of these locations. We expect these second generation plants to be installed and operating at our base load production levels within 24 months of the completion of this Offering. In addition to the Minnesota poultry operation we are also in advanced discussions with an additional four potential Hosts and in discussions with another six.

Our Technology

The following diagram illustrates the expected process flow of our second generation plants.

EarthRenew Patented Technology



Our patented technology applies the hot exhaust from an industrial natural gas turbine directly to heat processing while the turbine generates approximately four MWh of electricity per hour. We use a portion of the electricity internally and the remainder is sold to the electrical grid. We expect the sale of this electricity to offset the majority of the cost of the natural gas used to run the turbine. Effectively, the exhaust of the turbine, which operates at up to 1,000 degrees Fahrenheit (538 degrees Celsius), is the heat source used directly in industrial processing, without heat exchangers, replacing conventional fuel burners typically used in industrial heat process applications.

A key advantage of our business is our patented use of direct turbine exhaust as the heat source for our processing of manure while at the same time the turbine generates electricity. We use a portion of this electricity for our processing and sell the remainder, the proceeds of which offset a majority of the cost of the natural gas used in the turbine.

Potential Emissions Credits Produced by EarthRenew Activities

There is potential to produce emissions credits from, among other things, using fresh manure thus preventing its decomposition, reducing truck trips associated with manure landspreading, energy efficiency in our power generation and sequestering carbon in soils. In the future we intend to quantify, verify, then sell and trade our emissions credits.

EarthRenew's Strengths

Management believes that the following key attributes contribute to the strength of EarthRenew's business.

Unique Solution for Organic Agriculture

Organic agriculture growers typically use a combination of compost or compost-based products, expensive and often inconsistent "organic fertilizers" or green cropping to meet their soil input needs. These inputs are often applied numerous times throughout the growing season adding to total input cost, or in the case of green cropping, take one third to one half of productive land out of revenue generating crop production. These products are supplied by fragmented and regional sources and are variable in composition. Some inputs, including compost and compost-based products and manure, risk the spread of pathogens and weed seeds and some products have been subject to chemical fertilizer spiking. Our organic matter fertilizer is consistent, stable and approved for use in organic agriculture in the U.S. and Canada.

The Potential Markets for our Fertilizer are Significant

Our organic matter fertilizer is an input to the US\$25 billion organic food market in the U.S. In the U.S. organic farms and ranches comprise approximately 4.6 million acres in the U.S. including 2.2 million acres of organic cropland as compared to approximately 922 million acres of total farmland in production. Sales of organic foods in the U.S. have increased at an average annual growth rate of 18% from 1997 to 2009. Organic growers currently have limited fertilizer choices because of restrictions on chemical use and inconsistent supply of alternatives. Another market for our fertilizer is the production of conventional vegetables, fruits and nuts which is an intensive, high value, growing market. There are over 10.6 million acres of vegetables, fruits and nuts production with crop receipts of approximately US\$40 billion. In addition, our fertilizer also has a broad range of uses in the land repair and turf sectors.

Low Manufacturing Cost Structure with Limited Exposure to Energy Costs

Under a typical Host agreement, we receive our manure inputs from our Host cattle feedlot, dairy or poultry producer at little or no cost as we reduce the Host's manure disposal costs. In addition, our Host typically provides a land lease for the plant at nominal cost.

Our energy efficient technology reduces exposure to increasing fuel prices and can provide significant net energy savings as compared with the use of a conventional burner in heat processing. Because electricity prices and natural gas prices are generally correlated in our target markets over the longer term, the use of our technology provides us with a hedge against fluctuations in energy costs.

Proven Operating Technology

We have proven our technology by building and operating our first generation plant near Strathmore, Alberta at a 25,000 head cattle feedlot. This plant is currently producing fertilizer that is being purchased by our customers. EarthRenew has designed and commenced construction of modules for two second generation plants based on extensive experience gained from the construction and operation of our first generation Strathmore Plant. This new design includes process efficiencies and upgrades which are intended to increase reliability and output while reducing costs. We intend to complete the construction and commissioning of two second generation plants based on this new design using proceeds from this Offering.

Highly Scalable Plant Rollout Capability

EarthRenew intends to quickly penetrate the high growth organic agriculture input market by rapidly building fertilizer plants in key locations near our customers. Our second generation plants have a modular design which allows for efficient installation. These modules will be prefabricated and assembled at various plants in North America and then shipped to the site for final assembly and integration with onsite construction. Our modules utilize components which can be readily sourced from a number of suppliers. We have developed relationships in the area of engineering, construction, procurement and equipment supply with a number of providers to give us the capacity to meet our anticipated growth. We have entered into a strategic alliance agreement with Ibberson for plant construction and a heads of agreement with Rolls Wood in respect of turbine equipment. We expect our second generation plants will cost approximately \$15 to \$17 million. We expect annual maintenance capital expenditure of our second generation plants to be approximately 3% to 4% of initial capital expenditure per annum.

Environmental Solutions

Our fertilizer and processing technology address large global environmental problems caused by manure and other organic wastes while also facilitating sustainable food production and efficient utilization of energy. Current manure disposal practices such as landspreading, stockpiling, landfilling and disposal in waterways are creating pollution issues whether the manure is raw or composted. Increasingly, jurisdictions in North America are limiting disposal options, making EarthRenew's solution an attractive option that we intend to market. Our process takes the fresh manure and transforms it into organic matter fertilizer without creating a manure waste stream. In addition, we believe the increased plant nutrient uptake from the use of our fertilizer will translate into a reduction in the use of chemical fertilizers and, therefore, less nutrients in waterways, streams and lakes or being lost to the atmosphere as greenhouse gas emissions.

Broad Patent Portfolio

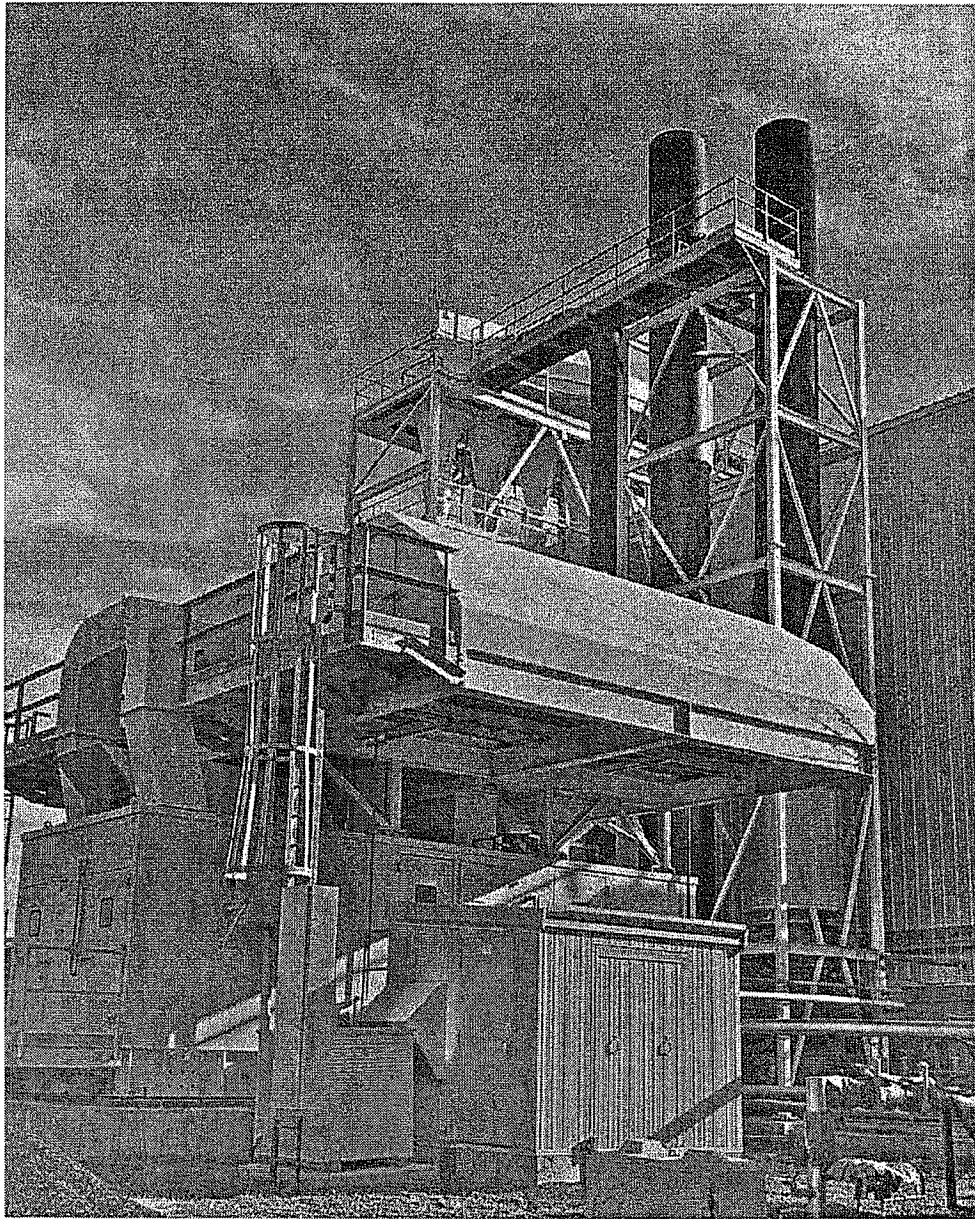
EarthRenew has a broad-based global patent portfolio covering its technology, including the processes for manufacturing our organic matter fertilizer, the unique fertilizer produced by those processes, unique equipment combinations, the control system, adaptations to various industries and applications to produce different new fertilizers. EarthRenew owns all of the intellectual property necessary for worldwide commercial operation of its technology. EarthRenew's patent portfolio includes over 2,200 patent claims in 92 countries with currently 27 granted patents covering 31 countries. In addition to the manufacture of fertilizer, the scope of our patent portfolio also covers: processing municipal biosolids; pulp and paper mill waste processing; the treatment of mining and oil sands tailings; desalination and water treatment; food processing and dehydration; agriculture; chemical, oil and gas and biofuel industries; aqua, pet and animal feed producers; fuel pellet biofuel industries; powders, polymers, pigments and other high heat manufacturing.

Technology Applicable to Other Large Markets

While the manufacture of organic matter fertilizer is our primary focus, our technology may be applied to reduce net energy costs and provide efficiencies in other industries. These industries may include municipal biosolids and pulp and paper waste processing and the treatment of mining and oil sands tailings. EarthRenew intends to commercialize these other industrial applications of our technology through licensing of our technology and intellectual property to third parties or joint ventures to provide us with additional revenue streams while using minimal capital. In order to accelerate the worldwide adoption of our technology, we intend to license our technology to qualified operating companies outside North America who can invest the capital for commercial operation or who have the capability to enter into a joint venture operation with us.

Experienced and Committed Management Team

In addition to inventing, founding, researching and developing all the technological basis of the business, Management carries a wide range of skills, with diverse backgrounds in finance, agriculture, marketing and sales, plant operations, technology commercialization, permitting and regulatory, human resources, engineering, IP protection, licensing and sciences that are valuable in the execution of EarthRenew's business plan. Christianne Carin, our CEO, founder and primary inventor was the winner of the 2009 Ernst & Young Entrepreneur of the Year award — Cleantech category for the Prairies region. Our Management has also gained extensive experience and knowledge through 12 years of research and commercial implementation of our technology.



SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table presents a summary of our consolidated financial information as at or for the periods indicated and is derived from our unaudited financial statements for the three months ended March 31, 2010 and March 31, 2009 and our audited consolidated financial statements for the fiscal years ended December 31, 2009, December 31, 2008 and December 31, 2007 found elsewhere in this prospectus. Historical results do not necessarily indicate results for any future period.

The following summary of consolidated financial information should be read together with the consolidated financial statements and the related notes and with "Management's Discussion and Analysis" included elsewhere in this prospectus.

	Three Months Ended		Year Ended		
	March 31 2010	March 31 2009	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
	(thousands of Canadian dollars)				
	\$	\$	\$	\$	\$
Consolidated Statements of Loss, Comprehensive Loss and Deficit					
Revenues	30	-	248	22	23
Cost of goods sold	402	235	1,594	1,162	411
Gross margin	(372)	(235)	(1,346)	(1,140)	(388)
Energy cost recovery from power sales ..	81	40	148	574	133
Gross margin after energy cost recovery	(291)	(195)	(1,198)	(566)	(255)
Operating Expenses					
Selling, general and administrative	1,503	1,186	6,689	6,489	3,139
Research and development	836	823	3,591	3,829	3,787
Stock-based compensation	295	528	2,349	2,566	1,142
Depreciation, amortization and accretion	414	364	1,747	1,287	366
Other Expenses					
Foreign exchange (gain) loss	(297)	(87)	(376)	(1,373)	338
Interest expense on debentures	1,286	322	2,612	1,271	833
Loss before unusual items	(4,328)	(3,331)	(17,810)	(14,635)	(9,860)
Insurable loss (recovery)	-	-	(2,065)	1,715	-
Net loss for the period	(4,328)	(3,331)	(15,745)	(16,350)	(9,860)
Weighted average number of common shares outstanding	16,944,121	16,881,639	16,914,510	16,863,137	16,255,779
Basic and diluted net loss per share ...	\$ 0.26	\$ 0.20	\$ 0.93	\$ 0.97	\$ 0.61

	<u>As at March 31,</u>	<u>As at December 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2008</u>
	(thousands of Canadian dollars)		
Consolidated Balance Sheet Data			
Cash and cash equivalents	\$ 2,477	\$ 2,404	\$ 9,836
Accounts receivable	\$ 274	\$ 265	\$ 578
Inventory	\$ 1,535	\$ 1,217	\$ 256
Other current assets	\$ 141	\$ 82	\$ 167
Total assets	\$30,391	\$30,181	\$35,683
Working capital	\$ 625	\$ 645	\$ 5,269
Long-term liabilities	\$29,283	\$25,534	\$15,965
Shareholders' equity	\$(2,694)	\$ 1,324	\$14,150

Note:

(1) Prior to giving effect to the Consolidation.

THE OFFERING

Offering:	● Units. Each Unit is comprised of one Common Share and one-half of one Warrant, each whole Warrant entitling the Warrantholder to acquire one Common Share at a price of \$ ● until the Expiry Time (as defined herein).
Over-Allotment Option:	We have granted to the Underwriters the Over-Allotment Option to purchase up to an additional ● Common Shares at a price of \$ ● per Common Share or up to an additional ● Warrants at a price of \$ ● per Warrant, or any combination thereof, exercisable in whole or in part from time to time for a period of 30 days following Closing to cover over-allotments, if any, and for market stabilization purposes. If the Underwriters exercise the Over-Allotment Option in full, we will be obligated to sell such Over-Allotment Securities and will receive additional net proceeds of \$7,050,000. This prospectus also qualifies for distribution any Common Shares and Warrants that are issued pursuant to the exercise of the Over-Allotment Option. See "Plan of Distribution".
Gross Proceeds:	\$50.0 million (\$57.5 million if the Over-Allotment Option is exercised in full).
Net Proceeds:	\$47.0 million (\$54.1 million if the Over-Allotment Option is exercised in full) (before deducting the expenses of the Offering).
Price:	\$ ● per Unit.
Closing:	The Closing of the Offering is anticipated to occur on or about ●, 2010, and in any event not later than ●, 2010.
Underwriters' Commission:	The Underwriters will receive a cash commission equal to 6% of the gross proceeds of the Offering.
Use of Proceeds:	We will use the net proceeds of the Offering to fund the construction and commissioning costs of two second generation plants in California and Minnesota, maintenance capital expenditures for our Strathmore Plant, patent related expenses, operating expenses and for working capital and general corporate purposes. See "Use of Proceeds".

RISK FACTORS

An investment in the Units, Common Shares and Warrants should be considered speculative due to the nature of our business and our present stage of development.

See "Risk Factors" and the other information contained in this prospectus. Furthermore, there is no assurance that we will be able to list the Common Shares and Warrants for trading on any exchange.

Investors should read this entire prospectus and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of an investment in the Units, Common Shares and Warrants.

GLOSSARY OF TERMS

In this prospectus, unless the context otherwise requires, the following words and phrases have the meanings set forth below.

“\$” or “dollars” means Canadian dollars.

“ABCA” means the *Business Corporations Act* (Alberta), as amended from time to time.

“ACA” has the meaning ascribed to such term under “Current Industry Practices — Approvals for Crop Inputs in Organic Agriculture”.

“applied basis” means analysis of soil inputs as applied in the field typically including water and debris (not on a dry matter basis).

“Board of Directors” or “Board” means the board of directors of the Corporation as from time to time constituted.

“Closing” means the closing of the Offering.

“Closing Date” means ●, 2010, or such later date as we and the Underwriters agree, but not later than ●, 2010.

“CO₂” means carbon dioxide.

“Common Shares” means common shares of EarthRenew.

“Computershare” means Computershare Trust Company of Canada.

“Consolidation” means the consolidation of the Common Shares on a one for two basis to become effective ●, 2010.

“Conversion” means the conversion of the outstanding Series B Preferred Shares (including the Special Warrants), the Unsecured Debentures, the Secured Debentures and the 2010 Debentures into Common Shares, which will occur contemporaneous with the Closing;

“Corporation” means EarthRenew Corporation and its subsidiaries.

“CRA” means the Canada Revenue Agency.

“Director” means a director of EarthRenew.

“EarthRenew”, “we”, “our” or “us” means EarthRenew Corporation and its subsidiaries.

“EPA” means the U.S. Environmental Protection Agency.

“ERI” means EarthRenew, Inc., a corporation incorporated pursuant to the laws of California and wholly-owned subsidiary of EarthRenew Corporation.

“Expiry Time” means the time at which the Warrants expire, being 5:00 p.m. (Calgary time) on that date which is 24 months following the Closing Date.

“FDA” means the U.S. Food and Drug Administration.

“FOB” means freight on board and, when used in this prospectus, signifies the point at which the purchasers of our products take delivery therefor.

“Founders’ Options” means the outstanding options to purchase 989,788 Common Shares (after giving effect to the Consolidation) issued to Christianne Carin, Al Fedkenheuer and Gene Dillahunty prior to December 31, 2005.

“GAAP” means generally accepted accounting principles in Canada.

“**GJ**” means gigajoule a measurement of natural gas by energy value; one gigajoule equals 0.948213 million British Thermal Units (BTUs).

“**Hosts**” means the owners or operators of sites who supply manure inputs and where our EarthRenew plants are located or intended to be located.

“**Ibberson**” means T.E. Ibberson Company.

“**Incentive Plan**” means our equity incentive plan dated November 1, 2007 and approved by our shareholders on April 24, 2008, as amended from time to time.

“**IP**” means intellectual property.

“**Kings County Plant**” means the proposed EarthRenew plant anticipated to be located in Kings County, California.

“**Management**” means the management of EarthRenew.

“**MWh**” means megawatt hour.

“**MW**” means megawatt.

“**NASS**” means the United States National Agricultural Statistics Service.

“**NOP**” means the USDA’s National Organic Program.

“**NOx**” means nitrous oxide.

“**Offering**” means the offering of Units made pursuant to this prospectus.

“**Options**” means options to purchase Common Shares granted pursuant to the Incentive Plan.

“**OTA**” means the Organic Trade Association.

“**Over-Allotment Option**” means the over-allotment option granted to the Underwriters to purchase up to an additional
● Common Shares or up to an additional ● Warrants or any combination thereof.

“**Person**” means an individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, unincorporated association or organization, government body, regulatory authority, syndicate or other entity, whether or not having legal status.

“**Qualifying Liquidity Event**” means the closing of an initial public offering, including the Offering, or a business combination including a merger or sale of the Corporation which results in consideration of cash or shares listed on a stock exchange.

“**Rolls Wood**” means Rolls Wood Group (Repair & Overhauls) USA Inc.

“**RSUs**” means restricted share units granted pursuant to the Incentive Plan.

“**SARs**” means share appreciation rights granted pursuant to the Incentive Plan.

“**ton**” means 2,000 pounds.

“**Strathmore Plant**” means the operating EarthRenew plant in Strathmore, Alberta.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

“**tonne**” means 1,000 kilograms (2,204.6 pounds).

“**Underwriters**” means RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., Jacob Securities Inc. and Thomas Weisel Partners Canada Inc.

“**Underwriting Agreement**” means the underwriting agreement dated ● , 2010, among EarthRenew and the Underwriters.

“Unit” means a unit to be issued by the Corporation, comprised of one Common Share and one-half of one Warrant;

“Warrant” means a whole Common Share purchase warrant of the Corporation, each whole Warrant entitling the holder to acquire one Common Share at a price of \$ ● per share until the Expiry Time.

“Warrantholder” means a holder of Warrants from time to time.

“Warrant Indenture” means the warrant indenture to be dated on or about the Closing Date between the Corporation and Computershare, which will govern the terms and conditions of the Warrants.

“U.S.” means the United States of America.

“USDA” means the United States Department of Agriculture.

“US\$” means United States dollars.

“U.S. Securities Act” means the United States *Securities Act of 1933*, as amended.

“2010 Options” has the meaning ascribed to such term under “Incentive Plan — Anticipated 2010 Option Grant”.

CURRENCY CONVERSION

At June 4, 2010, the noon exchange ratio as reported by the Bank of Canada was Cdn. \$1.00 equals US\$0.9509.

CURRENT INDUSTRY PRACTICES

Overview

EarthRenew's target markets include: (i) organic agriculture with 4.6 million acres in the U.S. including 2.2 million acres of organic cropland; (ii) conventional production of high value vegetables, fruits and nuts with approximately 10.6 million acres in the U.S.; and (iii) large industrial markets for land repair and turf. The benefits of our organic matter fertilizer — increased yields, slow release characteristics, reduced weed seeds and crop risks, reduced production costs and improved soils — are sought after by our customers in these target markets.

Our fertilizer is a specialty product particularly well suited for organic agriculture. As such, trends in this sector affect our business and prospects. In addition, to understand the industry trends that will affect our business it is important to understand how our organic matter fertilizer and its potential compares with current organic crop inputs and practices.

We compete against a combination of organic crop input practices rather than a single type of product. These practices — which can include manure application, compost and compost-based product application, green cropping and the use of "organic" fertilizers — are often used in combination in an attempt to achieve the nutrient and organic matter needs of crops for higher yields. For example, an organic grower has available to it a combination of compost and organic fertilizers such as blood meal, often applied several times throughout the growing season, as well as green cropping. Understanding these organic crop input practices, and growers' costs and risks associated with them, is essential to understanding the potential of our business in this market. We describe these current practices below.

Despite the use of these current organic crop input practices, organic growers still typically achieve lower yields than conventional growers. Our value proposition to organic growers is to replace this array of inputs with one effective, safe, consistent product which may allow growers to both lower costs and increase yields to equivalent or even higher than conventional yields.

Our organic matter fertilizer also represents a unique, specialty input to the conventional high value vegetables, fruits and nuts sector. Conventional growers are attracted to our fertilizer because of its concentrated organic matter which increases plant nutrient uptake (fertilizer efficiency) and because of its slow release characteristics. Our value proposition to conventional growers is to increase the efficiency of their fertilization and increase plant nutrient uptake. This may both reduce growers' costs and increase yields.

Chemical fertilizers do not contain organic matter and, as such, both conventional and organic growers use a variety of practices to add organic matter to their soils. These practices, which include the use of manure and green cropping, have associated costs and risks, as described below. In addition, certain conventional practices, including the over-application of chemical fertilizers, deplete organic matter in soils. This further adds to the need for conventional growers to replenish organic matter.

We also discuss specialty slow release chemical fertilizer which, although significantly different from our product, is the closest competition for our product in conventional agriculture.

Food and Agribusiness Dynamics

Broad agricultural trends affect both our organic and conventional grower customers. A long term issue exists relating to providing a sufficient supply of food to meet growing demand from a larger and wealthier global population. Further adding to agriculture industry pressures are the increasing environmental constraints being placed on the industry. In addition to these factors, high oil prices and associated energy concerns continue to place an emphasis on bio-diesel production, which generally relies on agricultural products as feedstock. These macro trends are driving the need for higher crop yields which, in turn, drive demand for more, and more effective, crop inputs.

Against this macro agribusiness industry backdrop is a general shift in North American food preferences to organic; the use of fresh-cut produce; demand for off-season produce and governmental initiatives recommending fresh fruits and vegetables.

Another important trend is increased awareness by governments, growers and consumers of the dangers of foodborne microbial pathogens associated with the consumption of fresh fruits and vegetables. From 1996 to 2007 there were approximately 72 reported outbreaks of foodborne illness in the U.S. associated with roughly 20 fresh produce commodities. Of this total, 13 outbreaks were associated with tomatoes, 11 outbreaks were associated with melons, and 24 outbreaks were

associated with leafy greens such as lettuce and spinach. Acute foodborne illnesses cost the U.S. an estimated US\$152 billion per year in healthcare, workplace and other economic losses, according to a report published by the Produce Safety Project (www.producesafetyproject.org/media?id=0009).

Manure, compost and compost-based products are a significant source of these dangerous pathogens. Produce can be contaminated by use of these products in agriculture or runoff from livestock plants. According to the FDA:

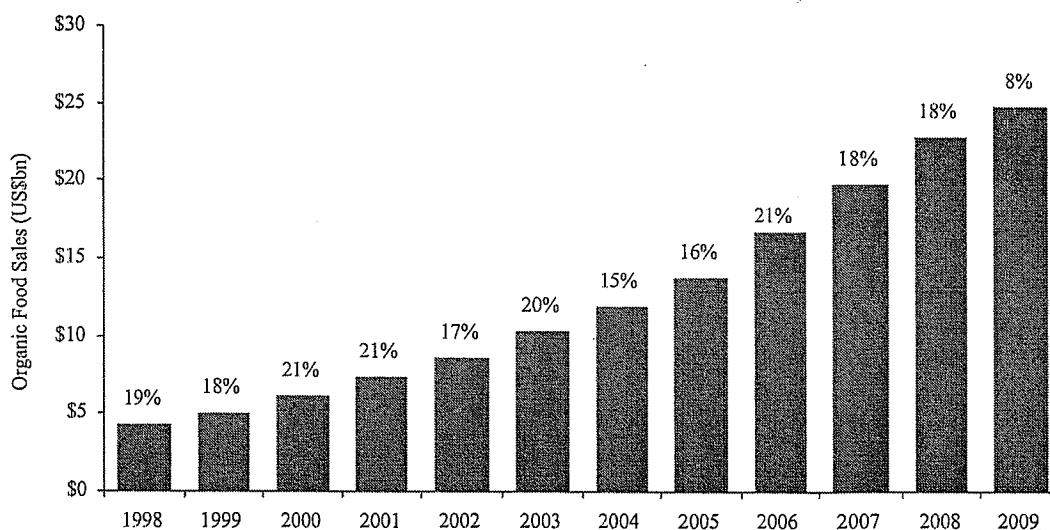
Soil amendments that contain animal manure are of concern because human pathogens may persist in animal manure (particularly aged manure or inadequately composted soil amendments) for weeks or months and even longer under certain conditions. (www.fda.gov/Food/FoodSafety/Product-SpecificInformation/FruitsVegetablesJuices/Default.htm)

Organic Agriculture

Organic agriculture is regulated by the federal and state governments in the U.S. and by the federal government in Canada. To qualify as organic, agricultural practices must exclude or strictly limit the use of synthetic fertilizers and pesticides, among other substances. In the U.S., organic cropland, rangeland and pasture comprise approximately 4.6 million acres including 2.2 million acres of organic cropland as compared to approximately 922 million acres of total farmland in production (USDA, 2008). Organic cropland increased 41 percent between 2000 and 2005 and increased 51 percent between 2005 and 2008 (USDA, 2008). The organic agriculture market is typified by high growth and price premiums relative to conventional agriculture. Management believes the higher revenues available in the sector coupled with the lack of readily available and effective fertilizers will create strong demand for our organic matter fertilizers.

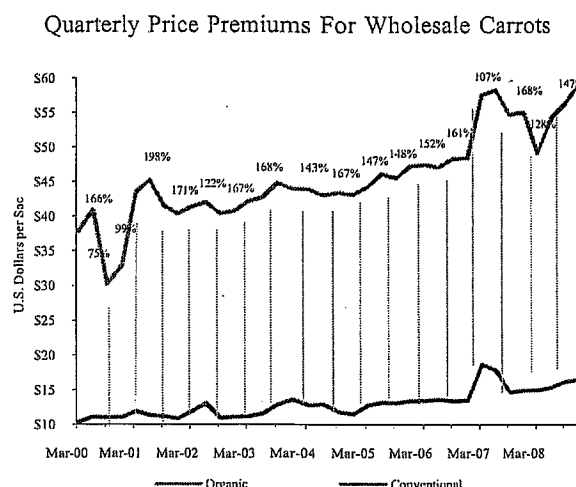
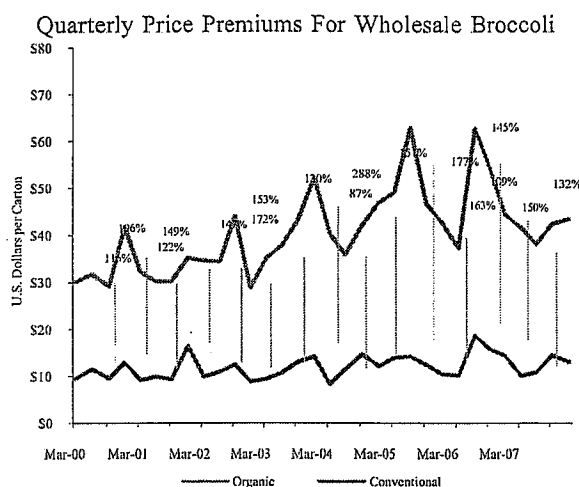
In the U.S., sales of organic food grew from US\$3.6 billion in 1997 to US\$25 billion in 2009, an average annual growth rate of 18%. Acreage for organic produce continues to increase with particular growth in berries, carrots and nectarines (Rabobank, 2009).

Consumer Sales and Growth Rates of Organic Food



Source: Organic Trade Association's 2009 and 2010 Organic Industry Surveys .

Organic agriculture is characterized by producer price premiums, growing end markets and generally lower grower yields. According to the OTA, price premiums for organic vegetables, fruit and nuts range from 20% to 300%. For example, from 2000 to 2007 organic carrots have steadily had a 150% price premium over conventional carrots and organic broccoli has had price premiums from 100% to 200% (NASS, 2000-2007).



(Source: United States National Agricultural Statistics Service www.ers.usda.gov/data/organicprices/).

The yields for organically grown fruits and vegetables are generally inferior compared with conventional agriculture. For example organically grown raspberry crops are typically 10% lower, strawberries 10% to 25% lower, carrots 40% lower, asparagus and lettuce 55% lower and potatoes 20% to 60% lower, all depending on local growing conditions and practices.

Conventional Vegetables, Fruit, and Nuts Sectors

The conventional vegetables, fruits and nuts sector is large and growing and is characterized by diverse crops, intensive production and high value per acre. Over 10.6 million acres of production is dedicated to this sector in the U.S., producing crop receipts of approximately US\$40 billion. This is an important market for our fertilizer because of its size, high growth and its intensive need for crop inputs, specifically those that add organic matter to the soil.

The California agriculture industry is a key growth market for EarthRenew with US\$36.2 billion in annual revenue. This market represents 12.8% of total U.S. crop receipts. It is highly adaptable and diverse, encompassing more than 400 plant and animal commodities and is the leading state in value of crop production. Fresh produce grown in California has significant global demand and is exported around the world. The state produces approximately half of the U.S. grown fruits, vegetables and nuts with cash income of US\$18.7 billion in 2008. EarthRenew has had a presence in California since late 2004 and has a regional office in Fresno.

In California's central valley, Fresno is the leading county in value of agriculture production at US\$5.7 billion, followed by neighbouring Tulare at US\$5.0 billion, Kern at US\$4.0 billion, Monterey at US\$3.8 billion, and Merced at US\$3.0 billion (California Agricultural Resource Directory, 2009-2010). California continued to be the leading fresh market vegetable producing state in 2008 accounting for 44% of the U.S. harvested area, 49% of production and 50% of the value, with lettuce continuing to be the leading vegetable crop in value of production at approximately US\$1.6 billion followed by tomatoes at approximately US\$1.3 billion (California Agricultural Resource Directory, 2008-2009).

Industry Fertilizer and Soil Inputs

Overview

Fertilizer is composed of a variety of nutrients which are critical inputs into the health and well-being of plants. In general, fertilizers are added to the soil to help replenish the nutrients that crops remove from the soil each growing season, thereby sustaining the yield and quality of crops. Nitrogen, phosphate and potassium are three primary fertilizers essential to crop development. These fertilizers can come from both synthetic chemical and organic sources.

Organic matter stores nutrients, feeds soil organisms that decompose organic material and return basic nutrients to the soil. Both organic and conventional growers require nitrogen, phosphate and potassium; however organic growers are precluded from using the chemical forms of these nutrients and, as such, require organic substitutes which are described below. Both organic and conventional growers benefit from organic matter.

EarthRenew organic matter fertilizer is unique and provides nutrient delivery through increased plant uptake provided by concentrated undegraded organic matter. As such, industry practices addressing nutrient needs as well as adding other forms of organic matter will impact our business. We describe current trends in chemical fertilizers as well as problems caused by chemical fertilizer use, notably the depletion of organic matter. We also discuss current industry practices used in an attempt to add nutrients and organic matter. These practices include manure application and green cropping (used by both organic and conventional growers to add organic matter), compost (used by both organic and conventional growers as a soil amendment) and sources of nutrients for organic growers (often referred to as "organic fertilizers").

Benefits of Organic Matter

By increasing organic matter growers can both increase the efficiency of their soils and address environmental concerns. Organic matter is a mixture of substances that originate from plant and animal materials consisting primarily of carbon and nitrogen. As stated by the USDA:

Because organic matter enhances water and fertilizer (nutrient) holding capacity and improves soil structure, managing for soil carbon can enhance productivity and environmental quality, and can reduce the severity and costs of natural phenomena, such as drought, flood, and disease. In addition, increasing soil organic matter levels can reduce atmospheric CO₂ levels that contribute to climate change.

Organic matter holds 10 to 1,000 times more water and nutrients than the same amount of mineral soil. Organic matter:

- Allows for more root volume, increasing nutrient uptake;
- Forms more stable surface structure less prone to crusting and erosion which reduces nutrient runoff;
- Increases seed germination which directly affects the plant population reducing nutrients required for crops;
- Allows more of the surface area of each soil particle to have capacity for absorbed nutrients;
- Provides better water and nutrient movement through the soil;
- Increases water holding capacity and water infiltration for decreased runoff so crops are better able to withstand drought;
- Improves ground and surface water quality because better structure, infiltration, and biological activity make soil a more effective filter;
- May suppress disease organisms which could reduce pest activities; and
- Increases crop health and vigor with soil biological activity and diversity.

(Sources: USDA, 1996,1997, 2003)

The above improvements to soil quality improve plant fertilizer (nutrient) uptake. As stated by the USDA:

A healthy soil functioning at nearly full capacity stores and cycles nutrients and allows crops to grow and use nutrients (fertilizers) efficiently. In a healthy soil, nutrients become available when the plants need them. There is little risk for crop nutrients to move below the root zone through leaching, off the edge of field by runoff and erosion, or above the crop canopy by volatilization. Crop nutrients that move beyond the crop's zone of uptake could potentially contaminate the environment.

Chemical Fertilizer

Growers have traditionally been successful at increasing yields through various means. According to the United Nations Environment Program the average production per hectare of cropland has increased from 1.8 tonnes per acre in 1987 to 2.5 tonnes per acre in 2007. According to the International Fertilizer Industry Association, global consumption of chemical nitrogen, phosphate and potassium (potash) in 2007 was 168,753,500 tonnes.

In the last several years chemical fertilizer prices have experienced significant volatility. The manufacture of chemical fertilizers is an energy-intensive process and heavily dependent on fossil fuels as an energy source. Recent volatility in energy prices has directly translated into volatility in fertilizer production costs.

The U.S. fertilizer market is opening up to organic products due to environmental concerns. Increasing pressures from lobby groups and more stringent regulations from the government have forced fertilizer manufacturers to explore alternative methods to increase yields. Finally, the production of nitrogen fertilizer requires natural gas while the other nutrients that are essential to agriculture, such as phosphorus and potassium, are obtained from nonrenewable mines. Factors such as these are driving demand for organic products and opening up the agricultural market to non-chemical fertilizers.

The conventional vegetables, fruits and nuts sector typically relies on multiple applications of chemical fertilizers throughout the growing season involving associated labour and fuel costs. Chemical nitrogen fertilizer use is characterized by quick release and inefficient uptake by plants averaging only approximately 30%. In addition, the use of chemical fertilizers over time can deplete organic matter, further reducing efficiency and plant uptake as described below.

In lands with poor soil organic matter, a high percentage of chemical fertilizers (which are highly water soluble), either run off the soil surface or quickly leach past the root zone before the plant is able to absorb them. In turn growers have reacted by increasing the application of chemical fertilizers which further depletes the soil and increases the amount of chemical fertilizers lost into the environment.

Ultimately, lost fertilizers can contaminate groundwater, rivers and lakes which promotes excessive phytoplankton and algae blooms, the subsequent decomposition of which emits carbon emissions and robs the water and its inhabitants of dissolved oxygen. Industry associations, such as The Fertilizer Institute, have initiated programs to encourage users of conventional fertilizers to implement better fertilizer management practices.

Trend to Slow Release Fertilizers

Chemical fertilizers are typically in a form which is immediately available to plants. For example, chemical nitrogen fertilizer is often in the immediately available ammonium form. As a result, the fertilizer is made available immediately rather than being released slowly throughout the growing season. This is why chemical fertilizers are often applied numerous times throughout the growing season with the excess often being lost to volatilization or leaching. For example broccoli producers in California will typically apply nitrogen fertilizer six times during the growing season. This may be more expensive than slow release fertilizers because of the increased aggregate application cost and because of losses to the environment.

Chemical slow release fertilizers, which include reaction products and coated products, are designed to provide plants with their required nutrients over time. They can improve crop quality and yields because the fertilizer is released throughout the growing cycle as the crop requires it. This can increase overall fertilizer efficiency as a smaller amount of fertilizer may be required. Further, slow release fertilizers are applied less frequently than conventional, in some cases only once per growth cycle, which helps to reduce the associated application costs.

EarthRenew's product is an organic slow release fertilizer which may only need to be applied once per growing cycle, thus providing crops with the advantages described above. Unlike chemical slow release products, our fertilizer can be used in organic agriculture.

The Effect of Chemical Fertilizers on Organic Matter and Soil Efficiency

Recent research demonstrates that chemical fertilizer can reduce the soil's organic matter content. Chemical fertilizers provide a large amount of immediately available nutrients which increase microbial activity. This accelerates the decomposition of organic matter which is then consumed by the microorganisms and released as CO₂ into the atmosphere. When nutrient levels drop after application, the microorganisms die and the soil is left with less organic matter. This cycle is repeated over time leading to a trend of reduced organic matter. For example, the USDA estimates that organic matter in soil has declined by 50 to 70 percent in the Midwest during the past 150 years (USDA National Institute of Food and Agriculture, Manure & Nutrient Management, www.csrees.usda.gov/manurenutrientmanagement.cfm).

As soils lose organic matter they become more compact, absorb less water and lose their ability to retain nutrients resulting in increasingly inefficient soils. To compensate many growers have traditionally tended to either add more chemical fertilizers compounding the problem, or move to different application practices such as no till. The net effect is a

reduction in uptake by plants over time with much of the application being lost to the atmosphere as carbon emissions or lost through runoff. This causes a cycle of higher chemical fertilizer demand and less productive farmlands. In intensive agricultural production across the U.S. for every 100 pounds of chemical nitrogen applied to soil, approximately 30 pounds is taken up by the crop and the remaining 70 pounds is lost to the environment, an uptake of only 30% (Fertilizer Application Data and Efficiency Improvement in Canada, October 19, 2006, Potash & Phosphate Institute, T.W. Bruulsema, Ph.D.).

Compost and Compost-Based Products

Composting involves decomposition of organic matter by microorganisms to create a humus-like material for use as a soil amendment. Growers in both conventional and organic agriculture use compost and compost-based products to improve soil structure. Compost input materials include municipal green waste, dairy or cattle manure and pelleted poultry manure composts. Due to high transportation costs (composts have high moisture content and are heavy) and difficulty in producing large volumes, compost and compost-based products are typically supplied by local operators.

The composting process decomposes and degrades the original organic matter in the input material causing much of the original organic matter to be lost to the atmosphere. What remains is diluted by debris, rocks, gravel and water. Between 50% and 88% of the organic matter and 40% to 70% of the nitrogen contained in green wastes or raw manure is degraded or lost through the composting process and emitted as greenhouse gasses. On an applied basis, compost has dilution from water content of 40% to 60% and, in our experience, can contain between 8% to 15% rocks, gravel, sand and debris. (Nutrient, Carbon, and Mass Loss during Composting of Beef Cattle Feedlot Manure, *Journal of Environmental Quality*, 1997; Nutrient Management for Fruit & Vegetable Crop Production, University of Minnesota Extension, 2005; Compost Fundamentals, Washington State University Extension; Physical and Chemical Changes during Composting of Wood Chip — Bedded and Straw Bedded Beef Cattle Feedlot Manure, *Journal of Environmental Quality*, 2007).

Due to the composting process the remaining organic matter is degraded (known as the organomineral fraction) and loses most of its ability to increase plant nutrient uptake. In addition, it cannot provide the nutrient needs of plants. As stated by a Cornell University report (2009 Production Guide for Organic Carrots for Processing):

A word of caution: Using compost to provide a crop's nutrient needs is not generally a financially viable strategy. The total volume, trucking, and application can be very expensive for the units of nitrogen available to the crop.

Composts may also increase the risks of crop contamination by food borne pathogens. Industrial composting is a highly variable activity which does not produce consistent material from batch to batch or season to season, even if pelleted. In the composting process, temperatures are very hard to control and it is difficult for all material to reach desired temperatures for any length of time. This inherent inconsistency means that despite the composting process, composts often contain pathogens. A survey of 72 commercial plants conducted in the 1990s revealed that finished composts from more than half of the plants were contaminated with *Salmonella* despite meeting the time-temperature criteria. In a more recent survey 6.7% of 108 commercial compost samples exceeded the EPA *Salmonella* standard (www.producesafetyproject.org).

Composts may also contain pesticides which may actually be further concentrated in the composting process by two to three times the content of the raw material input. Composts may also contain weed seeds. The resulting weeds are expensive for growers to remove, especially organic growers which need to remove the weeds manually. Many weeds, such as pig weed, require high temperatures of over 200 degrees Celsius (400 degrees Fahrenheit) or consistent long exposure to lower temperatures for effective weed seed destruction.

The following table sets out typical costs for these compost and compost-based products as well as associated application costs in California.

Illustrative Compost and Compost-Based Products Costs in California with Regional Variation⁽¹⁾

US\$	Typical Quantity/Acre	Price/Unit	Cost/Acre	Application Cost ⁽²⁾	Total Cost
Soil Amendments:					
Composted Green Waste ⁽³⁾ used in organic	2.5 ton	40.00	100	25 ⁽⁴⁾	125
Compost ⁽⁴⁾ used in organic	5 ton	18.00	90	6	96
Compost ⁽⁵⁾ used in conventional	2 ton	25.00	50	14	64
Pelleted Chicken Manure ⁽³⁾ used in organic	1,000 lb	0.25	250	25	275

Notes:

- (1) Costs, materials and practices will not apply to all farms. Timing and types of establishment and cultural practices will vary among growers and from season to season due to variables such as weather, soil, and insect and disease pressure.
- (2) Application costs includes all labor and fuel costs.
- (3) University of California Davis Cooperative Extension — 2009 Sample Costs to Produce Organic Leaf Lettuce — Central Coast Region (<http://coststudies.ucdavis.edu/files/lettuceleaforganic09.pdf>).
- (4) University of California Davis Cooperative Extension — 2009 Sample Costs to Produce Mixed Vegetables — Sierra Nevada Foothills (<http://coststudies.ucdavis.edu/files/MixedVegIR09.pdf>).
- (5) University of California Davis Cooperative Extension — 2009 Sample Costs to Produce Romaine Hearts — Central Coast (<http://coststudies.ucdavis.edu/files/lettuceromcc09.pdf>).

Manure

Cooked fresh manure is an input in the production of our organic matter fertilizer. In addition, manure is often used as a direct crop input, albeit on a limited basis due to transportation costs and other issues. As such, we discuss manure in the context of an input to our process (manure supply) and as a crop input (current industry practice) for both organic and conventional growers.

Livestock producers generate large amounts of manure which creates a waste disposal problem. Their growth has been characterized by larger operations and more centralized locations. In effect, this creates larger and more concentrated livestock waste disposal challenges. The EPA estimates that there are currently 19,000 large and medium – sized confined animal feeding operations in the U.S. The USDA estimates that confined livestock operations generate approximately 500 million tons of manure annually. As a basis of comparison, EarthRenew's next plant in California is anticipated to consume approximately 75,000 tons of wet manure annually. This is equivalent to the annual manure production of approximately 8,000 cattle, 4,000 dairy cows or 2.5 million poultry, providing EarthRenew with growth opportunities.

The following chart shows the total manure production in the U.S. and Canada including confined animal feeding operations and other sources.

	Millions Wet Tons of Manure Produced ⁽¹⁾				
	Cattle	Dairy	Hogs	Poultry	Total
United States	794	144	134	440	1,512
Canada	97	23	23	31	174
	<u>891</u>	<u>167</u>	<u>157</u>	<u>471</u>	<u>1,686</u>

Note:

- (1) Figures in the table have been calculated using numbers derived from the following sources:
 - (a) Wet tons of manure produced by animal: An Assessment of Biomass Resources in California, 2006, California Energy Commission.
 - (b) Number of Cattle and Dairy in Canada: Cattle Statistics 2010, StatsCanada.
 - (c) Number of Hogs in Canada: Hog Statistics Fourth Quarter 2009, StatsCanada.
 - (d) Number of Poultry in Canada: Poultry and Egg Statistics October to December 2009, StatsCanada.

- (e) Number of Hogs in the United States: USDA website: National Statistics, Hogs and Pigs.
- (f) Number of Cattle in the United States: USDA website: National Statistics, Cattle All.
- (g) Number of Dairy in the United States: USDA website: National Statistics, Milk Cows and Production.
- (h) Number of Poultry in the United States: USDA website: National Statistics, Turkeys Raised; Poultry — Production and Value 2008 Summary, USDA; Chickens and Eggs 2009 Summary February 2010, USDA.

Current practices for disposing of these wastes include land spreading, land filling and disposal into waterways. These practices are facing increasing regulation and public scrutiny. Land spreading, which accounts for approximately 47% of disposal, is associated with the issues of nutrient contamination, over application and transportation costs. In the U.S., land spreading of manure is concentrated on only 5% of cropland due to the expense of transporting such heavy material (manure is 50% to 96% water).

Recently the USDA has announced that reducing manure-laden runoff is one of its six national enforcement initiatives. New regulation is expected to increase costs for manure producers leading these producers to seek new solutions. As stated in a report to Congress by the USDA titled "Manure Use for Fertilizer and for Energy" dated June 2009:

In response to environmental risks, Federal, State and local authorities are expanding their regulation of manure storage, transport and application. Many operations now must prepare, file and comply with detailed plans for managing manure so as to limit the possibilities for catastrophic spills or for land application in excess of the agronomic needs of crops. Some need to change manure management practices to comply with the plans. They will need to acquire more land for manure application, arrange with other farmers to accept manure for their cropland, reduce the nutrient content of manure, reduce manure production, or find other uses for manure... With a limited willingness to accept manure... production costs, including those for manure management, would likely rise by 2.5-3.5 percent for large operations.

Manure is usually 50% to 96% water. This high percentage of water has a dilutive effect on its organic matter and nutrient content and makes it costly to transport to fields and incorporate. As with compost, weed seeds can be prolific in manure, requiring increased use of expensive pesticides to compensate.

Manure is commonly contaminated with pathogens including *E. Coli*, *Salmonella*, *Mycobacterium Paratuberculosis*, *Cryptosporidia* and *Giardia* among others, raising the risk of food borne illness, especially in fresh supplied leafy greens. These pathogens can survive in manure for significant periods of time — *Salmonella* has been known to survive in stacked manure for up to 200 days (University of California Veterinary Extension). All of these pathogens pose serious health risks to humans. Applying manure to croplands risks crop contamination either directly or indirectly through runoff to adjacent lands.

The FDA recommends refraining from use of raw animal manure on produce. In addition, the NOP regulations require that uncomposted animal manures be applied at least 90 days prior to harvest for crops whose edible portions do not come in contact with the soil and at least 120 days prior to harvest of crops whose edible portions do come in contact with the soil.

Green Cropping

Green cropping is an agricultural practice used in intensive production which adds nutrients and soil organic matter by growing a crop for the purpose of chopping and turning the plant back into the soil. This is a practice which reduces the available acreage for revenue generating crops thereby reducing profitability. The growth of a green crop still requires a full array of applicable farming expenses including the purchase of seeds, fertilizers, water, fuel, and labour costs associated with planting, plowing, chopping, weed control, irrigation and turning the crop back into the soil. For example, costs associated with green cropping in California vegetable production could be approximately US\$200 per acre per year not including the cost of taking land out of production (UC Davis Cost Studies). Green cropping in one crop per year climates can take one third to one half of land out of production per year.

Current Organic Agriculture Nutrient Inputs — "Organic Fertilizers"

Certified organic growers are prohibited from utilizing chemical fertilizers to meet the nutrient needs of their crops. Instead, to add nutrients (nitrogen, phosphate, potassium and other nutrients) organic growers typically use a combination of manure application and green cropping, as described above, as well as an array of "organic fertilizers" including feather meal, blood meal, liquid organic fertilizers including fish emulsions and imported bird or bat guanos. These fertilizers are expensive and often highly diluted by water.

The following table sets out typical costs for these organic fertilizers as well as associated application costs in California:

Illustrative "Organic Fertilizers" Costs in California with Regional Variation⁽¹⁾

US\$	Typical Quantity/Acre	Price per Ton	Cost per Acre	Application Cost ⁽²⁾	Typical Total Cost per Acre
Organic Fertilizers:					
Bloodmeal ⁽³⁾	450 lb	1,500	338	9	347
Bloodmeal ⁽⁴⁾	800 lb	2,000	800	18	818
Phytamin ⁽³⁾	171 lb	1,020	87	119 ⁽⁵⁾	206
Potassium Sulfate ⁽⁴⁾	50 lb	1,300	33	27	60
Rock Phosphate ⁽⁴⁾	667 lb	640	213	6	219

Notes

- (1) Costs, materials and practices will not apply to all farms. Timing and types of establishment and cultural practices will vary among growers and from season to season due to variables such as weather, soil, and insect and disease pressure.
- (2) Application costs include all labor and fuel costs.
- (3) University of California Davis Cooperative Extension — 2009 Sample Costs to Produce Organic Leaf Lettuce — Central Coast Region.
- (4) University of California Davis Cooperative Extension — 2009 Sample Costs to Produce Mixed Vegetables — Sierra Nevada Foothills.
- (5) Phytamin applied though the drip system (used for irrigation) three times per year. Assumed to represent 25% of the drip system total cost.

These "organic fertilizers" are often in limited supply and may have a low nutrient content on as applied basis. Some, such as fish emulsions can be up to 98% water. There are few large suppliers with most being variable and locally supplied.

Some of these products have also recently been subject by product recalls due to spiking. Product spiking involves adding prohibited substances such as synthetic nitrogen or other prohibited chemical additives, a practice that is forbidden under the NOP. In 2007, a major organic liquid fertilizer producer was found to be adding ammonium sulfate to their liquid fertilizers and another was found to be adding aqueous ammonia to their liquid organic fertilizer products. Products from three other firms have also been removed from the market. As a result of these serious infractions, organic growers have implemented stringent nitrogen testing procedures and process validation.

Approvals for Crop Inputs in Organic Agriculture

EarthRenew products are approved for unrestricted use in organic agriculture by the Washington State Department of Agriculture ("WSDA"), one of the two main approval agencies in the U.S. This approval covers both our Organic Matter in a Granule® product and our organic matter fertilizer (<http://agr.wa.gov/foodanimal/organic/materialslists.aspx>).

The NOP is a marketing program housed within the USDA Agricultural Marketing Service, the agency that sets marketing standards. The Organic Foods Production Act of 1990 requires the Secretary of Agriculture to establish a National List of Allowed and Prohibited Substances which identifies synthetic substances that may be used, and the nonsynthetic substances that cannot be used, in organic production and handling operations.

The NOP established a policy whereby each Accredited Certifying Agent ("ACA") is responsible for conducting its own reviews of inputs for agricultural production, such as formulated pesticides, fertilizers and soil amendments. All ACAs are required to verify, along with their clients, that all materials used or planned for use by certified organic operations comply with the NOP. ACAs may consult with a reputable third party source, including the Organic Materials Review Institute (OMRI) or the WSDA, to review materials for compliance with the NOP regulation.

ACAs must document their determinations and verify that the inputs are used according to the NOP. ACAs must either have the capacity and expertise to review products, or contract with organizations accredited to do so. Many ACAs contract with OMRI or WSDA since they review products according to the NOP and publish a list of brand name products that other ACAs use. In order to be sure that a product complies, the manufacturer must fully disclose all ingredients and manufacturing processes to an ACA or a third party contracted by the ACA. All ingredients must comply with these standards.

Soil amendments and fertilizer inputs for use in organic agriculture are not "certified". Organic production, such as produce, is certified as organic, based, in part, on a grower's proper use of approved inputs.

In addition we have approval by the Organic Crop Improvement Association (OCIA) Canada as allowed for use under the Canadian Organic Standards Permitted Substance List, and compliant with the NOP and OCIA International Certification Standards.

THE BUSINESS OF EARTHRENEW

EarthRenew is an organic matter fertilizer company that is positioned for high growth.

Since 2006, the Corporation has raised approximately \$65.2 million which it has invested in developing its technology, establishing the effectiveness of its fertilizer, protecting its intellectual property and constructing and upgrading its first generation plant near Strathmore, Alberta. EarthRenew has proven its technology by building and operating an organic matter fertilizer plant at a 25,000 head cattle feedlot near Strathmore. We intend to build two second generation plants with the proceeds of the Offering. We are in advanced discussions with several new host sites and have initiated construction of modules for the next two plants. Our fertilizer is a crop input to the US\$25 billion organic food market in the U.S.

Our Fertilizer

Overview

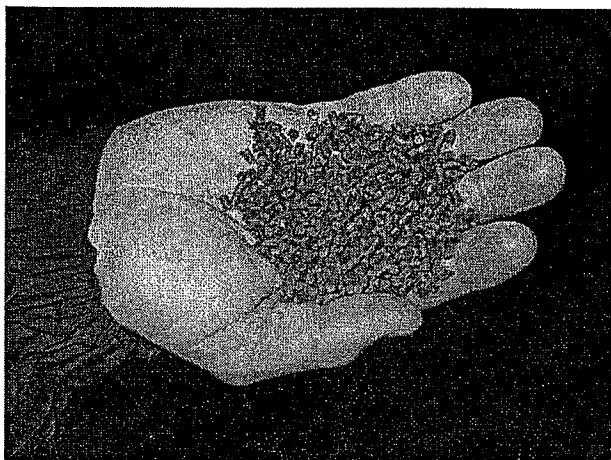
Our patented fertilizer contains over 50% un-degraded organic matter and a variety of nutrients. This concentrated organic matter is a fertilizer which provides slow release nutrients to plants. In addition, the organic matter has the added benefit of increasing plant nutrient uptake, resulting in higher yields.

Our organic matter fertilizer is approved for use in organic agriculture in the U.S. and Canada. Historically, organic growers, who are precluded from using chemical fertilizers, have produced yields that are lower than conventional growers. We have conducted a series of research trials since 2007 primarily intended to demonstrate that the use of our fertilizer could reduce or eliminate this yield gap. Certain of our research trials compared one pre-plant application of varying rates of our fertilizer with multiple applications of chemical fertilizers and, in a majority of those cases, the one application of our fertilizer produced equivalent or higher yields than multiple applications of chemical fertilizers. These preliminary trial results, which are limited to certain crops and soil conditions, are encouraging and have led us to increase the scope of our trials program to additional crops and climates and over multiple growing seasons to more fully understand the benefits and characteristics of our fertilizer.

By increasing the organic matter in the soil, our products can increase the amount of nutrients absorbed and used by the crop, referred to as nutrient "uptake", versus the amount of nutrients (i.e. fertilizer) lost to the environment. Fresh, raw manure contains un-degraded organic matter and nutrients. However, fresh manure is unstable and immediately begins to decompose, resulting in the loss of ammonia — nitrogen into the atmosphere, referred to as volatilization. Despite these losses when manure is used as a fertilizer, nutrient uptake is very high. Cornell University has estimated this uptake at greater than 85% over three years (Cornell University, Production Guide for Organic Carrots, 2009). Our patented cooking process stabilizes the nutrient content and the organic matter in our manure inputs, the combination of which enables an even greater nutrient uptake. On the other hand, chemical nitrogen fertilizer uptake by plants typically averages approximately 30%.

This difference in nutrient uptake explains the performance of our organic matter fertilizer. Chemical fertilizers do not contain organic matter, and only contain nutrients (usually only quick release nutrients). As a result, the typical analysis of the nitrogen, phosphate and potassium used in respect of chemical fertilizers (commonly referred to as an "N-P-K" analysis) is not fully representative of our fertilizer. Our product not only supplies nutrients but also supplies organic matter which fertilizes and increases the soil's ability to hold and distribute nutrients. This results in improved nutrient delivery to growing plants, and ultimately to increased nutrient uptake and improved yields. The result is what we believe to be a "multiplier effect" which substantially changes the metrics of nutrient application.

Our primary focus is the application of our fertilizer in organic agriculture. In addition, our fertilizer provides significant benefits for conventional high value vegetables, fruits and nuts, as well as for the large industrial markets of land repair and turf.



Benefits for Organic Growers

Our fertilizer provides organic farmers with a concentrated fertilizer that approximates chemical fertilizer in its density, water content, concentration and ease of use. Our fertilizer provides the following benefits:

- **Yields.** Historically, organic growers, who are precluded from using chemical fertilizers, have produced yields that are lower than conventional growers. See "Current Industry Practices — Organic Agriculture". Some of our research trials compared one pre-plant application of varying rates of our fertilizer with multiple applications of chemical fertilizers. The one application of our fertilizer in a majority of those cases produced equivalent or higher yields than multiple applications of chemical fertilizers including increased yields of up to 40% in the case of carrots, 15% to 28% in the case of spinach, 4.6% to 9% in the case of potatoes, and equivalent yields in the case of broccoli. See "Research Evaluation Summary". This represents a major advancement for organic agriculture.
- **Slow Release.** Our fertilizer is slow release due to its composition of both readily available and slow release organic nitrogen. This allows our fertilizer to supply nutrients throughout the growing cycle as plants need them.
- **Input Production Costs.** As organic growers are precluded from using chemical fertilizers, they use a combination of other crop inputs to add nutrients to the soil, such as meal (i.e. bone and blood), rock phosphate, liquid fish emulsions, potassium sulphate and bird/bat guanos, all of which are commonly referred to as "organic fertilizers". It is also typical for an organic grower to apply compost and compost-based products such as pelleted poultry manure as soil amendments. The cost of these inputs is typically significant for growers. See "Economic Advantages to Organic Growers" and "Current Industry Practices — Current Organic Agriculture Nutrient Inputs — Organic Fertilizers". Our products provide these growers with an alternative that may reduce their input costs.

Alternative crop inputs generally are applied multiple times throughout the growing season to be effective. We have conducted a series of research trials since 2007 intending, in part, to demonstrate that our fertilizer exhibited slow release characteristics, thus eliminating the need for multiple applications. Certain of our research trials compared one pre-plant application of varying rates of our fertilizer with multiple applications of chemical fertilizers and, in a majority of those cases, the one application of our fertilizer produced equivalent or higher yields than multiple applications of chemical fertilizers. A reduction in the number of applications reduces the growers' fuel and labour expenses.

- **Reduces Water Requirements.** Our fertilizer contains approximately 50% un-degraded organic matter. Organic matter holds 10 to 1,000 times more water and nutrients than the same amount of mineral soil. Organic matter provides better water and nutrient movement through the soil and increases water holding capacity and water infiltration for decreased runoff so crops are better able to withstand drought.

- **Is Approved for Use in Organic Agriculture in the U.S. and Canada.** Our fertilizer is compliant with NOP requirements for use in organic production as verified by the Washington State Department of Agriculture Organic Food Program, a generally recognized approval organization in the U.S. and the California Certified Organic Farmers Association (CCOF). Our product is approved for organic use in Canada by OCIA Canada under the Canadian Organic Products Regulations, 2009 and the OCIA International Certification Standards. See "Current Industry Practices — Approvals for Crop Inputs in Organic Agriculture"
- **Reduces Risks.** Organic growers currently use manure and compost-based products, such as pelleted poultry manure, as crop inputs, which may contaminate the soil and any growing crops with pathogens, pesticides, herbicides, antibiotics, steroids and weed seeds. Composting may also concentrate these materials. Our fertilizer:
- **Reduces Food Safety Risks.** Pathogens, including *Salmonella*, *E.coli* and *Giardia*, can cause food borne illnesses and result in food recalls that are expensive and damaging to a grower's reputation and to the industry. Our high heat process of up to 1,000 degrees Fahrenheit destroys pathogens.
- **Reduces Crop Risks.** Pesticides, including Lontrel, Accent, Stinger, Confront and all of the Clorpyralid family, and herbicides may be present in crop inputs which can contaminate crops causing crop damage. There is also evidence that viable pharmaceuticals in raw manure and compost can be taken up by plants. Our high heat process breaks down pesticides, herbicides and pharmaceuticals and makes them non viable.
- **Reduces Costs Through the Deactivation of Weed Seeds.** The use of manure and compost-based products also increases the spread of weed seeds including genetically modified organisms. In organic agriculture the use of herbicides is prohibited so the resulting weeds must be manually removed at significant expense. Our high heat process deactivates weed seeds in the input material to our process.
- **Increases Productivity through the Elimination of Green Cropping.** Green cropping is a practice used in intensive agriculture to add nutrients and organic matter to the soil by growing a crop for the purpose of chopping and turning the green crop back into the soil. This practice typically takes one-third to one-half of the land out of primary production per year, reducing the available acreage for commercial crops. In addition to removing valuable land from commercial production, the growth of a green crop requires a full array of farming expenses including seeds, fertilizers, water, fuel and labour associated with planting, plowing, chopping, weed control, irrigation and turning the crop back into the soil. For example, costs associated with green cropping in California vegetable production could be approximately US\$200 per acre per year not including the cost of taking land out of production (University of California Davis Co-operative Extension, see Note 3 to the table entitled "Illustrative Compost and Compost-Based Product Costs in California with Regional Variation" on page 24). The use of our fertilizer can be an alternative to green cropping by adding equivalent or more organic matter and nutrients to the soil while also fertilizing crops.
- **Is Easy to Apply.** EarthRenew's organic matter fertilizer has the approximate density and shape of granular chemical fertilizers. As a result, our product can be applied using current fertilizer application equipment including broadcast spreaders, shank and subsoil injectors, side banders and air seeders, making it easy for growers to adopt. Our fertilizer also has low water content. This makes our fertilizer less expensive to transport relative to manure and compost which have a significant water content making them heavy and relatively more expensive to transport.

Economic Advantage to Organic Growers

As organic growers are precluded from using chemical fertilizers, these growers currently use a combination of relatively expensive organic sources and practices to provide increased yields. See "Current Industry Practices — Current Organic Agriculture Nutrient Inputs — "Organic Fertilizers". In addition to the potential benefits described above, our organic matter fertilizers can have significant quantifiable benefits for growers. Growers will use our product in a variety of ways depending on their local conditions and needs; however, the economic advantages are demonstrated in the following illustrative case of an organic leaf lettuce crop in California's Central Coast region.

As the table below demonstrates, the use of our fertilizer can result in a lower total crop input cost as one ton of our fertilizer shanked into the soils, at planting, replaces the typical current practice of using a combination of green waste compost with gypsum, chicken manure compost and bloodmeal applied separately and Phytamin (liquid), applied twice for a total of five applications. A one time application of our fertilizer also reduces application costs including labour and fuel.

Illustrative Cost Savings Using EarthRenew Organic Matter Fertilizer⁽¹⁾

US\$	Costs per Acre				
Crop	Quantity/Acre	Price/Unit	Cost/Acre	Application Cost ⁽²⁾	Total Cost
Organic Leaf Lettuce ⁽³⁾					
Compost — Green Waste	2.5 ton	40.00	100	25 ⁽⁴⁾	125
Gypsum	0.5 ton	42.00	21	5 ⁽⁴⁾	26
Pelleted Chicken Manure	1000 lb	0.25	250	25	275
Bloodmeal	450 lb	0.75	338	9	347
Phytamin	171 lb	0.51	87	119 ⁽⁵⁾	206
Select Cost of Organic Fertilizer			796	183	979
EarthRenew Organic Matter Fertilizer	1 ton	435.00	435	40 ⁽⁶⁾	475

	Potential Savings per Acre		
	Materials	Application	Total
Potential Savings Using EarthRenew Organic Matter Fertilizer	\$361	\$143	\$504

Notes:

- (1) Costs, materials and practices are illustrative only. Timing and types of establishment and cultural practices will vary among growers and from season to season due to variables such as weather, soil, and insect and disease.
- (2) Application costs includes all labour and fuel costs.
- (3) All information as per University of California Davis Cooperative Extension — 2009 Sample Costs to Produce Organic Leaf Lettuce: Central Coast Region.
- (4) Compost/Gypsum blended in a single operation. Application costs allocated on relative tonnage.
- (5) Phytamin applied through the drip system (used for irrigation) three times per year. Assumed to represent 25% of the drip system total cost.
- (6) EarthRenew organic matter fertilizer applied once per crop using a sidedress application. Application costs determined as 80% of the cost per ton to apply pelleted chicken manure, with the 20% reduction being management's assumption based on the fact that the EarthRenew fertilizer is smaller and more dense than the chicken manure resulting in better flow through the application equipment and a faster application.

How EarthRenew's Organic Matter Fertilizer Works

Cooking Process Stabilizes Organic Matter and Nutrients

A key benefit of our technology is the stabilization of fresh manure before decomposition through our high heat process.

Fresh, raw manure contains un-degraded organic matter and nutrients. However, fresh manure is unstable and immediately begins to decompose, losing organic matter and nutrients. At the same time, nitrogen compounds including ammonia and nitrite found in fresh manure can be harmful, resulting in the "burning" of growing plants and germination problems for seeds. As a result, growers face a dilemma; applying the manure as fresh as possible provides the maximum amount of un-degraded organic matter and nutrients to the soil, at the same time it may damage growing plants or make germination difficult. On the other hand, stockpiling the manure for a period of time before application lessens the risk of damaging growing plants and of causing germination problems, but degrades organic matter. See "Current Industry Practices — Manure".

Our patented high heat cooking process immediately arrests decomposition and maintains both the ammonium nitrogen (the immediately available nitrogen) and organic nitrogen (the slow release component) in the initial ratios found in the manure. At the same time, our patented cooking process changes the properties of the manure so that the nitrogen in our product is stable. This allows our fertilizer to be directly applied to fields at planting or after germination without causing germination problems or burning or otherwise harming growing plants.

Our fertilizers have a water content of approximately 8%. This low water content prevents decomposition of our fertilizers giving them a long shelf life without any loss of organic matter or nutrients. When incorporated in the soil and exposed to moisture, our fertilizers immediately integrate into the soil where the nutrients are released for efficient plant uptake.

Our Un-degraded Organic Matter Increases Fertilizer Efficiency

Organic matter is a mixture of substances that originate from plant and animal materials consisting primarily of carbon and nitrogen. Un-degraded organic matter, prior to decomposition, is important for soil productivity as it holds

moisture and nutrients in the root zone where they are available for growing plants. The depletion of organic matter in soils can result in decreased soil productivity and declining crop yields. In addition, the depletion of soil organic matter results in the soil being less able to retain chemical fertilizers, causing the surface runoff of fertilizers into streams and lakes, the leaching of fertilizer into the groundwater and the loss of chemical fertilizer into the atmosphere. In turn growers have reacted by increasing application of chemical fertilizers which further depletes the soil and increases the amount of chemical fertilizers lost into the environment. See "Current Industry Practice — The Effect of Chemical Fertilizers on Organic Matter and Soil Efficiency".

To address the depletion of organic matter in overworked soils, some growers attempt to supplement the organic matter by adding manure and compost-based products to the soil. However, compost and compost-based products lose between 50% and 88% of the original organic matter and 40% to 70% of the nitrogen in them through decomposition in the composting process. The remaining organic matter is degraded with reduced fertilization ability. Typically what remains in these compost-based products is diluted by 40% to 60% water and, in our experience, an additional 8% to 15% gravel and debris. See "Current Industry Practices — Compost and Compost-Based Products."

Our Solution

In contrast to manure and compost, our fertilizer contains approximately 1,000 pounds of un-degraded organic matter per ton. We have patented this high concentration of organic matter converted to a fertilizer. As a result, EarthRenew can become part of the solution for depleted soils as regular applications of our organic matter fertilizer will increase the organic matter content of the soil.

Benefits for Conventional Growers

While the use of our fertilizer in organic agricultural is our primary focus, our fertilizer also provides significant benefits to conventional growers. Certain of our research trials compared one pre-plant application of varying rates of our fertilizer with multiple applications of chemical fertilizers and, in a majority of those cases, the one application of our fertilizer produced equivalent or higher yields than multiple applications of chemical fertilizers. These preliminary trial results, which are limited to certain crops and soil conditions, are encouraging and have led us to increase the scope of our trials program to additional crops and climates and over multiple growing seasons to more fully understand the benefits and characteristics of our fertilizer.

Slow release chemical fertilizers are a major focus of the chemical fertilizer industry. The intent of these controlled release fertilizers is to time the release of the nutrients into the root zone so as to match the uptake of nutrients by the growing crops thereby improving fertilizer uptake efficiency. Our fertilizer is slow release due to its composition of both readily available and slow release organic nitrogen. This allows our fertilizer to supply nutrients throughout the growing cycle as plants need them. In addition, conventional growers can use one application of our fertilizer in place of multiple applications of chemical fertilizers saving on fertilizer, labour and fuel costs.

Conventional growers in vegetable production often have overworked soils and use manure and compost-based products as soil amendments to replenish organic matter. This significantly increases the risk of pathogen contamination including *Salmonella*, *E.coli* and *Giardia*. As described above, use of our fertilizer can eliminate the use of these risky products.

The organic matter in our fertilizer increases the uptake of all nutrients, whether provided by our fertilizer or by chemical fertilizers. Management believes that blending our fertilizer with chemical fertilizer will increase the uptake of the chemical fertilizer by depending on the soil type, crop and climatic conditions, potentially resulting in both improved yields and the use of less chemical fertilizer.

Benefits for Land Repair and Turf Customers

Our fertilizer also provides benefits for the land repair and turf sectors. Land repair includes oil and gas industry activities associated with well sites, seismic, mine reclamation, oil sands processing, drilling and pipeline construction, plus other industrial activities such as gravel pits and highway construction. A result of any type of land disturbance is the loss or dilution of organic matter and therefore the replenishment of organic matter and nutrients is one of the primary requirements for a successful land repair effort.

Land repair requires organic matter fertilizers; however land repair activities are not normally located close to traditional sources of organic matter fertilizers, including manures and biosolids. When local supplies of manure are not available, straw and peat are often used. These sources are expensive and can be problematic.

In land repair a particular problem is inadvertently adding weed seeds which can be found in composts and other inputs. Where weed seeds from land repair activity cause weeds in adjacent properties, those conducting the land repair may be required to pay for weed removal at significant expense. Our product can also alleviate compaction, a key concern for land repair customers.

In land repair, our fertilizer is applied at rates of three to 20 tons per acre depending on the type of industrial activity and soil quality. A mine or quarry will require significant amounts of our fertilizer to construct a rooting zone mix that will sustain not only grasses, but shrubs and trees that must be reestablished to achieve reclamation certification. Subsoil injection to treat land compacted by industrial activities will often require high application rate.

We have supported a research project led by Paragon Soil and Environmental Consulting Inc. ("**Paragon**") with respect to a technique for subsoiling and fertilization involving the alleviation of subsoil compaction in active and abandoned industrial sites such as pipeline rights-of-way. The technique involves injecting our organic matter fertilizer into the soil to a depth of approximately 16 inches. This provides plant nutrients and water holding capacity as well as channels for water and root movement. The project is also supported by major energy and pipeline companies and the University of Saskatchewan. Significant funding and oversight is provided by Sustainable Development Technology Canada (See "Appendix "A" - Research Trials").

Multiple trials of the technique have been conducted on a wide range of soil types and locations covering a total of 37 acres of land. Based on two years of study, the research results showed that subsoil lifting and injection of our organic matter fertilizer has resulted in a 30% to 45% increase in barley and wheat yields, and 50% to 100% increase in yield and biomass of canola and forages relative to the adjacent fields to the treatment. This is a non-intrusive method of addressing subsoil compaction tailored to the reclamation industry.

We are actively marketing our organic matter fertilizer to golf courses, specifically to the growing number of operators and developers who are required to meet new environmental standards. Golf courses are frequently located in close proximity to waterways, lakes or along an ocean, creating elevated environmental concerns. EarthRenew's organic matter fertilizer can replace both the traditional peat moss in the rooting zone mix and applications of chemical fertilizers. For example, a golf course developer plans to use our fertilizer in the construction of its golf course and resort near Brinnon, Washington on Puget Sound. The resort is planned as a model of environmental stewardship utilizing Platinum LEED (Leadership in Energy and Environmental Design) standards of excellence that include fertilization without chemical nitrogen or phosphate, low potable water consumption and greenhouse gas reductions.

Maintenance of soil organic matter and an increase in efficiency uptake of chemical fertilizers is of significant concern in golf course turf management. Organic matter must be replenished to maintain water infiltration so that water does not sit on the greens and tees.

The United States Golf Association provides general guidelines for effective environmental golf course management. These guidelines include using nutrient products and practices that reduce the potential for contamination of ground water and surface water from overuse of chemical fertilizers. Strategies include using slow-release fertilizers and organic matter fertilizers.

The use of our fertilizer increases organic matter in the soil. This increases nutrient uptake, lowers nutrient runoff (a key concern of golf courses) and provides the potential for lower chemical fertilizer application, which can assist golf courses to address regulatory concerns and community expectations. Our fertilizer can be used by cities working to comply with new restrictions or prohibitions on chemical fertilizer use in parks.

Research Evaluation Summary

We have conducted a variety of research field and greenhouse trials in high value vegetables, leafy greens, fruits and land repair. Research trials have been conducted by researchers at the University of Arizona, California State University, Fresno, the Canada-Saskatchewan research station at Outlook, Saskatchewan, Alberta Agriculture and Rural Development, Brooks, Alberta, Agriculture and Agri-Food Canada in Lethbridge, Alberta, and the University of Alberta, Edmonton, Alberta. See "Appendix "A" — Research Trials".

EarthRenew has entered into agreements with the University of Alberta, California State University, Fresno, the University of Arizona and Agriculture and Rural Development Canada (Brooks, Alberta) in respect to trials. These agreements address the scope of work of the projects and fees provided by EarthRenew to these organizations. The full text of these agreements is available at www.SEDAR.com. Results have either approximated or exceeded our expectations, which we attribute to the nutrient and concentrated un-degraded organic matter content of EarthRenew organic matter fertilizer.

To date, in the high value produce crops, we have conducted the trials on a one time cropping basis; that is, our research has evaluated the impact of EarthRenew during the one crop trial. However, because of the concentrated organic matter in our product we expect to see follow-on benefits to subsequent crops. In the future, we intend to test our products over multiple growing seasons, growing our research crops on the exact same plot of ground to demonstrate the carryover benefits of our product in building longer-term soil cropping sustainability. We also intend to conduct trials that demonstrate the effects of the improvement in soil condition provided by our product including improved water infiltration and retention. Additionally, although organic growers can readily interpret results comparing our product to chemical fertilizers, we intend to conduct trials comparing our organic matter fertilizer to other approved inputs for use in organic agriculture.

To date, our fertilizer has only been used in trials with a limited number of crops, and in a limited number of soil types and climatic conditions. The results of these trials may not be indicative of the performance with other crops and in other soils and climatic conditions. These trials were of limited scope and commercial use of our fertilizer for agricultural crops is not widespread, so the effects of our fertilizer when used on a commercial scale have not yet been verified. These trials were also conducted for a limited duration, and the long term effects of our fertilizer after several growing seasons is unknown.

The information below is a summary of the more detailed information contained in the research reports relating to each of the research trials summarized below; see the full text of the research reports, which are available at www.SEDAR.com, for more information. For further information see Appendix "A" — Research Trials.

EarthRenew Efficacy as a Fertilizer

We initiated a series of research trials starting in 2007 intended to demonstrate to organic farmers that they could obtain yields similar to, or better than, conventional farmers using chemical fertilizers. Certain of the research has been designed to compare EarthRenew organic matter fertilizer with typical applications of chemical fertilizers to demonstrate that the use of our fertilizer could reduce or eliminate the yield gap between conventional and organic growers. These trials also compared a single application of varying amounts of EarthRenew fertilizer prior to planting with typical multiple applications of chemical fertilizers throughout the crop growing season to demonstrate our fertilizer's slow nutrient release characteristics, thus eliminating the need for multiple applications.

As discussed in the following paragraphs, trials with spinach, carrots and broccoli showed that one pre-plant application of our fertilizer can produce equivalent or higher yields than multiple applications of chemical fertilizers at the same or higher rates of nutrients. We believe this is explained by the "multiplier" effect provided by the concentrated organic matter in our fertilizer. It is important to note that even yields that are equivalent to the yields produced by chemical fertilizers are significant given that organic growers typically achieve lower yields than conventional growers. See "Current Industry Practices — Organic Agriculture".

This type of comparison provides results that are readily understandable by both conventional and organic growers (our customers and potential customers typically produce both conventional and organic crops). These trials help us market both to organic growers who understand the metrics of conventional production and to conventional growers who look to reduce costs by lowering the number and amount of chemical fertilizer applications.

Although our research program in this area has approximated the results we anticipated, not all of the results are what we expected. For example, in the University of Arizona carrot trial described below the two tons per acre application rate resulted in yields that were 40% higher than both the chemical fertilizer application and the four ton EarthRenew organic matter fertilizer per acre application rate. Management believes that the reasons behind the lower performance of the four ton per acre application could be as a result of over fertilization. However our fertilizer did not burn the crop as would be the result of over fertilization using chemicals.

<u>Crop</u>	<u>Protocol and Results</u>
Spinach University of Arizona, Maricopa County	• Compared: One application of EarthRenew organic matter fertilizer incorporated after broadcast spreading at two tons per acre and four tons per acre at pre-plant compared to two applications of chemical fertilizer (11-52-0) applied at 500 pounds per acre at pre-plant and another 500 pounds per acre at mid-season. • Results: One application of EarthRenew organic matter fertilizer outperformed two applications of chemical fertilizer, with the two tons per acre application producing <u>approximately 21% more spinach</u> (28 pounds per 20 foot row) and the four tons per acre application producing <u>approximately 28% more spinach</u> (30 pounds per 20 foot row) than the chemical fertilizer (approximately 23 pounds per 20 foot row).

Crop
Research Institution

Spinach
University of Arizona,
Yuma County

Protocol and Results

- **Compared:** One application of EarthRenew organic matter fertilizer applied at two and four tons per acre, broadcast spread and incorporated into the soil prior to planting compared to one application of chemical fertilizer (11-52-0) applied at 500 pounds per acre at pre-plant.
 - **Results:** One application of EarthRenew organic matter fertilizer outperformed one application of chemical fertilizer, with the two tons per acre application producing the largest yield of approximately 2.8 kilograms per metre, a 15% increase over the chemical fertilizer application which produced approximately 2.6 kilograms per metre. EarthRenew organic matter fertilizer applied at four tonnes per acre produced approximately 1.9 kilograms per metre. The researcher on these first trials stated that this appears to be a fertilizer that has the capability to produce quality organic leaf spinach and other similar growth period crops such as baby leaf lettuce.
- **Compared:** One application of EarthRenew organic matter fertilizer applied at two and four tons per acre, broadcast spread and incorporated into the soil prior to planting compared to two applications of chemical fertilizer (11-52-0) one application applied at 500 pounds per acre at pre-plant and another of 500 pounds per acre at mid-season.
- **Results:** One application of EarthRenew organic matter fertilizer applied at two tons per acre outperformed two applications of chemical fertilizer, producing approximately 40% more carrots (approximately 21 pounds per 9.5 foot row) than either the four tons per acre application of EarthRenew organic matter fertilizer or the chemical fertilizer (both of which produced approximately 15 pounds per 9.5 foot row).

Carrots
University of Arizona,
Maricopa County

EarthRenew Blended with Chemical Fertilizer

Of particular importance to a conventional commercial grower is saving on input costs by reducing the number of applications of fertilizer during the growing season. To evaluate the impact of combining our organic matter fertilizer with chemical fertilizer we conducted field trials where researchers blended EarthRenew organic matter fertilizer with various rates of chemical fertilizers, as low as 50% below the recommended rate. These trials were designed to determine if a conventional grower could use our product to lower the amount and number of chemical fertilizer applications. This is particularly relevant to conventional potato and celery growers as these are crops that require relatively high levels of nutrient addition to achieve optimum yields.

Crop
Research Institution

Broccoli
California State
University, Fresno

Protocol and Results

- **Compared:** This research was conducted in a greenhouse with broccoli grown in pots to compare one application of EarthRenew organic matter fertilizer applied prior to planting at various rates relative to multiple applications of chemical nitrogen applied throughout the growing season. The treatments were: (i) the typical grower practice of 180 pounds of chemical nitrogen (Urea Ammonium Nitrate ("UAN32")) per acre applied in 6 applications of 30 pounds per acre starting at 19 days after transplanting the broccoli; (ii) EarthRenew organic matter fertilizer alone applied at 120 pounds of nitrogen per acre; (iii) EarthRenew organic matter fertilizer alone applied at 180 pounds of nitrogen per acre; and (iv) a combination of 120 pounds of nitrogen per acre from EarthRenew organic matter fertilizer and 60 pounds of chemical nitrogen per acre from UAN32 (with 30 lbs per acre of UAN32 applied at 19 days and again at 33 days after transplanting). The EarthRenew organic matter fertilizer was applied as a one-time pre-transplant application.
- **Results:** For plants receiving a nitrogen fertilizer rate of 180 pounds per acre (treatments (i), (iii) and (iv)), there was no significant difference in the yield and size of broccoli as a result of the type of fertilizer used. The treatment (ii) which received 120 pounds of nitrogen per acre from EarthRenew organic matter fertilizer alone produced fewer florets than the other three treatments. There was no significant difference between any of the four treatments in terms of the size of the broccoli florets. Root and shoot weights (biomass) showed no significant difference between treatments either. As the EarthRenew organic matter fertilizer was only applied prior to transplanting, this one time application represents a potential saving in energy, fuel and labour requirements in comparison to the multiple chemical nitrogen (UAN) fertilizer applications traditionally used by broccoli growers in California.

Yields from the four treatments were approximately:

i	ii	iii	iv
91 grams	72 grams	91 grams	95 grams

Crop
Research Institution

Potatoes
Alberta Agriculture
and Rural Development

Protocol and Results

- **Compared:** EarthRenew organic matter fertilizer 2008 field trials as follows: (i) control treatment with a background fertility of approximately 135 pounds per acre of nitrogen achieved through a combination of existing soil fertility and pre-plant incorporation of fertilizer (96 pounds per acre of 11-52-0); (ii) background fertility as set forth in (i) with 5 pounds per acre of chemical nitrogen, 25 pounds per acre of chemical potassium plus EarthRenew organic matter fertilizer applied at one tonne per acre incorporated pre-plant; (iii) background fertility as set forth in (i) with 5 pounds per acre of chemical nitrogen, 25 pounds per acre of chemical potassium and EarthRenew organic matter fertilizer applied at 2 tonnes per acre, incorporated pre-plant; (iv) background fertility as set forth in (i) with 5 pounds per acre of chemical nitrogen, 25 pounds per acre of chemical potassium and EarthRenew organic matter fertilizer applied 3 tonnes per acre, incorporated pre-plant; (v) background fertility as set forth in (i) with EarthRenew organic matter fertilizer only applied at 3 tonnes per acre incorporated pre-plant; and (vi) background fertility as set forth in (i) with simulated growers standard practice of 62 pounds per acre of chemical nitrogen, 30 pounds per acre of chemical potassium incorporated pre-plant and 50 pounds per acre of chemical nitrogen top-dressed at hilling.
- **Results:** Research concluded that both treatments (iii) and (iv) produced yields similar to the grower standard practice. EarthRenew organic matter fertilizer applied at 3 tonnes per acre (v) produced the highest total and marketable yield, with an approximate 4.6% increase (based on total yield) and an approximate 9% increase (based on marketable yield) compared to the growers standard practice. The researcher stated that the total yield and marketable yield increased with the volume of EarthRenew organic matter fertilizer applied relative to the control.

Yields from the six treatments were approximately:

	i	ii	iii	iv	v	vi
Total yield	30.7 tons/acre	31.0 tons/acre	31.8 tons/acre	31.6 tons/acre	34.3 tons/acre	32.8 tons/acre
Marketable yield . .	27.2 tons/acre	27.3 tons/acre	28.5 tons/acre	27.6 tons/acre	30.9 tons/acre	28.3 tons/acre

Crop
Research Institution

Potatoes
Alberta Agriculture and
Rural Development and
Agriculture and Agri-Food
Canada

Protocol and Results

- **Compared:** EarthRenew organic matter fertilizer 2009 field trials as follows: (i) control treatment with a background fertility of approximately 90 pounds per acre of nitrogen in the soil; (ii) background fertility as set forth in (i) with 80 pounds per acre of chemical nitrogen and EarthRenew organic matter fertilizer applied at 2 tonnes per acre incorporated pre-plant; (iii) background fertility as set forth in (i) with 137 pounds per acre of chemical nitrogen and EarthRenew organic matter fertilizer applied at 2 tonnes per acre incorporated pre-plant; (iv) background fertility as set forth in (i) with 62 pounds per acre of chemical nitrogen and EarthRenew organic matter fertilizer applied at 4 tonnes per acre, incorporated pre-plant; (v) background fertility as set forth in (i) with 119 pounds per acre of chemical nitrogen and EarthRenew organic matter fertilizer applied at 4 tonnes per acre incorporated pre-plant; and (vi) background fertility as set forth in (i) with simulated grower practice of 80 pounds per acre of chemical nitrogen and 40 pounds per acre of chemical phosphorus incorporated pre-plant and 75 pounds per acre of chemical nitrogen (urea) top-dressed at hilling.
- **Results:** Research concluded there were no significant differences observed in total or marketable yields among the treatments; however, the combination of 2 tonnes per acre of EarthRenew organic matter fertilizer and 137 pounds per acre of chemical nitrogen produced the highest observable total yield (treatment iii) an approximate 6.5% increase based on total yield from the simulated grower practice and was equivalent to the simulated growers practice based on marketable yield.

Yields from the six treatments were approximately:

	i	ii	iii	iv	v	vi
Total yield	23.8 tons/acre	22.9 tons/acre	29.1 tons/acre	26.6 tons/acre	23.6 tons/acre	27.4 tons/acre
Marketable yield . .	14.6 tons/acre	14.5 tons/acre	19.3 tons/acre	16.5 tons/acre	16.5 tons/acre	19.3 tons/acre

Crop
Research Institution

Potatoes
Canada — Saskatchewan
Irrigation Diversification
Centre, Outlook,
Saskatchewan

Protocol and Results

- **Compared:** The application of EarthRenew organic matter fertilizer at rates of 0 (control), 1.5 and 3 tonnes per acre in combination with standard commercial rate of chemical fertilizer 200 kilograms per hectare nitrogen and 120 kilograms phosphorus per hectare) to make up 100%, 80% and 60% of the recommended nutrient levels. There was also a control to which no chemical nitrogen fertilizer was applied. Chemical potassium at 50 kilograms per hectare was applied to all treatments.

Crop
Research Institution

Protocol and Results

Celery
Canada — Saskatchewan
Irrigation Diversification
Centre, Outlook,
Saskatchewan

- **Results:** The highest marketable yield of 43 tonnes per hectare and total yield of 46.7 tonnes per hectare were obtained with a combination of 1.5 tonnes per acre EarthRenew organic matter fertilizer and 80% of the recommended chemical fertilizer, representing an increase of 8% and 6%, respectively, relative to the recommended chemical fertilizer level without EarthRenew organic matter fertilizer which had a marketable yield of 39.4 tonnes per hectare and a total yield of 44.4 tonnes per hectare.
- **Compared:** Four levels of application of EarthRenew organic matter fertilizer (0 - control, 2 tonnes/hectare, 4 tonnes/hectare and 6 tonnes/hectare) and three levels of fertilizer (full rate of 300 kilograms of nitrogen per hectare and 300 kilograms of phosphorus per hectare; 75% of full rate and 50% of full rate). Potassium at 100 kilograms per hectare to entire test.
- **Results:** No statistically significant differences were found in marketable yield and average weight of marketable heads between the EarthRenew organic matter fertilizer and the chemical fertilizer. However, the highest marketable yield of 45 tonnes per hectare (828 grams per marketable head on average) was obtained for the 2 tonnes per hectare treatment of EarthRenew organic matter fertilizer when applied with 50% and 75% of the recommended chemical fertilizer rate. The average weight of marketable heads ranged between 638 and 828 grams. As a result, the researchers stated that, two tonnes per hectare of EarthRenew organic matter fertilizer allowed the chemical fertilizer requirement to be reduced by 50%.

EarthRenew in Land Repair

The repair of land affected by industrial activities is a major challenge faced by resource developers as regulatory and landowner expectations grow more stringent. The type and extent of land disturbance calls for a variety of techniques to rebuild or repair soil where it will support the desired plant growth. Working with university researchers, we have undertaken greenhouse and field trials to evaluate and demonstrate EarthRenew organic matter fertilizer for the amendment of mine waste rock and tailing sand to build a rooting medium to support plant growth and to achieve reclamation objectives. Oilfield activities on agricultural land generally result in reduced crop yield due to compaction of subsoil by heavy equipment.

**Limestone Mineland
Reclamation**
University of Alberta
Edmonton, Alberta

- **Compared:** This research was conducted for the purpose of evaluating EarthRenew organic matter fertilizer for limestone quarry reclamation and was conducted over 2 years from 2007 to 2009. In 2007-2008, 4 initial greenhouse pot trials were conducted as a preliminary step before field trials which compared various application rates of EarthRenew organic matter fertilizer with and without chemical fertilizer. In 2009 a field trial was conducted using clean fill material at an active limestone quarry to compare control plots with only 1.1 tonnes per hectare of slow release chemical fertilizer (14-14-14), EarthRenew organic matter fertilizer applied at 7 tonnes per acre and EarthRenew organic matter fertilizer applied at 7 tonnes per acre and 1.1 tonnes per hectare of a slow release chemical fertilizer (14-14-14).
- **Results:** In respect of the 2007-2008 research, the researcher concluded that: a) in a controlled greenhouse environment, the above ground plant growth and below ground root mass was significantly higher in the control than in the EarthRenew treatments; b) the blending of EarthRenew product with ammonium sulphate chemical fertilizer produced bigger plant tops and root amounts than blending with urea fertilizer; c) in this greenhouse trial using clean fill soil material perennial ryegrass exhibited greater height growth and greater overall top and root biomass at the 7 tonne per acre application rate; and d) EarthRenew organic matter fertilizer and EarthRenew organic matter fertilizer enriched with nitrogen showed potential as supplemental sources to provide nutrients for plant establishment and growth in reclamation projects and that EarthRenew organic matter fertilizer showed the potential for sustained nutrient release even after 215 days of being applied. Preliminary results from the 2009 field trials indicate that the plots with EarthRenew organic matter fertilizer and without chemical fertilizer had twice as many plants established compared to the control plots without fertilizer.

**Oil Sands Tailings
Reclamation**
University of Alberta
Edmonton, Alberta

- **Compared:** In a greenhouse study, EarthRenew organic matter fertilizer was added at a rate of 0 (control), 2, 4.5 and 7 tonnes per acre to tailings sand alone and tailings sand amended with peat; in addition half of the pots had a slow release chemical fertilizer (14-14-14) added to them.
- **Results:** The application of EarthRenew organic matter fertilizer increased the above ground growth in tailings sand and tailings sand with peat, particularly when used together with fertilizer. The highest above ground growth was achieved in tailings sand with EarthRenew organic matter fertilizer applied at the 7 tonnes per acre rate and in tailings sand with peat with EarthRenew organic matter fertilizer applied at the 4.5 tonnes per acre rate. In tailings sand without peat, most plant species in the mix achieved a higher above ground growth with the application of EarthRenew organic matter fertilizer at a rate of 4.5 tonnes per acre for both fertilized and non-fertilized treatments.

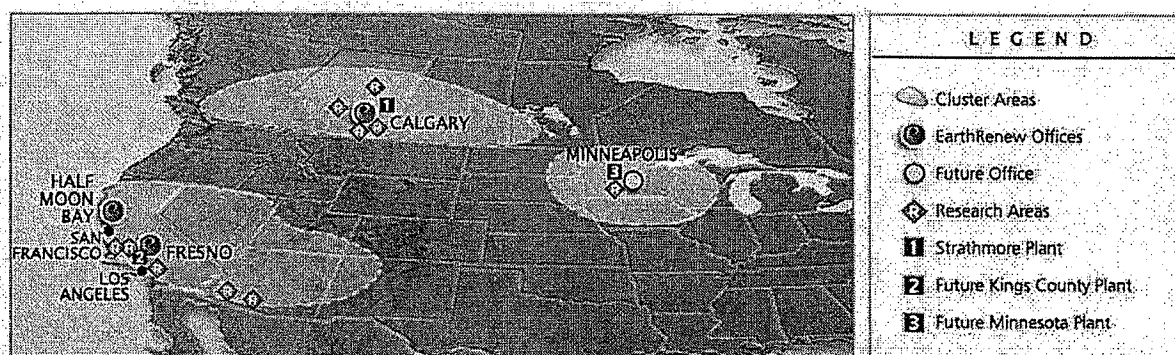
Market Development

Overview

EarthRenew has focused its initial market development efforts on three strategic regions of North America: (i) the western U.S., in particular California and Arizona; (ii) the U.S. Midwest; and (iii) western Canada. Each of these regions has three attractive characteristics which support the growth and development of a critical mass or "cluster" of EarthRenew plants:

1. Proximity to significant product markets:
 - organic agriculture
 - conventional vegetables, fruits and nuts
 - land repair and turf
2. Concentration of potential Host sites
3. Availability of human resources

EarthRenew Market Clusters



We have signed a Host agreement to locate one of our plants at a site in California's San Joaquin Valley, strategically located near the core of organic and conventional high value vegetables, fruits and nuts production. This site is located in Kings County, an important agricultural region, which is also near four other key customer regions:

- Fresno County — the largest crop production and highest crop receipts in California;
- Kern County — the largest carrot production region in North America;
- Salinas Valley — large acres in spinach, lettuce, and fresh cut vegetable production; and
- Monterey County — the largest berry growing area in North America.

To support our ongoing product introduction and customer trial initiatives, we are shipping a portion of the current production from our Strathmore Plant to our U.S. target markets until our second generation plants are built and operating. As with our proposed Kings County site, it is our intention to locate future plants near our key markets to minimize transportation costs.

Our Market Strategy

Our strategy is to be the first large-scale supplier of consistent fertilizer to the organic agriculture market. In doing so, we intend to displace "organic fertilizers" which include feather meal, blood meal, liquid organic fertilizers and fish emulsion, as well as compost and compost-based products such as pelleted poultry manure.

Inputs to the organic agriculture market are currently supplied by fragmented and regional sources. These inputs are also typically variable in composition from batch to batch and season to season. In addition, regulators have recently required product recalls due to chemical nitrogen spiking. EarthRenew organic matter fertilizer is consistent, stable, has been approved for use in organic agriculture in the U.S. and Canada, and has been demonstrated in research trials to produce equivalent or higher yields as compared with typical applications of chemical fertilizers. Collectively this provides a significant market growth opportunity.

We anticipate increasing market adoption of our organic matter fertilizer in the latter half of 2010 in western Canada, primarily by land repair customers. We are working with Paragon, a respected land repair soil advisory service provider, that specifies our fertilizer for use on its customers' land repair projects. EarthRenew and Paragon have entered into a Consortium Agreement in respect of the development of Paragon's subsoil injection technology as well as a non-binding Business Development Agreement contemplating the promotion of their services and capabilities and joint business and marketing efforts.

Over the next two years we expect a significant portion of our production from the Strathmore Plant to be sold into the land repair and turf sectors. Currently we are selling into the Alberta and British Columbia land repair markets to customers such as oil and gas companies and their service providers. Going forward we expect approximately 50% of our sales to be in the land repair and turf market across all strategic regions.

Over the two year period to commissioning of our two second generation plants, we intend to advance our marketing program by both building our sales and services infrastructure and introducing our product to key customers ahead of plant construction. In doing so we intend to support and develop customer relationships and build product knowledge. The services aspect of our sales program, desired by customers, includes technical, crop and application services. These services provide opportunities for further fertilizer sales.

We are developing the California market with production from the Strathmore Plant in order to build demand ahead of construction of our Kings County Plant. These efforts are most notable in our California target organic agriculture and conventional vegetables, fruits and nuts markets. We have initiated a number of grower trials in these markets in a variety of crop types and soil conditions with both existing and new grower customers. During these trials we intend to continue to develop our customer base and expand our grower trials.

A number of growers in the region are trialing our products and others have indicated to us that they intend to trial our product over a number of crop cycles before moving to commercial adoption. We believe that with expanded sales and services capacity and having increased knowledge of our fertilizer through a number of growing seasons the adoption of our fertilizer in this region will be firmly established ahead of the completion of our Kings County Plant.

We will be initiating a similar program in the U.S. Midwest in late 2010 with the goal to build demand for our products before constructing our Minnesota plant. As with California, we aim to build knowledge and interest in our products through grower trials in local crops and soil conditions.

Concurrent with these initiatives, we intend to align ourselves with established soil service providers and regional agricultural retailers with local knowledge and strong customer relationships. These service providers will distribute our products along with their services. We have initiated this approach in California and western Canada and intend to commence a similar program in Minnesota.

Grower Approvals

Growers of fresh produce are highly sensitive to pathogen contamination that has caused significant damage to the industry. In addition, organic growers and distributors must be diligent to maintain their organic certification. In order to safeguard food safety and maintain certification, distributors may require that their contract growers only use approved crop inputs that pass food safety audits. Accordingly, we have obtained a number of distributors' approvals prior to marketing directly to their growers. A key contributing factor in obtaining these approvals has been the effectiveness of our high temperature process in destroying pathogens in the input material.

Product Pricing

Our current list price for one ton bagged organic matter fertilizer in California is \$440 (US\$435) FOB our contracted warehouses. In Canada we sell our one tonne bagged fertilizer for a list price of \$440 FOB our Strathmore Plant. In California, we have priced our bagged organic matter fertilizer to reflect our proposed list price for product sold from our Kings County Plant when installed. We believe our products provide significant value to a customer relative to the cost of current industry practices, particularly in respect of organic farming. See "Economic Advantage to Growers" and "Current Industry Practices — Current Organic Agriculture Nutrient Inputs — "Organic Fertilizers".

We sold 400 tons of fertilizer in 2007 and 2008. In 2009 our commercial sales began to gain traction and we sold 870 tons with approximately 40% of tonnage sold at or near our full list price of \$440 per ton. Product sold for below full list price included introductory offers to new customers and product used in customer research. A small amount of product was provided to university or government related research trials. Approximately 49% of sales in 2009 were to the

reclamation sector and 17% were to growers who began their trials in the fourth quarter of 2009 with the remainder to consumer retail outlets, nurseries, turf and farms.

Growth Strategy

EarthRenew's strategy is to aggressively pursue growth within our target markets, capitalizing on the anticipated demand for our organic matter fertilizer. Concurrent with the construction of our next two plants, we will continue to negotiate additional Host locations.

Our goal is to build demand for the future output from these plants and have potential or existing customers contractually agree to take a percentage of a new plant's output once installed. Management believes the opportunity to build additional plants is substantial given the size of the potential market for our organic matter fertilizer and the number of possible Host sites within our target regions. See "Development of Second Generation Plants".

Financing our Growth

We intend to utilize the proceeds from this Offering to install the next two second generation plants. The development of additional plants to meet our fertilizer market demand will utilize internally generated cash flow together with prudent levels of debt and equity financing. As construction of the second generation plants nears completion, we intend to access debt capital sources to add prudent leverage on these plants. We anticipate these sources will include both traditional bank financing as well as capital markets debt alternatives. In addition, our plants in the U.S. may qualify for tax-exempt Solid Waste Disposal Revenue Bond financing. This form of financing can in most cases finance up to 70% of project costs with terms of up to 12 years.

Growth in Production and Sales Capacity

The combined production of our next two proposed second generation plants together with our Strathmore Plant is estimated to be approximately 60,000 tons of organic matter fertilizer per year at base load operations, which we expect to reach in two years time. As construction of the next two second generation plants nears completion, we intend to access debt capital sources for financial leverage on the plants. We intend to start component construction of our fourth and fifth plants in the third quarter of 2011 and thereafter to install and startup two additional plants in every six month period thereafter, subject to the availability of required debt and equity financing. Our strategic objective is to have 12 additional plants in operation by the third quarter of 2014. This expansion plan will give us a total combined per year base load production of 280,000 tons of organic matter fertilizer by the third quarter of 2014 with plants located in each of our three cluster areas. With availability of capital and human resources, Management believes that the growth of plant installations matched with organic matter fertilizer demand could see a more rapid scalable growth.

EarthRenew has had a presence in California since 2004 where we currently have five employees including three contractors. We intend to grow our California business out of our Fresno office to support our fertilizer marketing and sales. Over the past few years, we have:

- developed relationships with key growers who are using our fertilizer on a trial basis;
- secured a Host agreement with a cattle feedlot operator enabling us to begin construction of the Kings County Plant following the closing of this Offering;
- identified six additional potential Hosts in central and southern California near our key target markets;
- conducted third party research in the region which demonstrates the effectiveness of our fertilizer in local crop and soil conditions; and
- used production from our Strathmore Plant to develop the market ahead of installing our proposed plants.

Timeline for Installation of our Second Generation Plants

We intend to install and commission our next two plants in each of central California and Minnesota within 24 months from Closing. We designed, permitted and installed our Strathmore Plant in 17 months. We have a Host agreement with a 20,000 head cattle feedlot in central California and are in the final stages of negotiating a Host agreement with a poultry operation in Minnesota. In addition to the Minnesota poultry operation, we are in advanced discussions with an additional four potential Hosts and are in discussions with another six.

Our second generation plants have a modular design which allows for efficient installation. These modules will be prefabricated at various plants in North America for shipment to a Host site for final integration with on-site construction.

Our modules will utilize standardized industrial equipment, including the cooker, switchyard, gas turbine, generator and pelletizing systems, each of which is available from a variety of suppliers.

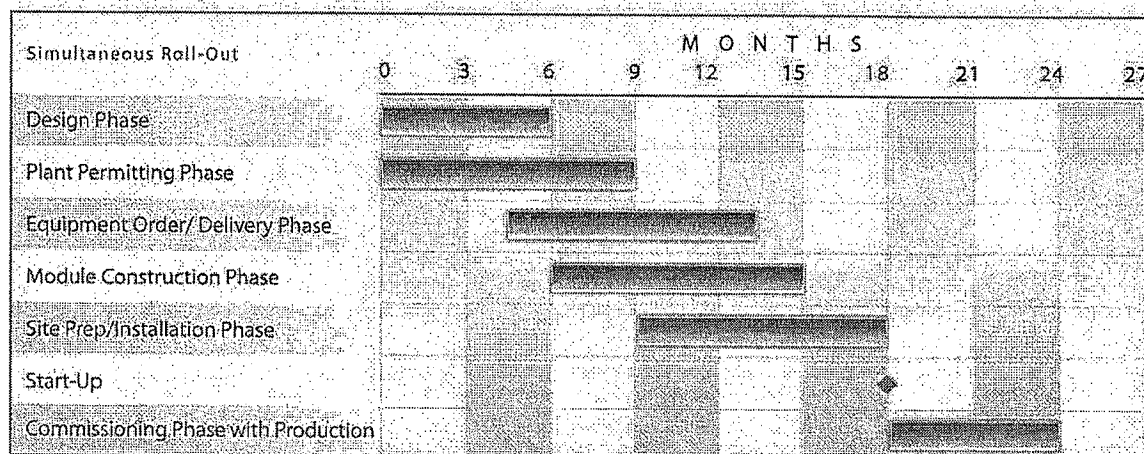
Since these plants are designed with basic component parts, the procurement of key equipment and long lead time items can be initiated as Host negotiations and permitting progress in order to speed up the time to base load production. These items typically require approximately eight months lead time to be supplied and installed into our modules. We have purchased \$7 million of equipment and modules for the next two second generation plants.

Anticipated plant installation milestones over the next twelve months following closing of this Offering include:

- permitting of the proposed Kings County Plant;
- finalizing the Host agreement for our proposed Minnesota plant;
- permitting of our proposed Minnesota plant;
- recommencing construction of modules for our proposed Kings County and Minnesota plants; and
- commencing site construction for our proposed Kings County and Minnesota plants.

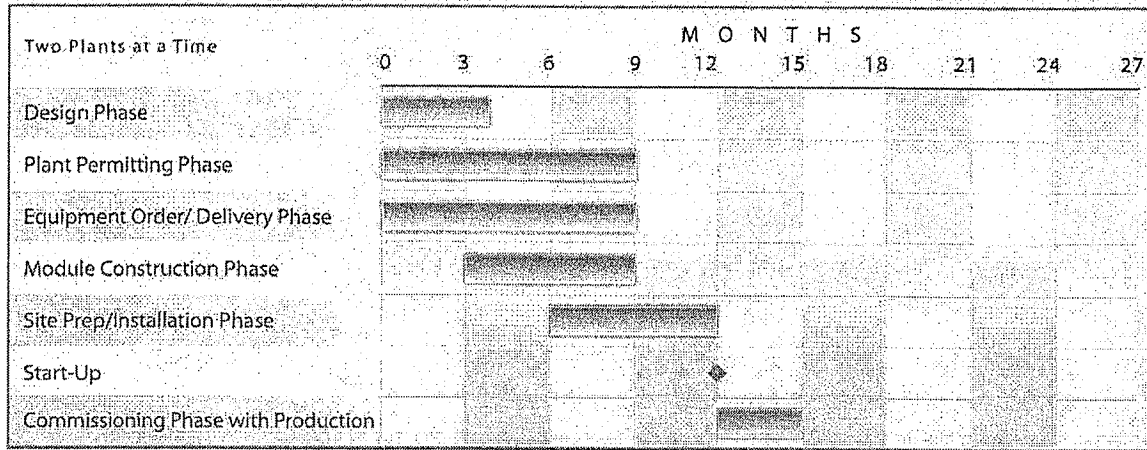
Our project timeline for the design, construction and commissioning of these next two plants includes six months for engineering and design work relating to the second generation plants, twelve months for completion of our equipment module construction and installation at the Host site, and six months ramp up to base load operation.

Next Two EarthRenew Second Generation Plant Roll-Out



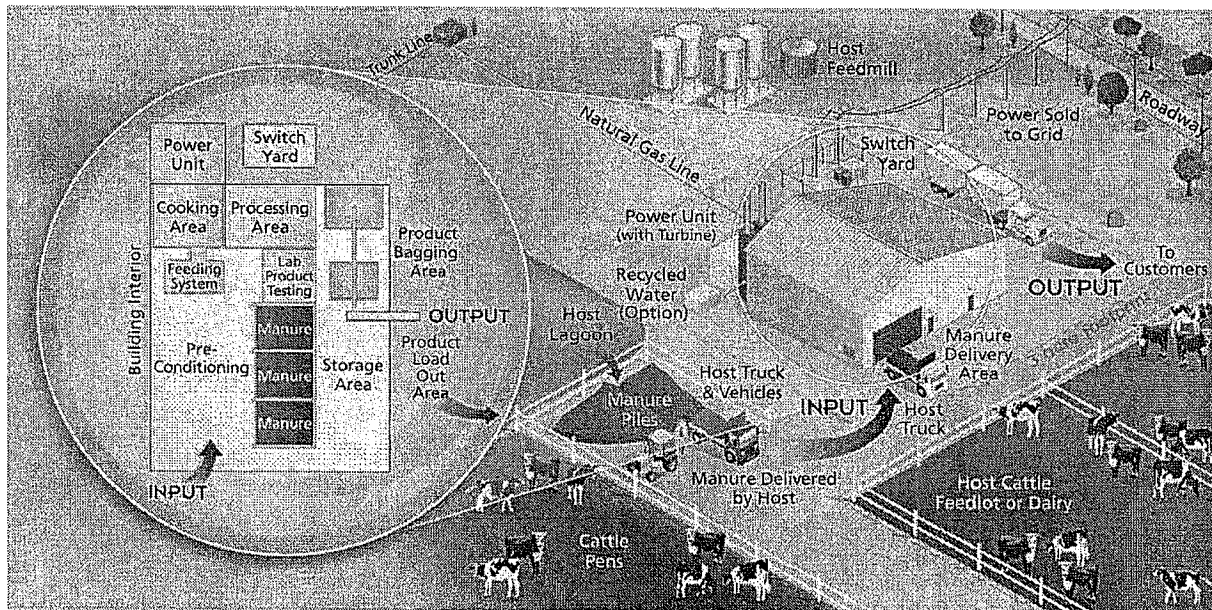
We expect to be able to reduce this timeline on subsequent plants to approximately twelve months for construction and installation and three months to ramp up to full production. We anticipate this shortened construction schedule as a result of having engineering designs in place and vendors and contractors being more experienced with our fabrication and construction.

Subsequent EarthRenew Second Generation Plant Roll-Out



Our Operations

EarthRenew has proven its technology by building and operating the Strathmore Plant situated at a 25,000 head cattle feedlot. Our plant utilizes only a portion of the manure produced by the feedlot (approximately 8,000 head). Fertilizer produced from this plant continues to be sold commercially and has been used in research and grower field trials in the U.S. and Canada. We also use the Strathmore Plant to test plant improvements and further refine the technology and design.



The schematic above illustrates the operation of a plant at a cattle feedlot or dairy. We place our plant at a Host site immediately adjacent to the manure supply. The Host delivers to us approximately 280 tons of manure per operating day, at their cost, into a pre-conditioning building where we prepare the material for our cooking process. The pre-conditioning process removes rocks, gravel and debris from the manure, typically between 15 to 20 percent of incoming material, which we return to the Host for disposal. We then cook the manure, without charring or burning, using our patented heat processing technology. After this stage, the cooked meal is fed into the processing area where it is concentrated into dense, short 1/8 inch diameter pellets. Once cooled, the pellets go directly to storage which, for future plants, will include on site in-line bagging into one ton tote bags (one tonne bags for Canadian customers).

Development of the First Generation Strathmore Plant

The Strathmore Plant was engineered and constructed in 17 months from March 2006 to July 2007 at an initial capital cost of \$12.1 million. We produced 240 tons of organic matter fertilizer during startup in 2007 which was sold to customers and used in research trials. In mid 2008 the Strathmore Plant was commissioned and commenced operating commercially, although only part time due to a labour shortage. Throughout this period, we developed, implemented and refined operator training; inventory and purchasing systems; environment, health and safety programs and operating and maintenance procedures.

From plant start up in 2007 there were frequent periods of limited fertilizer production as a result of commissioning, testing and upgrading activities. In 2008 the Strathmore Plant produced 3,900 tons of organic matter fertilizer. The 2008 year included an 8.5 month commissioning period and a 3.5 month post commissioning period. Beginning in September 2008, improvements were made to the Strathmore Plant to increase productivity as described below. This upgrade required the plant to be shut down during construction, with re-commissioning completed in March 2009.

In 2009 the Strathmore Plant produced 5,000 tons of organic matter fertilizer. Production in 2009 was impacted by a 2.5 month commissioning period and a 9.5 month period affected by lower output caused by lower turbine temperatures. Alberta regulations mandated lower NOx emissions which required us to turn down the turbine, limiting our production. After the 2.5 month commissioning period the Corporation continuously operated the plant for the balance of the year under these turn down conditions. In late 2009 the Corporation added emissions control equipment on the turbine to meet these regulations. We are now compliant and running the turbine at full capacity during operations.

The Strathmore Plant has proven our technology including:

- the ability to feed raw manure at the appropriate rate to produce organic matter fertilizer with the expected characteristics as specified by our soil scientist;
- the ability to adjust our process for seasonal variations including frozen manure inputs;
- the use of gas turbine exhaust as the sole heat source in heat processing; and
- the ability to offset the majority of our natural gas costs through power sales.

Further Improvements to the Strathmore Plant

Although we proved our technology, operational capability and are producing high quality fertilizer, our experience with operating the Strathmore Plant revealed certain bottlenecks and reliability issues including:

- the agricultural grade equipment used to convey and process our materials was not sufficiently robust, resulting in maintenance, equipment repair and replacement costs;
- removal of rocks, gravel and debris in the raw manure was not thorough enough and caused equipment damage and downtime;
- seasonal variations impacted the raw manure input (frozen, very wet, or very dry) causing a reduction in output during winter months requiring updated controls and more robust equipment to process frozen inputs; and
- we learned that the heat produced by the gas turbines was sufficient to allow us to substantially increase the throughput of our process.

Over a period of four months starting in the fourth quarter of 2008, we upgraded equipment at the Strathmore Plant to address some of these issues at a cost of \$3.8 million. In 2009, we realized a 59% increase in production output as a result of this upgrade.

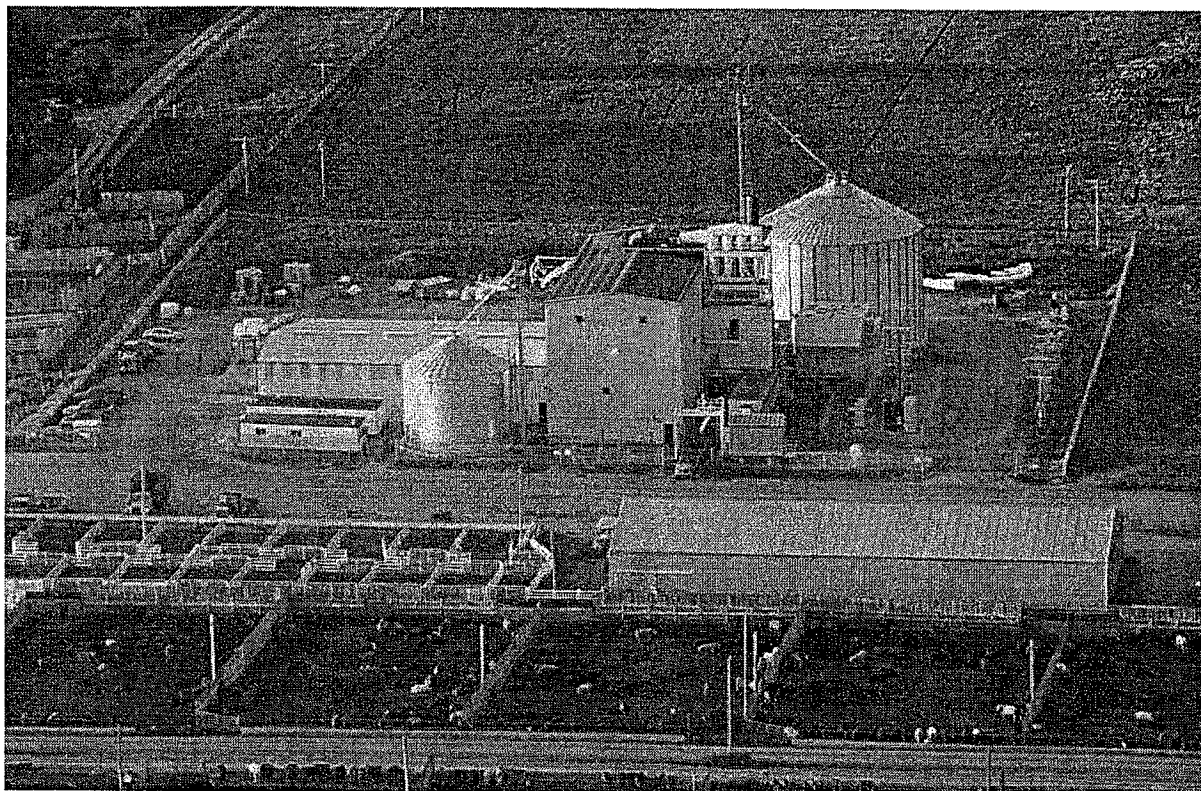
In the fourth quarter of 2009 we added water injection equipment on the turbine to meet Alberta's NOx emissions control regulations. In 2010 our Strathmore Plant will require an upgrade of our equipment to meet particulate emissions criteria included in our ten year Operations Approval issued by Alberta Environment. We estimate the capital cost of this emissions control upgrade to be \$1.6 million.

Current Operations of the Strathmore Plant

The Strathmore Plant is currently operating on a 24 hour basis 4.5 days per week, with the remaining days required for regular maintenance and scheduled shutdowns. Based on our upgrade plans, we expect the Strathmore Plant to produce at a base load rate of approximately 12,000 tons per year commencing in the first quarter of 2011 with higher

production in summer months. In addition to net energy costs and labour, we expect all other costs of production including annual maintenance expenses and plant consumables to be approximately 10% to 12% of plant capital costs per year.

EarthRenew First Generation Strathmore Plant at a 25,000 Head Cattle Feedlot



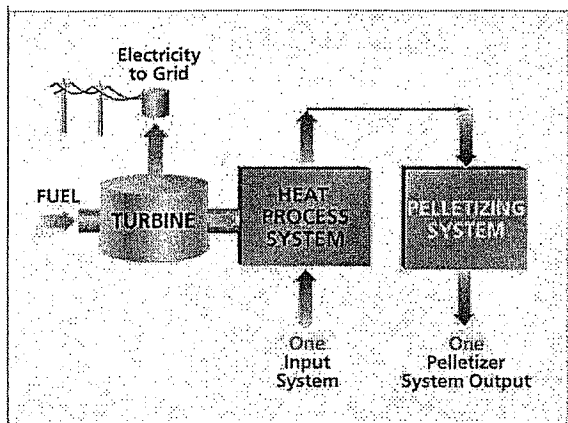
Development of Second Generation Plants

EarthRenew's second generation plant design is based on the experience and knowledge gained from operating the first generation Strathmore Plant. The improved design is intended to reduce bottlenecks and incorporates upgrades to equipment intended to increase reliability and output thereby reducing our cost structure. In addition, the design is intended to be standardized and modular to facilitate plant replication. EarthRenew intends to build and commission two second generation plants based on this new design using proceeds from this Offering.

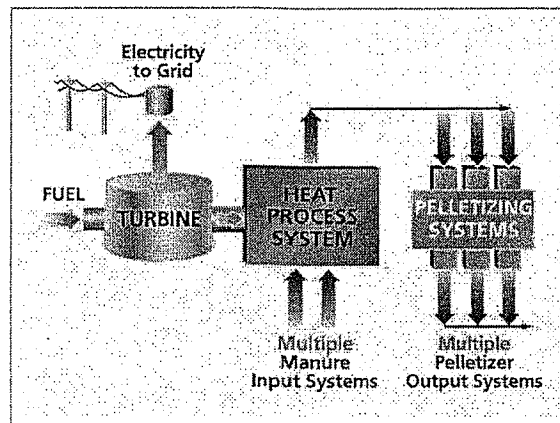
The base load production of the second generation plants is expected to be approximately 25,000 tons of organic matter fertilizer per year. These plants are initially intended to operate on a 24 hour basis, four and one half to five days per week depending on the jurisdiction. Our second generation plants are designed to increase base load production through:

- (1) the use of three upgraded pelletizing systems rather than one;
- (2) adding a second input feeding line;
- (3) mechanical improvements;
- (4) upgraded controls system; and
- (5) additional equipment redundancy.

First Generation EarthRenew Plant – Strathmore



Second Generation EarthRenew Plant



Adding two more pelletizing systems should provide a stable level of production when one of the systems requires resetting, tooling or is otherwise down. The anticipated base load production numbers described above are based on the output of two pelletizing systems during operations. If three systems are operating concurrently our fertilizer output can be increased. Adding a second input line allows for full utilization of the energy in the turbine exhaust and can increase throughput volume to double that of the Strathmore Plant.

We expect that the second generation plants will have incremental production upside beyond the anticipated base load production numbers described above through: (i) increased operating shifts to 24 hours, seven days per week; and (ii) access to additional input manure for processing either from the Host or adjacent animal producers.

Cost Improvements

We also expect significant improvements in our operating cost structure from the following:

- (1) upgrade of materials handling equipment to industrial mining grade rather than the current agricultural grade to increase robustness;
- (2) increase in throughput to increase the use of the heat energy from the turbine exhaust;
- (3) increase in equipment redundancy to decrease downtime due to unexpected repair and maintenance; and
- (4) onsite inline bagging system with short term bag storage to reduce cost and ensure product integrity is maintained throughout handling.

The base load production level of our Strathmore Plant and our proposed second generation plants is affected by seasonal conditions, notably temperature and excessively wet periods. During cold weather conditions where animals are outdoors, output is reduced due to the need for additional process heat energy to cook frozen manure. In our experience, the typical winter period output of our Strathmore Plant can be approximately 50% less than an equivalent period during the summer season. We anticipate that future plants in warmer climates (e.g. San Joaquin Valley of California) may have seasonal output limitations during wet seasons due to the need for additional process heat to dehydrate wet inputs. We now have extensive experience with input manure variations which has prepared us for future materials used in our process.

Capital and Maintenance Costs of Second Generation Plants

We expect that our second generation plants will cost approximately \$15 to \$17 million. Annual maintenance capital expenditures of our second generation plants is expected to be approximately 3% to 4% of initial capital expenditure per annum. In addition to net energy costs and labour, we expect all other costs of production including annual maintenance expenses and plant consumables to be approximately 10% to 12% of plant capital costs per year (based upon our actual expenditures at the Strathmore Plant, adjusted negatively for the increased production volumes of our second generation plants, and adjusted positively for the more robust grade of equipment contemplated for our second generation plants, based on management's estimates, and assuming 24 hour operation 4.5 days per week and 25,000 tons of output per year).

Our capital cost budget for each of our next two plants is as follows:

<u>Description</u>	<u>Estimated Costs</u>
1. Power generation modules	\$ 3.0 to \$3.3 million
2. Feeding and cooking processing modules	\$ 2.0 to \$2.3 million
3. Screening, conveying modules	\$ 2.1 to \$2.2 million
4. Pelletizing system modules (three pelletizing lines)	\$ 2.1 to \$2.4 million
5. Controls, switchyard and infrastructure modules	\$ 1.3 to \$1.5 million
6. Site construction, buildings, product handling and other	\$ 2.9 to \$3.2 million
7. Emissions control system	\$ 1.2 to \$1.5 million
8. Contingency	\$ 0.4 to \$0.6 million
Total Estimate	\$15.0 to \$17.0 million

We have invested approximately \$7 million in the equipment modules for installation for our next two plants which amounts to approximately 21% of the capital expenditure required. Our experience with costs relating to the Strathmore Plant provides us with confidence in our estimates.

Environmental Permitting, Power Grid Access and Power Sales

The operation of a natural gas-fired turbine requires a permit. Our turbine is a standard piece of equipment with known emissions requirements and available technologies to address those requirements. Emissions standards vary slightly by geographic area; however, turbine emissions can be addressed through existing technology, the cost of which is included in the capital cost budget of our second generation plants. See “— Capital and Maintenance Costs of Second Generation Plants”.

We have had extensive discussions with regulators in both California and Minnesota regarding environmental permitting. Based on our discussions with regulators and with our engineering and environmental consultant, we anticipate receiving these permits in the first quarter of 2011.

We have had discussions with the relevant utility power purchasers in California and Minnesota and Management believes it will be able to access the power grid and arrange power purchase arrangements for the sale of power in the areas where we intend to install our plants. We are distributed generation which refers to smaller power plants in close proximity to power consumers. Distributed generation can be attractive to utilities as it supports the power grid and offsets line losses which can occur in areas away from larger centralized power generation. All our prospective Host sites have readily available natural gas supply and have adjacent power grid access, both within reasonable distances.

Plant Construction Relationships

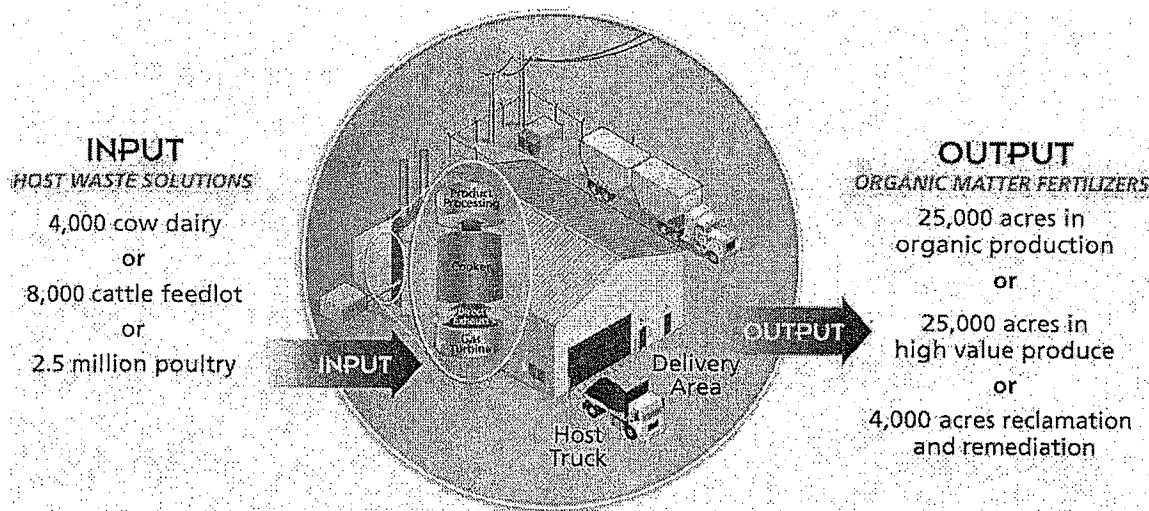
We have developed relationships in the area of engineering, construction, procurement and equipment supply with a number of providers to give us the capacity to meet our anticipated growth. We have entered into agreements with service providers such as:

- a Strategic Alliance Agreement and an Engineering, Procurement and Construction Services Agreement (“EPC Agreement”) with Ibberson, Minnesota. The EPC Agreement specifies the commercial terms for the construction of our plants while providing for protection of our intellectual property. Along with other vendor partners, Ibberson provides EarthRenew with engineering and construction services.
- a non-binding Heads of Agreement with Rolls Wood, a joint venture between John Wood Group plc and Rolls-Royce plc. Rolls Wood provides maintenance, repair and overhaul services for the Rolls-Royce industrial gas turbines used in our plants.

Typically, our service providers have agreed not to promote, offer for sale, engage in or participate in any product, service or project that we reasonably deem to be competitive with our proprietary projects, products or services nor engage in activities directly competitive to our proprietary activities or business interests without our express written consent. These strategic allies and our major equipment vendors have also agreed to assign to us any changes in, modifications of, or additions to our technologies and have entered into confidentiality agreements with us.

Production Growth

EarthRenew's second generation plants are designed to achieve a base load annual production of approximately 25,000 tons of organic matter fertilizer and will require approximately 75,000 tons of manure annually as raw material. In North America ten percent of the organic agriculture and the conventional high value vegetables, fruits and nuts market could support the organic matter fertilizer output from 60 plants and we would require manure input from only 0.7 % of the large manure producers (1.6 billion wet tons). These plants would be sufficient to support organic matter fertilizer production of over eight million tons per year providing EarthRenew with the potential for significant growth.



Host Relationships

Under our two Host agreements, the Hosts have agreed to supply us with manure at little or no cost for terms of 20 and 30 years respectively. By agreeing to locate our plant at their operations, we reduce our Host's manure disposal costs. The Host of our Strathmore Plant estimates that it saves approximately \$250,000 per year in manure disposal costs.

Our plants reduce manure stockpiling. Manure is stockpiled as a result of regulations which restrict the land spreading of manure including limitations on spreading in times of snow cover and wet fields. This stockpiling often involves storage of manure in animal pens or in lagoons. The ability of a Host to dispose of manure daily reduces the need for stockpiling which reduces handling costs and eliminates carbon emissions caused by the decomposition of the manure in the stockpiles. In addition, it improves the cleanliness of the operation and may lead to better animal health and improved working conditions. A reduction in manure stockpiling may also reduce the Host's regulatory compliance issues resulting from manure production.

Energy Efficiency

A key advantage of our business is our patented use of direct turbine exhaust as the heat source for our processing of manure while at the same time the turbine generates electricity. We use a portion of this electricity for our processing and sell the remainder, the proceeds of which offset a majority of the cost of the natural gas used in the turbine resulting in reduced net energy cost. Without this energy-efficient technology our energy costs would be much higher and, importantly, our margins would be at risk if energy prices were to increase. Because electricity prices and natural gas prices are generally correlated in our target markets over the longer term, using our technology provides us with a hedge against fluctuations in energy costs.

Net Energy Costs

Our actual natural gas costs, electricity sales and net energy costs for the operation of our Strathmore Plant under different natural gas and power pricing scenarios are presented below for selected months of operation. The amount of natural gas used includes not only the natural gas used as fuel for the turbine but also for heating the building itself. The net electricity sold represents the electricity remaining after the amount that is used internally for our processing.

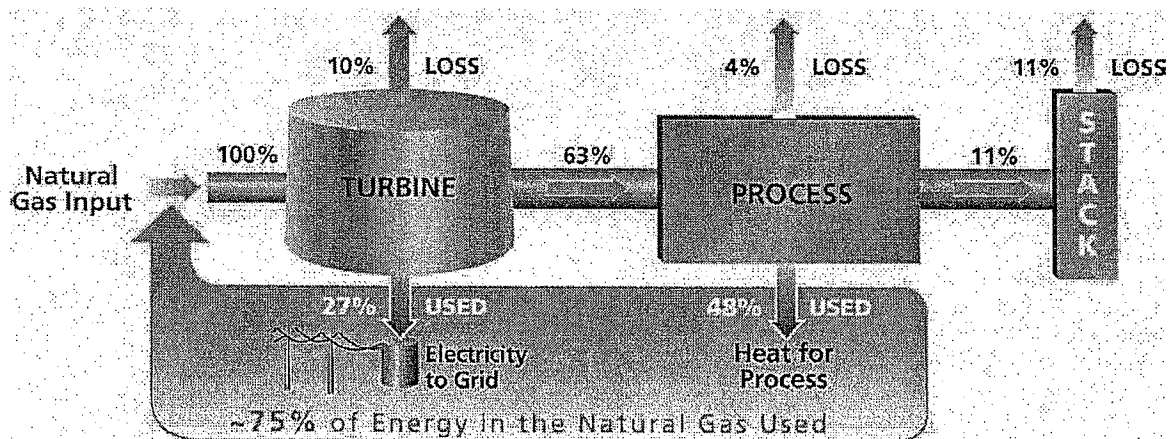
Selected Monthly Power Sales Coverage of Natural Gas Costs with Seasonal Variation

	Spring operation March 2008	Summer operation June 2008	Spring operation March 2010
Natural gas used (GJ).....	11,220	13,611	17,189
Natural gas spot price (\$/GJ)	\$8.80	\$11.15	\$4.32
Natural gas cost (\$) (A)	\$98,767	\$151,778	\$74,201
Electricity generated (MWh).....	669	911	1,129
Electricity used in operations (MWh)	151	164	238
Net electricity sold (MWh).....	518	747	891
Electricity Sales price (\$/MWh)	\$113.52	\$ 141.65	\$ 44.73
Electricity revenue (\$) (B)	\$58,813	\$105,864	\$39,865
Net cost for energy (\$) (A-B).....	\$39,954	\$ 45,914	\$34,336
Portion of natural gas cost covered	60%	70%	54%

The months above have been chosen as representative of early spring both before the upgrade (March 2008) and after the upgrade (March 2010), as well as June 2008 as a typical operating month in summer. We also chose months with representative power and natural gas differentials in the fiftieth percentile. We did not use months in 2009 as we were running our system at a lower capacity to meet emissions requirements until our upgrades.

The application of our high heat technology utilizing turbine engine exhaust results in an estimated \$2 million increase in initial capital costs as compared with a natural gas burner. We estimate the average annual energy savings resulting from the use of our technology is approximately \$500,000 per year. This represents an approximate four year payback on incremental capital invested. If energy prices were to increase substantially we would expect this payback period to shorten considerably, demonstrating the energy hedge benefit of our technology.

Management believes our second generation plants will use approximately 75% of the energy in the natural gas. The following diagram illustrates our expected efficiency of the second generation plants.



Impact of Gas and Power Process on our Business

The level of cost savings provided by our technology is influenced by the correlation between the cost of natural gas for one of our plants and the prices at which electricity from that plant is sold. Increasing sale prices of electricity relative to the cost of natural gas will result in higher levels of energy savings and a lower net energy cost. Lower electricity sale prices relative to natural gas prices will result in lower levels of energy savings and higher net energy costs. Provided that natural gas prices continue to generally correlate with electricity sale prices, to the extent that our natural gas costs increase, the value of our electricity sales will also increase, mitigating the impact of higher natural gas prices on our business.

Research and Development Activities

EarthRenew conducts ongoing product and process research and development ("R&D") as well as commercialization of its patented fertilizer and processing technology. EarthRenew aims to further perfect its current manure processing technology as well as develop new products and applications of its technology.

We expect our on going R&D activities to include the following:

- (i) Continued research and development, refinement and enhancement of our organic matter fertilizer including:
 - Enhancement of current product major and micro-nutrient contents for organic crop use;
 - Field and grower trials with key high value agricultural crops to refine application rates and timing of applications;
 - Land repair field trials to further understand and develop application rates and timing as well as application equipment development for our products;
 - Field trials with golf course soil development soil blends and rates for various turf applications from building golf courses to maintenance programs;
 - Research and development of application methodologies and techniques for enhanced product performance;
 - Product use in various soil types and conditions including sandy, saline and compacted soil conditions in western Canada and the U.S. as well as in the Midwest of both countries;
 - Development of blending with other desired approved inputs for use in organic agriculture including minerals, microorganisms and other materials allowed as inputs; and chemical inputs for conventional agriculture, land repair and turf applications;
 - Crop nutrient uptake experimentation, timing of nutrient release for enhanced performance and application approaches as well as carryover of our products into subsequent crops and years;
 - Use in various climatic conditions including 2 to 3 crop per year intensive agriculture (i.e. California and Arizona), northern climates with one crop per year, desert areas and areas subject to droughts and too much rain; and
 - Verification of carbon sequestration in various climatic areas, particularly in western North America.
- (ii) Research and development, testing and modification of our heat processing technology including:
 - Development and research to modify and adapt our heat processing technology to other areas, including other industries such as pulp and paper where we would take sludge waste and make it into biofuel, other applications under development including municipal biosolids, coal and hard rock mining and oil sands tailing waste treatment, desalination, among other applications;
 - Researching improvements in manufacturing equipment and technologies for our organic matter fertilizer shape and form such as prill, agglomeration and smaller product sizing development; and
 - Research into equipment metallurgy to reduce and optimize fertilizer production methods to reduce production costs.

Our Patents and Intellectual Property

Our basic patent applications were originally filed in 2004 and patents were granted in April 2006 in the U.S. and in Canada in 2007 and 2008. These original basic patents cover both our fertilizer business as well as additional applications. To date EarthRenew has been granted 27 patents worldwide providing coverage in 31 countries on these original patent filings. In 2006 and in 2008 we made additional patent filings to further extend coverage for the EarthRenew technology. EarthRenew has a broad-based global patent portfolio of practical technologies including process, equipment, products and adaptations to various industries and applications. This consists of over 2,200 patent claims in 92 countries resulting, so far, in the above 27 granted patents covering 31 countries. We have over 120 patent applications pending worldwide, which are continuing through the examination and granting process and will continue to result in an increasing scope of

worldwide patent protection. This technology is easily applied to a variety of industrial applications, and the additional patent filings are providing appropriate scope of protection corresponding to those various applications of the technology.

Patent coverage includes:

- the unique processes regardless of the equipment arrangement or the products;
- the resulting products produced by the technology regardless of the equipment arrangement or the processes or the input material including coverage for the range of fertilizers with concentrated high organic matter;
- the unique equipment combination regardless of the process used, material processed or products produced;
- the process control systems; and
- other aspects of the technology implementation.

We have a comprehensive intellectual property protection program designed to preclude competitors from copying our technology. We monitor various industries and obtain information on industry activities from our major equipment vendors and service providers to detect at an early stage potential patent infringers. No infringement has been discovered.

Global IP Protection

We have seven patents granted in the U.S., with 19 pending U.S. patent applications, and six patents granted in Canada, with three pending Canadian patent applications. The other 14 granted patents are in the UK, Germany, South Africa, the Eurasian group of nine countries, including Russia, the African Union group of 16 countries, and Hong Kong. Globally we have more than 120 additional pending patent applications providing coverage in over 92 countries.

Our patent filing program was initiated in 2004 and will provide 20 year coverage in most countries, expiring in 2024. The additional filings in 2006 and in 2008, will provide patent protection for various industrial applications of the EarthRenew technology into 2028.

Before patent filings were initiated in 2004, our intellectual property law firm assessed our technology and concluded that there was no apparent risk of infringement of prior patents of others, so there were no freedom to operate obstacles to commercializing the EarthRenew technology, which we believe is still the case. As expected, no prior rights have surfaced, so no license from any third party is required for EarthRenew to commercialize its technology in any industry sector. EarthRenew owns all the intellectual property necessary for commercial operation of its technology. The 2004 evaluation also found no prior art obstacles to patenting the EarthRenew inventions, which has been borne out by the fact that 27 EarthRenew patents have been granted to date after examination in the various patent offices.

Patent and Knowhow Licensing

In addition to patents, our IP includes knowhow in the form of equipment designs and specifications, engineering drawings, process models, operating standards, product specifications, product application economic advantage models and related proprietary technical information which we can licence to third parties or to joint ventures. Our technology is applicable not only in our current core business of manure, biosolids and green waste processing, but also manufacturing industries where our technology and knowhow IP can provide savings in fuel costs, increased manufacturing efficiencies and other advantages.

Trademark Portfolio

We have received approval from the U.S. Patent and Trademark Office for U.S. registration of our three main trademarks: "EarthRenew[®]" (word), "e[®]" (logo) and "Power to Renew the Earth[®]". In addition to registration in the U.S., a filing program provides Canadian and worldwide protection of these trademarks under the Madrid Protocol and other conventions. We have filed for protection of additional trademarks for our current products, including "OM Plus[™]", "RM Plus[™]" and "Organic Matter in a Granule[®]".

Other Applications of Our Technology

A key strength of EarthRenew's patented technology is heat processing efficiency. We have proven this efficiency in our core fertilizer business, reducing the net energy cost of our processing relative to the use of a conventional gas burner.

We are currently working with industry participants to apply this technology to similar thermal processes where energy efficiency are critical including: municipal biosolids processing, pulp and paper waste processing and mine tailings and oil sands pond treatment. We intend to commercialize these additional applications of our technology with minimal capital investment through licensing, joint ventures or subsidiary spinouts.

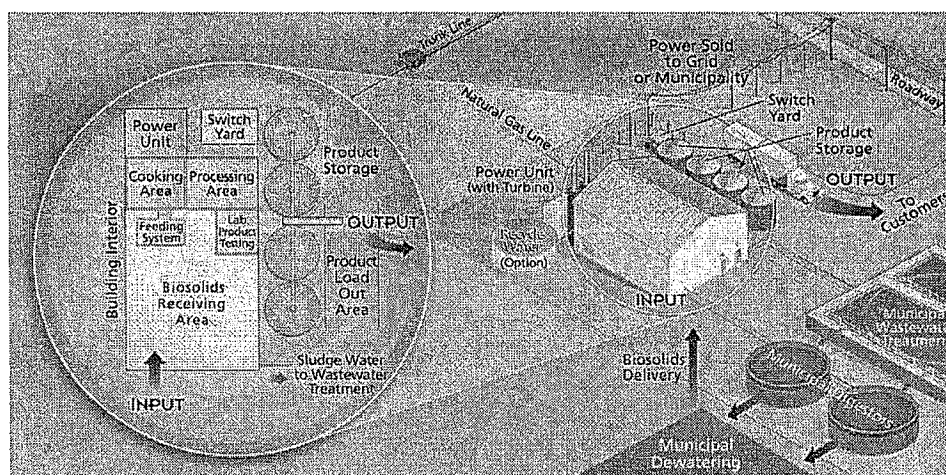
Municipal Biosolids Processing

Municipal biosolids result from wastewater treatment of human wastes that include sludge before or after primary treatment, digestion or biogas production. Biosolids are an excellent source of organic matter and nutrients; however, they are subject to most of the risks associated with manure and are prohibited for use in organic agriculture. Land spreading on farmland is increasingly being resisted by the public as a disposal method and jurisdictions in North America are passing laws and regulations limiting biosolids disposal alternatives.

We can provide waste solutions to municipal customers with large volumes of biosolids, reducing their costs and environmental footprint relative to current practices which generally involve land spreading or land filling. Management expects one of our second generation plants to be capable of processing the biosolids from approximately 300,000 people. Our current processes for animal manure are very similar to the processing of biosolids.

The application of our processing to municipal biosolids results in a dry, hard, safe to handle organic matter fertilizer. Organic agriculture restrictions prohibit the application of products derived from biosolids, including fertilizers we could produce from biosolids, in organic agriculture; however, these products can be used for land repair.

Illustration of EarthRenew Technology use for Municipal Biosolids Processing



Pulp and Paper Waste Processing

Pulp and paper mills of all types generate sludge waste as part of their manufacturing process. In particular, recycled paper mills generate significant volumes of de-ink sludge. Currently, pulp and paper mills often landfill, incinerate or land spread their sludge. There is a significant cost involved in the management and disposal of these waste by-products. Pulp and paper mill sludge, including de-ink sludge, can be a good source of fuel for heating due to the organic solids in the sludge. However, the high moisture content of the sludge affects its ability to burn efficiently, limiting its use for heating purposes.

EarthRenew technology is expected to be able to efficiently process pulp and paper wastes to produce useful biofuel products. We have successfully tested heat processing on pulp sludge to produce a biofuel product. This biofuel has a low moisture content suitable for combustion in coal plants or industrial plant boilers as a renewable fuel.

Mine Tailings Treatment

Mechanical and chemical mining processes produce waste streams known as tailings consisting of water, rock, sand, clay and other substances. Tailings are often stored in tailings ponds; however, this process is problematic due to environmental concerns and the possibility of contaminant release. Increasing environmental regulation coupled with a large increase in tailings volume is forcing mining companies to evaluate new treatment options.

Oil sands tailings consist of water, sand and fine clay resulting from the bitumen extraction process. The production of synthetic crude from bitumen produces significant volumes of tailings. The Alberta Energy Resources Conservation Board has introduced a directive known as the Tailings Performance Criteria and Requirements for Oil Sands Mining Schemes that will place further restrictions on the treatment of tailings from oil sands production.

We expect our technology to be able to process tailings from mineral and oil sands mining and recover water from the wet tailings to provide a solution for mine operators that will allow them to address both environmental concerns and newly enacted regulations. High heat renders non-viable most organic chemical compounds and toxic elements found in tailings, such as naphthenic acids (flash point 140 degrees Celsius), and vaporizes and recovers residual hydrocarbons.

Our organic matter fertilizers are well suited for reclamation and revegetation of mine tailings. Incorporation of our organic matter fertilizers results in significant carbon sequestration as our product is approximately 50% organic matter.

Potential Emissions Credits Produced by EarthRenew Activities

There is potential for our processing and the use of our fertilizer to reduce emissions to allow the creation of emissions credits through:

- taking manure as fresh as possible at the source, preventing decomposition which produces carbon emissions;
- reducing truck trips for transportation, distribution and landspreading manure for disposal;
- building energy efficient, distributed power generation;
- displacing a natural gas fuel burner with waste heat from a turbine generating electricity;
- sequestering carbon in the soils through the application of organic matter fertilizers;
- reducing use of chemical fertilizers that produce carbon emissions in their manufacturing process and when applied to fields from runoff and volatilization; and
- by increasing the uptake of fertilizer by the crop.

In the future we intend to quantify, verify and collect, then sell or trade our emissions credits. We are developing monitoring systems built in to our plants to substantiate emissions credits to facilitate verification by third party certifying bodies. We anticipate that our potential net emissions credits will be calculated by subtracting our actual carbon emissions from our total emissions credits generated.

Corporate History

Christianne Carin, EarthRenew's founder, primary inventor and Chief Executive Officer, commenced development of our core technology fourteen years ago while working as a consultant providing corporate finance services to rural-based businesses. Ms. Carin formed EarthRenew in December 1999, transferring in the technology acquired from Primary Projects Ltd. on January 1, 2000. During this initial research phase, EarthRenew conducted internal and third party testing on our high temperature process and conducted initial research on the product utilizing a variety of input green wastes.

In May 2000, Dr. Al Fedkenheuer joined EarthRenew after having conducted due diligence on behalf of TransCanada Pipelines Ltd. relating to the assessment of emissions credits. Dr. Fedkenheuer, a soil, forestry and agricultural scientist with over 25 years of industry experience, assisted in the further development of our technology and patents. Dr. Fedkenheuer is currently our President and a Director.

In early 2001, the price of natural gas increased, significantly impacting the economics of energy-intensive manufacturing and dehydration industries including our proposed high temperature conversion process. In searching for a solution to this problem, EarthRenew made its enabling innovation: remove the gas burner from the cooking system and instead use the direct

exhaust from a gas turbine as a high heat source. During this period we conceived of the idea of licensing this "dual use" to other energy-intensive industries. In March 2001 Daniel Wiseman joined our board as its first independent director.

In 2003, we commenced our intellectual property protection program by utilizing Burns, Doane, Swecker and Mathis, LLP to assess our technology for patentability, freedom to operate and risk of infringement, confirming our ability to continue with development of our technology. Gene Dillahunty was a senior partner at Burns, Doane, Swecker and Mathis, LLP, the patent firm working on our patent program and is also a chemical engineer. Mr. Dillahunty joined us in October 2004 and has continued to develop our comprehensive global IP portfolio since that date, among other responsibilities. Mr. Dillahunty is now Executive Vice President of EarthRenew.

EarthRenew's basic patent applications were originally filed in 2004 and patents were granted in 2006 in the U.S. and in 2007 and 2008 in Canada. These original basic patents cover both our fertilizer business as well as additional applications of our technology to other industries. Our trademark registration filings also commenced in 2004.

In the fall of 2005 we engaged Westwind Partners Inc. ("Westwind", now Thomas Wiesel Partners), an investment banking firm, to assist us in raising \$11.2 million from institutional investors. This financing closed in early 2006. Mark Kennedy, a managing director in Westwind's Calgary office at the time, assisted on this financing and subsequently joined us in August 2006. Previous to Westwind, Mr. Kennedy was Senior Managing Director of Raymond James Ltd. and an analyst with TD Securities Inc. Mr. Kennedy is now the Chief Financial Officer of EarthRenew.

In the spring of 2006 we began to grow the employee base beyond the initial three employees of Ms. Carin, Dr. Fedkenheuer and Mr. Dillahunty. Recognizing the importance of acquiring, retaining and developing talented staff in a high employment environment, the executive team hired Jim Good in March 2006 to develop and lead our growth plans in human resources, information management and corporate services. Mr. Good, who had managed human resources at Unocal Canada Limited, is now Vice President, Corporate Services. This was followed shortly thereafter in April 2006 by the addition of Mila Manasek, as our Controller to develop our accounting and tax capabilities.

Dustin Gemmill, then our securities counsel at Bennett Jones LLP, worked with us in closing these various financings as well as on other corporate matters and subsequently joined us in July 2007. Mr. Gemmill is now Vice President, Legal and Corporate Secretary of EarthRenew.

We completed the design, engineering and construction of the first generation Strathmore Plant in July 2007, 17 months following completion of a funding that closed in March 2006. During the initial commissioning period, we further developed our methods, implemented worker training and safety programs, and successfully produced product while simultaneously generating power for sale to the grid. We did experience challenges in hiring operators for our Strathmore Plant in 2006 and 2007 when unemployment rates were 3.5% and 3.6% respectively. This plant has demonstrated both the viability of our technology and its commercialization potential. Furthermore, our expertise and experience gained from the Strathmore Plant has enabled us to complete the design and development of a more efficient and robust second generation plant. In April 2007 John Gunn of Calgary joined our board as independent director.

Following the completion of a \$29.7 million preferred share financing in late December 2007, we commenced fabrication of equipment components for our second and third plants. We had intended to raise additional capital in spring 2008 to fund the construction and commissioning of these two plants along with a third and fourth plant, but were forced to curtail our plans when the global financial crisis began to adversely impact capital markets by the late spring of 2008. By September 2008 capital markets had effectively shut down. At that time, we halted all capital expenditures on future plants and placed our partially completed plant modules in storage.

Beginning in September 2008, we made improvements to the Strathmore Plant to increase productivity by upgrading our materials handling processes, enhancing automation systems, strengthening debris separation equipment, providing additional warehousing capability and improving working conditions for our employees. This upgrade took four months to complete.

During 2008, we commenced fabrication on modules for our second generation plants. For the balance of 2008 and throughout 2009, we continued to enhance our technology, product research, intellectual property and corporate infrastructure. Throughout this period, we produced our organic matter fertilizer in order to support market development activities and limited sales into our key target markets. Furthermore, we completed several successful product field trials during this period which have given us important product performance data. In 2009 and early 2010 our organic matter fertilizer was approved for use in organic agriculture in the U.S. and Canada.

In early 2009 our distribution strategy was to market through agricultural retailers. In March 2009 a major agricultural retailer signed an agreement to purchase 1,500 tons of fertilizer. This agreement was followed in May 2009 with a significant five year fertilizer off-take, distribution and marketing agreement which provided this retailer with the right to exclusively market and sell our fertilizer to growers in the western U.S. Unfortunately, in the third quarter of 2009 this retailer commenced litigation to declare these contracts to be of no effect. EarthRenew has counterclaimed against this retailer and is seeking damages for breach of contract and tortious conduct. See "Legal Proceedings and Regulatory Actions".

Our market development in the western U.S. was significantly impacted by the loss of this agreement because our marketing, sales and distribution strategy had been designed around this relationship to market our products to growers. As the contract granted exclusive distribution rights to this retailer, we had not independently developed our customer base within the defined territory. We re-initiated our marketing efforts directly with growers in this territory in the fourth quarter of 2009 with limited capital resources.

Several of the largest organic and conventional growers in California are now using our organic matter fertilizer in grower trials. We successfully completed many growers' and distributors' internal approval processes and were approved as an input product for both organic and conventional farming for these large growers. In addition, we secured organic and food safety approvals required by the industry.

In February 2009 we added Don Dabbs as Vice President, Business Development to lead various corporate initiatives including business development, Health, Safety and Environment, as well as spearheading our land repair and turf market development efforts and research activities in Western Canada. Mr. Dabbs has extensive business development experience in agronomy services and industrial materials.

In late 2009 we added emissions control equipment on the turbine at our Strathmore Plant to meet Alberta's NOx regulations. Our Strathmore Plant requires an upgrade in 2010 to meet particulate emissions criteria.

In 2009 and early 2010 three new independent board members joined us including Ron Codd in June 2009, Ronald McIntosh in January 2010 and Robert Getz in April 2010.

We presently have 48 employees, including contract employees. We opened a second California office in Fresno in May 2008. In 2009 we moved into a central head office in Calgary, Alberta.

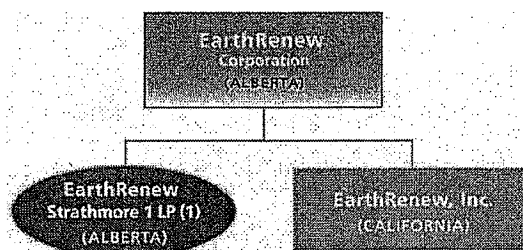
Corporate Structure

EarthRenew Corporation was incorporated under the *Business Corporations Act* (Alberta) on December 22, 1999 as "EarthRenew Organics Ltd.". The articles of incorporation ("Articles") of EarthRenew Corporation were amended and restated on February 28, 2000 to eliminate private company restrictions and share transfer restrictions and to create the Series A Preferred Shares. The Articles were amended on October 30, 2000 to consolidate the issued and outstanding Common Shares on a 1 for 7 basis. The Articles were further amended on December 21, 2007 to create the Series B Preferred Shares. The Articles were amended on January 1, 2010 to change the name of the corporation from "EarthRenew Organics Ltd." to "EarthRenew Corporation".

Our head and registered office is located at 1925 — 18th Avenue NE, Suite 201, Calgary, Alberta T2E 7T8. We also have offices located at 504 Avenue, Alhambra, Suite 203, Half Moon Bay, California, 94019-3148 and Suite 102, 7575 N. Del Mar Avenue, Fresno, California 93711. In accordance with good and accepted practices for effective intellectual property asset management, EarthRenew Corporation owns our intellectual property assets in Canada, wholly-owned subsidiary EarthRenew, Inc. is the owner of our intellectual property and assets in the United States and wholly-owned subsidiary EarthRenew IP Holdings LLC is the owner of our intellectual property outside of Canada and the United States.

The following chart shows our corporate structure and identifies the jurisdiction of each of our material subsidiaries. We hold our plants in a separate corporate or limited partnership entities for liability protection and risk management. Each subsidiary is wholly-owned by its parent except as indicated below:

Corporate Structure



Note: EarthRenew Corporation owns, directly and indirectly, 100% of EarthRenew Strathmore 1 LP and EarthRenew, Inc. EarthRenew Strathmore 1 LP owns our Strathmore Plant.

EarthRenew's Strengths

Management believes that the following key attributes contribute to the strength of EarthRenew's business.

Unique Solution for Organic Agriculture

Organic agriculture growers typically use a combination of compost or compost-based products, expensive and often inconsistent "organic fertilizers" or green cropping to meet their soil input needs. These inputs are often applied numerous times throughout the growing season adding to total input cost, or in the case of green cropping, take one third to one half of productive land out of revenue generating crop production. These products are supplied by fragmented and regional sources and are variable in composition. Some inputs, including compost and compost-based products and manure, risk the spread of pathogens and weed seeds and some products have been subject to chemical fertilizer spiking. Our organic matter fertilizer is consistent, stable and approved for use in organic agriculture in U.S. and the Canada.

The Potential Markets for our Fertilizer are Significant

Our organic matter fertilizer is an input to the US\$25 billion organic food market in the U.S. In the U.S., organic farms and ranches comprise approximately 4.6 million acres in the U.S. including 2.2 million acres of organic cropland as compared to approximately 922 million acres of total farmland in production. Sales of organic foods in the U.S. have increased at an average annual growth rate of 18% from 1997 to 2009. Organic growers currently have limited fertilizer choices because of restrictions on chemical use and inconsistent supply of alternatives. Another market for our fertilizer is the production of conventional vegetables, fruits and nuts which is an intensive, high value, growing market. There are over 10.6 million acres of vegetables, fruits and nuts production with crop receipts of approximately US\$40 billion. In addition, our fertilizer also has a broad range of uses in the land repair and turf sectors.

Low Manufacturing Cost Structure with Limited Exposure to Energy Costs

Under a typical Host agreement, we receive our manure inputs from our Host cattle feedlot, dairy or poultry producer at little or no cost as we reduce the Host's manure disposal costs. In addition, our Host typically provides a land lease for the plant at nominal cost.

Our energy efficient technology reduces exposure to increasing fuel prices and can provide significant net energy savings as compared with the use of a conventional burner in heat processing. Because electricity prices and natural gas prices are generally correlated in our target markets over the longer term, the use of our technology provides us with a hedge against fluctuations in energy costs.

Proven Operating Technology

We have proven our technology by building and operating our first generation plant near Strathmore, Alberta at a 25,000 head cattle feedlot. This plant is currently producing fertilizer that is being purchased by our customers. EarthRenew has designed and commenced construction of modules for two second generation plants based on extensive experience gained from the construction and operation of our first generation Strathmore Plant. This new design includes process efficiencies and upgrades which are intended to increase reliability and output while reducing costs. We intend to complete the construction and commissioning of two second generation plants based on this new design using proceeds from this Offering.

Highly Scalable Plant Rollout Capability

EarthRenew intends to quickly penetrate the high growth organic agriculture input market by rapidly building fertilizer plants in key locations near our customers. Our second generation plants have a modular design which allows for efficient installation. These modules will be prefabricated and assembled at various plants in North America and then shipped to the site for final assembly and integration with onsite construction. Our modules utilize components which can be readily sourced from a number of suppliers. We have developed relationships in the area of engineering, construction, procurement and equipment supply with a number of providers to give us the capacity to meet our anticipated growth. We have entered into a strategic alliance agreement with Ibberson for plant construction and a heads of agreement with Rolls Wood in respect of turbine equipment. We expect our second generation plants will cost approximately \$15 to \$17 million. We expect annual maintenance capital expenditure of our second generation plants to be approximately 3% to 4% of initial capital expenditure per annum.

Environmental Solutions

Our fertilizer and processing technology address large global environmental problems caused by manure and other organic wastes while also facilitating sustainable food production and efficient utilization of energy. Current manure disposal practices such as landspreading, stockpiling, landfilling and disposal in waterways are creating pollution issues whether the manure is raw or composted. Increasingly, jurisdictions in North America are limiting disposal options, making EarthRenew's solution an attractive option that we intend to market. Our process takes the fresh manure and transforms it into organic matter fertilizer without creating a manure waste stream. In addition, we believe the increased plant nutrient uptake from the use of our fertilizer will translate into a reduction in the use of chemical fertilizers and, therefore, less nutrients in waterways, streams and lakes or being lost to the atmosphere as greenhouse gas emissions.

Broad Patent Portfolio

EarthRenew has a broad-based global patent portfolio covering its technology, including the processes for manufacturing our organic matter fertilizer, the unique fertilizer produced by those processes, unique equipment combinations, the control system, adaptations to various industries and applications to produce different new fertilizers. EarthRenew owns all of the intellectual property necessary for worldwide commercial operation of its technology. EarthRenew's patent portfolio includes over 2,200 patent claims in 92 countries with currently 27 granted patents covering 31 countries. In addition to the manufacture of fertilizer, the scope of our patent portfolio also covers: processing municipal biosolids; pulp and paper mill waste processing; the treatment of mining and oil sands tailings; desalination and water treatment; food processing and dehydration; agriculture; chemical, oil and gas and biofuel industries; aqua, pet and animal feed producers; fuel pellet biofuel industries; powders, polymers, pigments and other high heat manufacturing.

Technology Applicable to Other Large Markets

While the manufacture of organic matter fertilizer is our primary focus, our technology may be applied to reduce net energy costs and provide efficiencies in other industries. These industries may include municipal biosolids and pulp and paper waste processing and the treatment of mining and oil sands tailings. EarthRenew intends to commercialize these other industrial applications of our technology through licensing of our technology and intellectual property to third parties or joint ventures to provide us with additional revenue streams while using minimal capital. In order to accelerate the worldwide adoption of our technology, we intend to license our technology to qualified operating companies outside North America who can invest the capital for commercial operation or who have the capability to enter into a joint venture operation with us.

Experienced and Committed Management Team

In addition to inventing, founding, researching and developing all the technological basis of the business, Management carries a wide range of skills, with diverse backgrounds in finance, agriculture, marketing and sales, plant operations, technology commercialization, permitting and regulatory, human resources, engineering, IP protection, licensing and sciences that are valuable in the execution of EarthRenew's business plan. Christianne Carin, our CEO, founder and primary inventor was the winner of the 2009 Ernst & Young Entrepreneur of the Year award — Cleantech category for the Prairies region. Our Management has also gained extensive experience and knowledge through 12 years of research and commercial implementation of our technology.

USE OF PROCEEDS

The aggregate gross proceeds of this Offering will be \$50,000,000 (\$57,500,000 if the Over-Allotment Option is exercised in full). The estimated net proceeds of this Offering, after deducting \$3,000,000 representing fees payable to the Underwriters (\$3,450,000 if the Over-Allotment Option is exercised in full) and the estimated expenses of this Offering of approximately \$850,000, will be approximately \$46,150,000 (\$53,200,000 if the Over-Allotment Option is exercised in full).

We intend to use the net proceeds of the Offering as follows:

	Offering Assuming Over-Allotment Option is not Exercised	Offering Assuming Over-Allotment Option is Exercised
	(\$ millions)	(\$ millions)
Completion of the next two second generation plants	\$26.9	\$26.9
Expenditures for our fourth and fifth second generation plants	-	6.0
Emissions and Maintenance capital expenditures for the Strathmore Plant	\$ 2.5	\$ 2.5
Patent filings and maintenance	\$ 1.4	\$ 1.4
Operating activities in the 24 months following the Offering	\$ 8.5	\$ 8.5
Research and Development program	\$ 5.3	\$ 5.3
Working capital and general corporate purposes	<u>\$ 1.5</u>	<u>\$ 2.5</u>
Total net proceeds to EarthRenew	<u>\$46.1</u>	<u>\$53.2</u>

We have purchased and manufactured various components at an aggregate cost of approximately \$7 million for our next two plants.

Pending the application of funds as described above, the Corporation intends to invest the unused portion of net proceeds of the Offering in short-term deposits and investments pursuant to the investment policy of the Corporation. The investment policy of the Corporation requires that excess cash balances be held in cash or be invested in short term Canadian or U.S. government securities at bank accounts in U.S. and Canadian funds proportional to such expected expenditures that are guaranteed in full by the Alberta government or equivalent deposit guarantees. The Board of Directors may amend the investment policy of the Corporation from time to time at its discretion.

While the Corporation currently intends to use the net proceeds of the Offering as described above, there may be circumstances where a reallocation of the net proceeds may be necessary or advisable. The actual amount we spend in connection with each of the intended uses of proceeds may vary significantly from the amounts specified above, and will depend on a number of factors, including those referred to under "Risk Factors".

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table presents a summary of our consolidated financial information as at or for the periods indicated and is derived from our unaudited financial statements for the three months ended March 31, 2010, March 31, 2009 and our audited consolidated financial statements for the fiscal years ended December 31, 2009, December 31, 2008 and December 31, 2007 found elsewhere in this prospectus. Historical results do not necessarily indicate results for any future period.

The following summary of consolidated financial information should be read together with the consolidated financial statements and the related notes and with "Management's Discussion and Analysis" included elsewhere in this prospectus.

	Three Months Ended		Year Ended		
	March 31 2010	March 31 2009	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
	\$	\$	(thousands of Canadian dollars)		
	\$	\$	\$	\$	\$
Consolidated Statements of Loss, Comprehensive Loss and Deficit					
Revenues	30	-	248	22	23
Cost of goods sold	402	235	1,594	1,162	411
Gross margin	(372)	(235)	(1,346)	(1,140)	(388)
Energy cost recovery from power sales	81	40	148	574	133
Gross margin after energy cost recovery	(291)	(195)	(1,198)	(566)	(255)
Operating Expenses					
Selling, general and administrative	1,503	1,186	6,689	6,489	3,139
Research and development	836	823	3,591	3,829	3,787
Stock-based compensation	295	528	2,349	2,566	1,142
Depreciation, amortization and accretion	414	364	1,747	1,287	366
Other Expenses					
Foreign exchange (gain) loss	(297)	(87)	(376)	(1,373)	338
Interest expense on debentures	1,286	322	2,612	1,271	833
Loss before unusual items	(4,328)	(3,331)	(17,810)	(14,635)	(9,860)
Insurable loss (recovery)	-	-	(2,065)	1,715	-
Net loss for the period	(4,328)	(3,331)	(15,745)	(16,350)	(9,860)
Weighted average number of common shares outstanding	16,944,121	16,881,639	16,914,510	16,863,137	16,255,779
Basic and diluted net loss per share	\$ 0.26	\$ 0.20	\$ 0.93	\$ 0.97	\$ 0.61

	<u>As at March 31,</u>	<u>As at December 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2008</u>
	(thousands of Canadian dollars)		
Consolidated Balance Sheet Data			
Cash and cash equivalents	\$ 2,477	\$ 2,404	\$ 9,836
Accounts receivable	\$ 274	\$ 265	\$ 578
Inventory	\$ 1,535	\$ 1,217	\$ 256
Other current assets	\$ 141	\$ 82	\$ 167
Total assets	\$30,391	\$30,181	\$35,683
Working capital	\$ 625	\$ 645	\$ 5,269
Long-term liabilities	\$29,283	\$25,534	\$15,965
Shareholders' equity	\$ (2,694)	\$ 1,324	\$14,150

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis of financial condition and results of operations (the "MD&A") has been prepared as at the date of this prospectus and should be read in conjunction with the audited and unaudited historical consolidated financial statements that appear elsewhere in this prospectus (the "Financial Statements"). The financial information presented in this MD&A is based on the Corporation's accounting policies that are in compliance with Canadian generally accepted accounting principles ("GAAP"). The Corporation's results of operations discussed in this MD&A are not necessarily indicative of the Corporation's future performance.

Certain statements contained in this MD&A constitute forward-looking statements that involve various risks, uncertainties and other factors. The forward looking statements are not historical fact, but rather are based on the Corporation's current plans, objectives, goals, strategies, estimates, assumptions and projections about the Corporation's industry, business and future financial results. The Corporation's actual results could differ materially from those discussed in such forward looking statements as a result of these risks and uncertainties, including those set forth in this prospectus under the headings "Forward-Looking Statements" and "Risk Factors".

Corporate Performance

EarthRenew Corporation was incorporated on December 22, 1999 pursuant to the *Business Corporations Act* (Alberta) and thereafter has been engaged in the research and development of its products, technologies and processes. Between January 1, 2006 and March 31, 2010, the Corporation raised \$65.2 million in capital, consisting of the issuance of equity instruments and debentures, which it has invested in plant and equipment, research and development and operations (See Capital Raised and Use of Proceeds in this MD&A). We have invested \$29.4 million in long term assets with \$28.6 million invested in plant and equipment including \$17.3 million for the Strathmore plant, \$7.0 million for our next two second generation plants, and \$1.9 million on plants thereafter. During the period January 1, 2006 through March 31, 2010, we invested \$13.8 million in the ongoing research and development of our product and processes, and \$2.1 million in the acquisition of patents and trademarks. As of March 31, 2010, the Corporation had \$4.4 million in cash, receivables, inventory and other current assets, \$3.8 million of accounts payable and other current liabilities and \$28.5 million of long term liabilities the majority of which consists of secured and unsecured debentures and associated conversion rights. The convertible debentures will convert, among other things, upon a Qualifying Liquidity Event (as defined herein) such as this Offering, into Common Shares.

First Generation Plant — Strathmore Plant

In early 2006, the Corporation commenced the design, engineering and construction of the first generation Strathmore Plant. The plant was completed in July 2007, 17 months following completion of a funding that closed in March 2006, at an initial capital cost for equipment and construction of \$12.1 million plus other capitalized costs of \$0.5 million. With a small crew, the patented first generation plant successfully operated during the start up and commissioning period and the Corporation produced 240 tons of quality fertilizer in 2007. During the start up in 2007 there were frequent periods of limited fertilizer production as a result of commissioning, experimentation and upgrading activities.

Commissioning and training of operators on running this new technology continued to May 31, 2008. The core technology – the cooker and turbine combination – worked as designed and continuously operated 24 hours per day, 4 days per week. The downstream system that produces the pellets and finishes the fertilizer could not match the output of the cooker/turbine system. During the commissioning period and for 3.5 months thereafter, the Corporation produced 3,900 tons of fertilizer in 2008. Beginning in September 2008, improvements were made to the Strathmore Plant to increase productivity by upgrading the materials handling processes, enhancing automation systems, adding to debris separation equipment, providing additional warehousing capability and improving working conditions for employees. This upgrade cost \$3.8 million (\$1.1 million of previously installed equipment was written off and disposed of during this upgrade) and required the plant to be shut down during construction with re-commissioning completed in March 2009. During 2008, the Corporation further developed its methods, implemented worker training and safety programs, and successfully produced fertilizer while simultaneously generating power for sale to the grid. In December 2008, the Corporation experienced a heating incident in one of its major storage bins. This was an insurable loss where inventory of approximately 3,000 tons was destroyed and damaged.

In 2009, to keep below the regulated emissions NOx level, we operated the turbine at low output of less than one MWh per hour until we could add emissions control equipment. After the 2.5 month commissioning period which followed the upgrade in late 2008, the Corporation continuously operated the plant for the balance of the year under these turn down conditions. This caused a reduction in fertilizer production during the year. Nonetheless, we produced 5,000 tons of quality fertilizer in 2009. In late 2009, the Corporation added the required emissions control equipment to the turbine at a cost of \$0.3 million.

Currently, the Strathmore Plant is producing organic matter fertilizer and operating continuously on a 24 hour basis for approximately 4.5 days per week. During the first quarter of 2010, production was 1,150 tons and reflects the turbine commissioning for the emission project and expected lower production during the winter season. Once funds from the Offering are available, the Corporation intends to increase the output of the pelleting system, add further materials handling equipment to increase plant operating output, and complete required maintenance capital expenditures. In 2010, our Strathmore Plant will also require equipment to meet particulate emissions standards mandated by Alberta regulations at an estimated cost of \$1.6 million. We have a ten year renewal on our operating permit which expires in November 2019 and is renewable at that time.

From the start up of the Strathmore plant, the core patented technology of using the cooker/turbine combination with our control system has worked successfully. This core technology will be the same for the second generation plants and represents approximately two thirds of the capital cost of the plant. At the Strathmore plant the materials handling equipment that feeds the cooker and the materials processing and pelleting system is unable to match the output of the cooker/turbine system. This is addressed in our second generation plant design.

The Strathmore Plant has demonstrated both the viability of our technology and its commercialization potential. Furthermore, our expertise and experience gained from the Strathmore Plant has enabled us to advance the design and development of a more efficient and robust second generation plant. Throughout the period of operations of the plant, we continued to enhance our technology, product research, intellectual property and corporate infrastructure.

Second Generation Plants

The Strathmore Plant demonstrated proof of concept of our process technology using the turbine as our only heat source to cook manure at high temperatures to manufacture our organic matter fertilizer. Our experience operating our first generation plant revealed certain bottlenecks and equipment reliability issues. As a result, our design for the second generation plant provides for additional production lines and specifies heavier duty equipment intended to increase reliability, product output and to reduce our operating costs.

Our second generation plants also have a modular design intended to allow for rapid construction and efficient integration of plant subsystems at the Host site chosen for their installation. Since these plants are designed with basic component parts, procurement of key equipment and long lead time items can be initiated as Host negotiations and permitting progress in order to speed up the time to commercial production.

Following the completion of a \$29.7 million preferred share financing in late December 2007, we commenced fabrication of equipment components for our second and third plants. We had intended to raise additional capital with an Initial Public Offering ("IPO") in spring 2008 to fund the construction and commissioning of these two plants along with a third and fourth plant, but were forced to curtail our plans when the global financial crisis began to adversely impact capital markets. At that time, we halted all capital expenditures on future plants and temporarily placed our partially completed plant modules in storage.

We intend to install our second and third plants in central California and Minnesota. We have a Host agreement with a 20,000 head cattle feedlot in central California and are in the final stages of negotiations with a Minnesota poultry operation. We have advanced permitting at the California location. We expect these two plants to be installed and commissioned within 24 months of the completion of this Offering. We are also in negotiations with a Host site in Southern California for a fourth plant and we have a number of potential additional Host sites that we will pursue over the next 12 months.

Our anticipated standard project timeline for the construction and commissioning of each new plant includes six months for engineering design work relating to the specific site requirements, twelve months for completion of our

equipment module construction and installation, and six months ramp up to full operation. We anticipate that we will be able to reduce this timeline to approximately twelve months for construction and installation and three months to ramp to full production. After the next two plants have been completed and started up we plan to be installing two additional plants every six months, subject to having adequate capital and permits at the various Host locations in place. We anticipate this shortened construction schedule as a result of having engineering designs in place and vendors and contractors being more experienced with our fabrication and construction.

Marketing and Sales

In early 2009, our sales and distribution strategy was to market through established agricultural retailers. In March 2009 a major agricultural retailer signed an agreement to purchase 1,500 tons of fertilizer. This agreement was followed in May 2009 with a significant five-year fertilizer off-take, distribution and marketing agreement which provided this retailer with the right to exclusively market and sell our fertilizer to growers in the western U.S. As a result of this agreement, we did not develop a direct marketing and sales infrastructure and did not pursue direct sales to other customers during the period March 2009 to August 2009.

In the third quarter of 2009 this retailer commenced litigation to declare the purchase and off-take, distribution and marketing agreements to be of no effect. EarthRenew has counterclaimed against this retailer and is seeking damages for breach of contract and tortious conduct. See "Legal Proceedings and Regulatory Actions".

The repudiation of these agreements adversely impacted our sales program and represented a significant loss of potential revenue and cash flow for the company in 2009, and also affected a planned financing. This loss of revenue and funding affected our ability to make further process improvements at our Strathmore Plant. In addition, we had been increasing our selling and general and administrative capability and expenses through the first and second quarters of 2009 in direct response to higher anticipated sales and production. We also started incurring costs associated with hiring personnel as we were preparing to build additional plants and with the packaging and shipping of product from Strathmore to anticipated markets in California.

We have changed our marketing and distribution strategy to market directly to growers and are planning to develop the infrastructure to accomplish this. Several of the largest organic and conventional growers in California are now using our organic matter fertilizer in grower trials. We have successfully gone through many growers' and distributors' rigorous internal approval processes and have been approved as an input product for both organic and conventional farming for these large growers which have stringent protocols. Our fertilizer has been approved for unrestricted use in organic agriculture in the U.S. and Canada. In addition, we have secured food safety approvals required by the industry. An important advantage of this distribution strategy is that we expect it will minimize outbound transportation costs since our plants will tend to be located in reasonable proximity to direct sources of agricultural demand for our product.

Change of Enterprise Resource Management System

As of January 1, 2009, the Corporation converted to a new integrated information system. All accounting systems were converted to Microsoft Dynamics AX as of the beginning of 2009. Criteria important for the selection of the new system included, among others, scalability to allow for fast growth of the Corporation, flexibility to accommodate potential changes in our business model and business processes, affordability, the capability to rapidly implement and integrate additional modules as required, and stability of the system supplier and support provider.

Microsoft Dynamics AX was selected as the best suited system and internal resources have been deployed to implement and enhance the system with minimal third party assistance and associated external costs of implementation (\$0.1 million as of March 31, 2010). We expect the acquisition of internal expertise to minimize our future costs of system development and maintenance. We will continue to develop this system to include customized reporting designed to assist us in tracking and managing our new plant construction and subsequent ongoing operations.

Intellectual property program

EarthRenew has a broad-based global patent portfolio covering its technology, including the processes for manufacturing our organic matter fertilizer, the unique fertilizer produced by those processes, unique equipment combinations, the control system, adaptations of its technology to various industries and applications to produce

different fertilizers. The Corporation commenced its technology development in 1999, and the intellectual property patenting program continues to the present. Its basic patent applications were originally filed in 2004 and patents were granted in 2006 in the U.S. and in 2007 and 2008 in Canada. To March 31, 2010, this program has resulted in 27 granted patents covering 31 countries, and has resulted in over 2,200 patent claims in 92 countries. Our trademark registration filings also commenced in 2004. (See "The Business of EarthRenew — Our Patents and Intellectual Property")

The total cost of our intellectual property program was approximately \$70 thousand in the first quarter of 2010, \$0.7 million in 2009, \$0.6 million in 2008, and \$0.5 million in 2007. We expect the ongoing maintenance and prosecution of our international patent portfolio to cost approximately \$0.5 million in 2010, \$0.9 million in 2011, and \$0.6 million in 2012, not including any costs associated with anticipated new initial patent filings. The anticipated increase in 2011 is due to the number of national patent applications to be filed on a worldwide basis to meet the filing deadline under the International Patent Cooperation Treaty for five technology patent applications we filed in the U.S. in November 2008. Our estimated costs for 2012 are for normal maintenance and prosecution of an estimated worldwide portfolio of 235 pending patent applications and an expected 40 granted patents.

EarthRenew Patent Program Results	2007				2008				2009				2010
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Number of new patent applications filed in quarter	58	0	1	6	1	0	42	6	3	0	0	9	0
Cumulative total number of patent applications filed	81	81	82	88	89	89	131	137	140	140	140	149	149
Cumulative total number of patents granted	3	4	5	5	5	8	11	11	13	16	20	25	27
Number of countries where patents have been granted	2	3	19	19	19	29	29	29	29	30	30	31	31

Staffing and regional employment conditions

From inception to date, we have maintained a relatively small staff located primarily at our headquarters in Calgary, our initial plant site in Strathmore (both located in Alberta, Canada) and field locations in California.

EarthRenew Staffing	2007				2008				2009				2010
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Strathmore Plant operating staff	4	6	10	11	13	14	14	17	21	23	16	16	15
Alberta administrative and executive staff	14	13	17	18	23	25	27	27	29	30	22	20	18
U.S. staff (California, Texas, Alabama)	3	3	3	3	4	4	4	4	6	7	6	6	6
Total staff	<u>21</u>	<u>22</u>	<u>30</u>	<u>32</u>	<u>40</u>	<u>43</u>	<u>45</u>	<u>48</u>	<u>56</u>	<u>60</u>	<u>44</u>	<u>42</u>	<u>39</u>

We experienced challenges in hiring operators for our Strathmore Plant in 2006 and 2007 when unemployment rates were 3.5% and 3.6%, respectively. We expect a different scenario when we start up our California plant as the unemployment rate in Central Valley of California is estimated to be in a range of 15% to 20%. We believe we are currently well positioned, through our growing network of contacts in California, to attract the future talent necessary for growth, particularly in the areas of engineering, operations and field services. Due to the current employment environment in our primary geographic areas of activity, we expect to experience minimal difficulty recruiting and retaining appropriately skilled personnel over the ensuing period of the build out of our second and third plants. We also expect to benefit from government tax incentives for firms creating new employment. We expect to benefit from an ample pool of talent and associated favorable labour costs.

Non executive staffing

Operations

Since the completion of our Strathmore plant in mid 2007, we have experimented with a variety of shift and plant operating schedules. Continuous 24 hour operation during designated operating periods has been largely employed since the second quarter of 2008 to improve communications through one shift handoff per day as well as to balance the number

of staff and related skill requirements from shift to shift. During the fourth quarter of 2008 operating hours were reduced to 8 hour day shifts when the plant was undergoing an upgrade. Going forward we have determined that operating our plant in Strathmore 4.5 days per week gives us the required downtime intervals for proper maintenance and, in combination with the two shifts per day, reasonably optimizes our overall plant labour costs.

Strathmore Plant Operations	2007				2008				2009				2010
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Operating hours per day	8	8	10	10	10	24	24	8	24	24	24	24	24
Operating days per week	5	5	7	7	7	4	4	5	4	7	7	4.5	4.5
Number of operators per shift	5	5	4	4	4	4	4	5	4	4	5	5	5

Operations support

As at March 31, 2010, we had 15 operating staff, of whom 9 were operators, 3 were site supervisors and 3 were plant maintenance staff. We also had a site safety/environmental specialist, special projects coordinator, administration assistant, procurement specialist, and a senior operations manager for a total of 20 staff at our Strathmore plant. This staffing level of approximately 20 full-time equivalents is expected to be our standard for each new plant we commission.

Engineering and construction

We have used third party resources to assist us with the design and engineering of our plants. In addition to our engineering partners and individual engineering consultants, we have 5 full-time employees (including 3 engineers) providing engineering, procurement and construction, and research and development support. Our engineering and construction group is expected to increase staffing to support the installation and operation of the second generation plants.

Accounting, financing, corporate services and human resources

We presently have a total of 9 full-time staff across our various corporate office functions including finance and accounting, information technology, human resources administration and other corporate services. We plan to add support services staffing in Canada and the U.S. to support our near term growth plans and the increased administrative responsibilities and complexities we anticipate experiencing as a public entity.

Salaries and benefits

Our costs for salaries and benefits, which have been charged to production costs, selling, general and administrative costs and research and development expenses, as appropriate, totaled approximately \$1.5 million in the first quarter of 2010 and \$6.7 million, \$5.6 million and \$3.7 million for the years ended 2009, 2008 and 2007, respectively. Due to the global economic crisis and the loss of the fertilizer off-take, distribution and marketing agreement in the third quarter of 2009, the Corporation downsized staff by 16 people in the third quarter of 2009 in order to reduce operating costs.

Power sales provides cost recovery of natural gas costs

We target the recovery of up to 60% of all our natural gas costs through power sales to the electrical grid under a normalized operating basis. Our primary business is the manufacture and sale of organic matter fertilizers, hence the sale of electricity to the grid is presented on our financial statements as a cost recovery against the cost of natural gas which is used in running the turbine and providing building heat. Building heat is provided continuously even on non-operating days through colder months to prevent freezing of our plumbing and equipment. Our revenue from power sales, which is applied as an energy cost recovery, provides a partial hedge to our natural gas costs as power and natural gas prices are generally expected to correlate over time in our target markets. As a result of implementing our patented technologies, we treat power sales as an energy cost recovery rather than as the primary purpose of our business.

Our first generation Strathmore Plant achieved an average cost recovery of 73% of natural gas costs in 2007, 62% in 2008, 29% in 2009, and 41% during the first quarter of 2010. In 2009 and through the first two months of 2010, we experienced a lower energy cost recovery due to several factors including:

- i. emissions regulations (which we are now in compliance with) which limited our ability to run the turbine at peak efficiency;

- ii. continued experimentation with production processes and methods;
- iii. addition of a heating system for our process building in early 2009 which increased our use of natural gas; and
- iv. decrease in the spread between power sales price and natural gas costs.

The average sales price per MWh at the Strathmore Plant was \$48.50 during the first quarter of 2010, \$48.75 during 2009, \$131.77 during 2008, and \$177.68 during 2007. The average cost per GJ of natural gas was \$5.02 during the first quarter of 2010, \$4.34 during 2009, \$9.16 during 2008, and \$7.33 during 2007.

Quarterly average (start up Q3 2007)	2007		2008				2009				2010
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Price of power sold to grid per MWh . .	\$238.30	\$96.66	\$95.74	\$167.97	\$106.32	\$70.42	\$60.08	\$34.87	\$48.77	\$61.52	\$48.50
Price of natural gas per GJ	\$ 7.44	\$ 7.14	\$ 8.16	\$ 10.30	\$ 8.66	\$ 9.08	\$ 5.22	\$ 3.77	\$ 3.51	\$ 5.25	\$ 5.02

Capital raised and use of proceeds

Over the period from January 1, 2006 to March 31, 2010, we raised \$65.2 million in capital, consisting of the issuance of equity instruments and debentures, primarily from institutional investors. We used these proceeds as follows:

	2006	2007	2008	2009	2010 Q1	Total
	(\$ in millions of dollars)					
Capital raised (net of issuance costs)	\$17.7	\$36.2	\$ 1.4	\$ 7.2	\$ 2.7	\$65.2
<i>Use of proceeds</i>						
<i>Capital expenditures — accrual basis</i>						
Strathmore Plant	\$ 6.9	\$ 5.7	\$ 3.9	\$ 0.6	\$ 0.2	\$17.3
Second generation plants #2 and #3	-	\$ 0.4	\$ 6.1	\$ 0.6	\$(0.1)	\$ 7.0
Second generation subsequent plants	-	-	\$ 1.8	\$ 0.1	-	\$ 1.9
Leasehold improvements and other capital asset expenditures . . .	\$ 0.1	\$ 0.2	\$ 1.0	\$ 1.1	-	\$ 2.4
Patents — intangible assets	\$ 0.2	\$ 0.5	\$ 0.6	\$ 0.7	\$ 0.1	\$ 2.1
Total capital expenditures	\$ 7.2	\$ 6.8	\$13.4	\$ 3.1	\$ 0.2	\$30.7
Adjustment for amounts not paid at period end	\$(1.8)	\$ 0.9	\$(1.1)	\$ 0.7	\$(0.1)	\$(1.3)
Cash used in investing activities	\$ 5.5	\$ 7.7	\$12.3	\$ 3.8	\$ 0.1	\$29.4
<i>Non-capital expenditures</i>						
Research and development expenses	\$ 1.8	\$ 3.8	\$ 3.8	\$ 3.6	\$ 0.8	\$13.8
Other revenue and expenses	\$ 2.9	\$ 2.3	\$ 5.3	\$ 7.2	\$ 1.9	\$19.6
Cash used in operating activities	\$ 4.7	\$ 6.1	\$ 9.1	\$10.8	\$ 2.7	\$33.4
Total capital used in investing activities and operating activities . . .	\$10.2	\$13.8	\$21.4	\$14.6	\$ 2.8	\$62.8

From January 1, 2006 to March 31, 2010, we invested \$28.6 million in property, plant and equipment costs including \$17.3 million in our Strathmore Plant. This amount includes \$16.4 million for equipment and construction costs of the Strathmore Plant and \$0.9 million for additional capital related items including capital spares, asset retirement obligations and corporate salary allocation. The \$16.4 million for equipment and construction costs also includes \$1.1 million gross value of assets subsequently disposed of during our optimization program in the fourth quarter of 2008. We have also invested approximately \$8.9 million in equipment components for future plants. The majority of this amount, approximately \$7.0 million, has been invested in the power equipment modules as well as other equipment for the next two second generation plants. This represents approximately 21% of the capital expenditures we anticipate will be required for completion of the next two plants. As this equipment has not yet been put into use it is not being depreciated. We have expended \$2.4 million on other capital items including office equipment, information technology and leasehold improvements.

As discussed in our section “Intellectual Property Program” in this MD&A, we have also invested \$2.1 million over this period in our patent program and trademarks providing our business with a competitive advantage and a

comprehensive barrier to competitive entrants. Research and development cost that have been expensed over this period total approximately \$13.8 million for a total expenditure on patents and research and development of \$15.9 million.

Our gross margin after energy cost recovery at the Strathmore Plant over the period January 1, 2008 and March 31, 2010 was a loss of \$2.3 million. Startup and commissioning of the Strathmore Plant began in the third quarter of 2007.

Our sales, general and administrative expenditures combined with other cash impacts such as realized foreign exchange gains and net changes in working capital have used \$17.3 million of cash over the period from January 1, 2006 to March 31, 2010. Of this amount, approximately \$1.6 million of cash was used in the first quarter of 2010 and \$6 million of cash was used in the year ended December 31, 2009.

RESULTS OF OPERATIONS

Financial Highlights

The following table presents selected financial information for EarthRenew. This information has been summarized from and should be read in conjunction with the Financial Statements.

	Three Months Ended March 31	Year end December 31		
	2010	2009	2008	2007
(\$ thousand dollars, except per share amounts)				
Balance sheet items:				
Total assets	30,391	30,181	35,683	43,884
Long term financial liabilities	28,573	24,788	15,825	8,826
Shareholders' equity	(2,694)	1,324	14,150	26,462
Statement of Loss:				
Revenue from product and services	30	248	22	23
Net loss before extraordinary item	4,328	17,810	14,635	9,860
Basic and diluted loss per share before extraordinary item	\$ 0.26	\$ 1.05	\$ 0.87	\$ 0.61
Net loss after extraordinary item	4,328	15,745	16,350	9,860
Basic and diluted loss per share after extraordinary item	\$ 0.26	\$ 0.93	\$ 0.97	\$ 0.61

Results of Operations

The following summarizes the Corporation's results of operations for the periods indicated:

	Three Months Ended March 31		Year end December 31		
	2010	2009	2009	2008	2007
	(\$ thousand dollars)				
Revenue from product and services	30	-	248	22	23
Cost of Goods Sold	402	235	1,594	1,162	411
Energy cost recovery from power sales	81	40	148	574	133
Expenses					
Selling, general and administrative	1,503	1,186	6,689	6,489	3,139
Research and development	836	823	3,591	3,829	3,787
Stock based compensation	295	528	2,349	2,566	1,142
Depreciation, amortization and accretion	414	364	1,747	1,287	366
Interest on convertible debentures	1,286	322	2,612	1,271	833
Net loss and comprehensive loss before extraordinary item	4,328	3,331	17,810	14,635	9,860
Extraordinary item — Insurable loss (recovery)	-	-	(2,065)	1,715	-
Net loss and comprehensive loss after extraordinary item	4,328	3,331	15,745	16,350	9,860

Three months ended March 31, 2010 compared with the three months ended March 31, 2009

Net loss for the first quarter ended March 31, 2010 was \$4.3 million compared with \$3.3 million for the first quarter of 2009. The net loss in 2010 increased approximately \$1 million over the same period in 2009 primarily due to an increase in debenture interest expenses and accretion of conversion rights resulting from higher debt levels. For the first quarter of 2010, the company experienced a higher gross margin loss, depreciation and selling, general and administration expenses, which was partially offset by lower stock based compensation expenses and a higher foreign exchange gain.

Revenue from product and services

Revenue for the first quarter of 2010 was \$30 thousand compared with \$ nil for the comparable quarter in 2009. Revenues during the first quarter of 2010 reflect a lack of financial resources and of an active sales force during the period leading up to the quarter, along with seasonally low product sales during the winter months.

Cost of Goods Sold

Cost of goods sold for the first quarter of 2010 was \$402 thousand compared with \$235 thousand for the first quarter of 2009. This reflects higher production volumes year over year at Strathmore as well as increased repairs and maintenance expenses. While production volumes were significantly improved in the first quarter of 2010 compared with the same period in 2009, low volumes nevertheless resulted in high fixed costs per ton.

Energy cost recovery from power sales

During the first quarter of 2010, energy cost recovery from power sales was \$81 thousand compared with \$40 thousand during the same quarter of 2009. Net power prices in the first quarter of 2010 decreased 16% compared with the same period in 2009, however, the volume of power sold to the grid increased 238% compared with the same period in 2009.

Selling, general and administrative and other expenses

Selling, general and administrative expenses for the first quarter of 2010 were \$1.5 million compared with \$1.2 million for the first quarter of 2009. The increase in 2010 was due to higher professional fees and other costs related to preparation for an initial public offering, partially offset by cost savings associated with staff reductions in late 2009.

Research and development expenses

Research and development costs for the first quarter of 2010 were \$836 thousand compared with \$823 thousand for the same period of 2009. Research and development costs include salaries, plant and other directly related costs incurred for the improvement of either the design, engineering or operations related activities pertaining to the Strathmore Plant. Research and development costs also include the cost of other initiatives such as product development and associated trials.

Stock based compensation expense

Stock based compensation for the first quarter of 2010 was \$295 thousand compared with \$528 thousand for the same quarter of 2009. The lower expense in 2010 reflects fewer options granted in 2009, and the effect of options forfeited by staff terminations.

Depreciation, amortization and accretion expense

Depreciation, amortization and accretion expense for the first quarter of 2010 was \$414 thousand compared with \$364 thousand for the same quarter of 2009. The increase was due to higher capital additions in 2009 compared with 2008 and to the amortization of 2009 leasehold improvements.

Interest on debentures

Interest expense on secured and unsecured convertible debentures including the accreted value of anticipated debenture conversions was \$1.3 million for the first quarter of 2010 compared with \$322 thousand for the same quarter in

2009. The increase is due primarily to the issue \$6.4 million (US\$6 million) of Secured Debentures issued in September 2009 and \$2.8 million of unsecured debentures issued in 2010.

Upon completion of a Qualifying Liquidity Event as described in the financial instruments section for each debenture, and which includes the Offering, both the secured and unsecured debentures will convert into Common Shares eliminating all outstanding debentures and related accrued interest.

Year ended December 31, 2009 compared with the years ended December 31, 2008 and December 31, 2007

Revenue from product and services

Revenue from product and services for the year ended December 31, 2009 was \$248 thousand compared with \$22 thousand in 2008 and \$23 thousand in 2007. The tenfold increase in revenue in 2009 was due to sales into our target markets of 870 tons of product compared with sales of 320 tons in 2008 and 80 tons in 2007. In 2009 our commercial sales began to gain traction with approximately 40% of tonnage sold was at or near our full list price of \$440 per ton. Product sold below full list price included introductory offers to new customers and product used in customer research and trials. A small amount of product (less than 0.2% of 2009 production) was provided to university or government related research trials. Approximately 49% of sales in 2009 were to the reclamation sector and 17% were to growers who began their trials in the fourth quarter of 2009. Sales in 2008 and 2007 were predominantly below list price and included introductory offers and product used in customer research and trials.

Revenue was significantly below our expectations in 2009 due to the non-performance and ultimately the repudiation in the third quarter of 2009 of the key off-take, distribution and marketing agreement (see Marketing and Sales section in this MD&A). Further, our inventory available for sale at the beginning of 2009 was minimal due to an insured loss in the fourth quarter of 2008 of approximately 3,000 tons of product (see Note 15 in the audited Financial Statements).

Cost of Goods Sold

Cost of goods sold includes the cost of product and services sold, the cost of product delivered into trials and costs associated with low production volumes. Primary product costs include plant operating costs such as labour, energy and repairs and maintenance, but exclude costs associated with research and development activities. Cost of goods sold in 2009 was \$1.6 million, a 33% increase over the \$1.2 million recorded in 2008. The increase in cost of goods sold was directly attributable to higher operating expenses in 2009 as we were operating the Strathmore Plant on a 24 hour 7 day a week basis for six months in 2009. We incurred higher labour, maintenance, and consumable parts costs as we increased production in 2009 to meet our anticipated obligations under the key off-take, distribution and marketing agreement.

In 2009 under the operating conditions described above, the Strathmore Plant had output volume of approximately 40% of the volume that we estimate for 2011 following the upgrade. The output volume of the Strathmore Plant in 2009 was approximately 20% of the output volume we expect with our second generation plants.

Energy cost recovery from power sales

Energy cost recovery from power sales was \$148 thousand in 2009 compared with \$574 thousand in 2008 mostly due to a 63% decrease in the average price for power sold to the grid and lower levels of power output in part to meet regulations on NOx limits. The standards meant we could not run our turbine at full power until water injection was added to the turbine to lower our NOx emissions. We are now operating the turbine at full power with water injection and remain in compliance with the standards. Energy cost recovery from power sales in 2007 was only \$133 thousand as we commenced plant operations in mid 2007 and operated the plant for only part of the year. See "Power sales provides cost recovery of natural gas costs" above. Following the completion of plant emission retrofits planned for later this year, we expect our power sales, applied as an energy cost recovery at our Strathmore Plant, will be capable of offsetting up to 60% of our natural gas costs. This is a target recovery rate we expect to average over time; however, short term variations in natural gas and electricity prices may cause us to outperform or underperform this target.

Selling, general and administrative and other expenses

Selling, general and administrative expenses were \$6.7 million in the year ended December 31, 2009, which was largely consistent with the \$6.5 million incurred for the year ended December 31, 2008. As discussed earlier in the Sales and Marketing section of this MD&A, we were incurring additional expenses related to meeting our obligations under the

key off-take, distribution and marketing agreement we signed in the second quarter of 2009. During 2009, we incurred increased office occupancy costs related to leasing new premises in Calgary in March 2009, and an increase in professional fees, director fees and travel expenses related to pursuing financing during the period. These increases were offset by decreased costs from a reduction of 9 full time administrative and manager staff in the second half of 2009 which lowered our salary and benefit costs. The selling, general and administrative expense in 2008 of \$6.5 million represented a 109% increase over the \$3.1 million incurred in 2007 reflecting the addition of 10 full time administrative, manager and executive staff by the second quarter of 2008 and increased professional fees for legal and accounting services associated with our aborted financing efforts in the summer of 2008.

Research and development expenses

Research and development costs include salaries, plant and other directly related costs incurred for the improvement of either the design, engineering or operations related activities pertaining to the Strathmore Plant as well as for other research and development initiatives such as product development and associated trials. Research and development costs in 2009 were approximately \$3.6 million compared with \$3.8 million in 2008 and \$3.8 million in 2007. We have gained significant process and operations experience at our Strathmore Plant which will benefit the design and operation of our future plants.

Stock based compensation expense

Stock based compensation, a non-cash expense, was approximately \$2.3 million for 2009 compared with \$2.6 million in 2008 and \$1.1 million for 2007. The reduction in 2009 is due to forfeited employee options resulting from the reduction in staff in 2009, and due to the relatively small number of options granted in 2009. In 2008 stock based compensation increased over 2007 levels due to the granting of an additional 179,340 stock options and a full year amortization of 812,760 options issued in 2007 as long term incentives for new employees. Stock based compensation has been capitalized to construction in progress, information systems, and intangible assets. The capitalized amount in 2009 was nil compared with \$0.2 million in 2008 and \$0.1 million in 2007.

Depreciation, amortization and accretion expense

Depreciation, amortization and accretion expense in 2009 of approximately \$1.7 million increased \$0.4 million over the \$1.3 million incurred in 2008. In addition to a modest increase in depreciation expenses associated with the Strathmore Plant in 2009 arising from upgrades and plant enhancements installed during 2009, the Corporation incurred additional amortization of leasehold improvements and office equipment for the new Calgary office leased in March 2009. Depreciation expense in 2008 of \$1.3 million increased by \$0.9 million over the 2007 expense of \$0.4 million as a result of the Strathmore Plant being depreciated over a full year in 2008 compared with three months in 2007.

Foreign exchange (gain) loss

Foreign exchange gains and losses have arisen primarily from two sources: i) funds held on deposit in U.S. dollars, and ii) accounts payable and/or debentures denominated in U.S. dollars. Foreign exchange gains in 2009 relate to the U.S.-dollar denominated debentures issued in September 2009 at a higher U.S. dollar exchange rate than the exchange rate recorded at December 31, 2009 and to U.S. dollar payables being converted at a stronger Canadian dollar exchange rate at December 31, 2009. In 2008, the exchange gains relate to holding a significant U.S. dollar cash deposit throughout the year while the U.S. dollar strengthened considerably. Similarly, the foreign exchange loss in 2007 related to the impact of the U.S. dollar movements on a large U.S. dollar credit balance during the period.

Interest on debentures

Interest on secured and unsecured convertible debentures includes accrued interest and the accreted value of anticipated debenture conversions. Interest is not paid in cash and is capitalized to the value of the debt. Interest expense was \$2.6 million in 2009 compared with \$1.3 million in 2008, an increase of 100% due primarily to the \$6.4 million (US\$6 million) of Secured Debentures issued in 2009. Total interest of \$2.6 million in 2009 includes i) accrued interest of \$0.1 million based on the stated interest rate and the effective interest accretion of \$1.2 million related to the Secured Debentures and ii) accrued interest of \$0.5 million and the accretion of fair value of \$0.8 million related to the Unsecured

Debentures. In 2008, the total interest of \$1.3 million was comprised of accrued interest of \$0.8 million and the accretion of fair value of \$0.5 million related to the Unsecured Debentures.

In 2008, interest on secured and unsecured convertible debentures of \$1.3 million was 62% higher than the interest expense of \$0.8 million in 2007 due to the interest calculation in 2007 not being impacted by a change in the expected settlement date and due to the debentures being issued part way through 2007. Upon completion of a Qualifying Liquidity Event, including the Offering, both the Secured Debentures and Unsecured Debentures will convert into Common Shares eliminating all outstanding debentures and related interest charges after the conversion.

Net loss before extraordinary item

Net loss before extraordinary items for 2009 was \$17.8 million compared with \$14.6 million in 2008 and \$9.9 million in 2007. The net loss in 2009 increased over 2008 due to higher interest expenses, a reduction in foreign exchange gains of approximately \$1 million, higher depreciation, amortization and accretion charges, and lower energy cost recovery from power sales. These changes were partially offset by modest declines in research and development and stock based compensation expenses. Net loss before extraordinary items in 2008 increased over 2007 due to higher general and administrative expenses, increased depreciation, amortization and accretion expenses, higher interest charges and increased cost of goods sold which were all related to the growth activities in 2008. These increased costs and expenses were partially offset by a foreign exchange gain of \$1.3 million in 2008 compared with a foreign exchange loss of \$0.3 million in 2007.

Net loss after extraordinary item

Net loss after extraordinary items for 2009 was \$15.7 million compared with \$16.4 million in 2008 and \$9.9 million in 2007. In late 2008, we experienced a heating incident in one of our product storage bins at our Strathmore Plant. This casualty loss partially damaged or fully destroyed a total of roughly 3,000 tons of our organic matter fertilizer, along with certain capital equipment. We recorded a charge to our income statement in 2008 of \$1.7 million based on our estimate of the net asset losses experienced due to this event. In 2009, we received two installments of insurance proceeds totaling nearly \$2.2 million representing the replacement cost of the damaged or destroyed assets, which were recorded as a credit to our income statement in 2009. The net effect of this event was to reduce the loss recorded for 2009 and increase the loss recorded for 2008 for an aggregate net recovery of \$0.4 million. The 2009 insurable recovery reduced the net loss per share by \$0.12 to \$0.93 and the 2008 insurable loss increased the net loss per share by \$0.10 to \$0.97.

Liquidity and Capital Resources

Working Capital

As at March 31, 2010 we had cash and cash equivalents of \$2.5 million and working capital of \$0.6 million. There are no externally imposed covenants with respect to minimum working capital requirements.

Financing Activities

The Corporation has raised \$65.2 million in capital, consisting of the issuance of equity instruments and debentures, since January 1, 2006. On March 24, 2010, the Corporation completed a private placement of unsecured subordinated debentures (the "2010 Debentures") for aggregate gross proceeds of \$2.8 million. The 2010 Debentures mature on September 30, 2011 and have an annual coupon rate of 3% per annum and convert automatically into Common Shares upon a Qualifying Liquidity Event, including the Offering. This financing provided additional capital to support operations while the Corporation proceeds with the Offering.

On September 3, 2009 EarthRenew issued US\$6.0 million of Secured Debentures which mature on September 30, 2011 and have an annual coupon rate of 5% per annum, compounded semi-annually and convert into Common Shares at a Qualifying Liquidity Event, including the Offering. Secured Debentures and associated conversion rights increased by approximately \$4.9 million and \$2.7 million, respectively, due to the issuance of these Secured Debentures. As of April 12, 2010 the Corporation and the holders of the Secured Debentures agreed to amend the Secured Debentures to change all references to June 1, 2010 to December 31, 2010, thus delaying certain triggering events. The maturity date on the debentures was amended from September 30, 2011 to March 31, 2011 and the conversion discount into Common Shares at the occurrence of an IPO was amended from 35% to 40% (see Note 23 in the Financial Statements). Share

capital increased by approximately \$1.0 million in 2009 due primarily to the issuance of Common Shares relating to the employee share purchase plan and exercised stock options and Preferred Shares related to the exercise of broker warrants.

In the first quarter 2008, the Corporation concluded its preferred share financing by issuing 125,000 Preferred Shares at \$1.00 each. In the second quarter 2008, then outstanding secured debentures were converted at the election of the holder into \$8.7 million of Unsecured Debentures. In addition, 398,691 broker warrants were exercised for a total of 458,494 Common Shares, for total proceeds of approximately \$1.0 million.

In the fourth quarter of 2007, the Corporation issued Preferred Shares for net proceeds of approximately \$27.9 million. In the third quarter of 2007 the Corporation completed a \$1.0 million common share financing with employees. The Corporation also issued Unsecured Debentures in 2007 in an aggregate principal amount of \$2.1 million and 2007 Secured Debentures of \$6.0 million which were converted at maturity on May 31, 2008 into Unsecured Debentures.

Upon completion of a Qualifying Liquidity Event, including the Offering of the Corporation's Common Shares, all existing Preferred Shares and convertible debentures will automatically convert into Common Shares. At such time, other than a relatively minor ongoing obligation for capital leases in the normal course of business, the Corporation will have no senior or subordinated debt instruments outstanding.

Outlook

The Corporation plans to raise equity capital through an initial public offering of Units in 2010. We believe that our existing cash and cash equivalents, and the net proceeds of the Offering will be sufficient to meet our anticipated cash needs for the next 24 months.

The Corporation expects to incur further losses in 2010 from the shortfall between revenues from our Strathmore Plant and anticipated increases in our operating expenditures. These expenditures include ongoing research and development related activities, sales and marketing expenses required to build out our product distribution capabilities, general corporate costs and expenses required to support our anticipated expansion. Our future working capital requirements will depend on many factors including the number and rate at which the Corporation constructs future plants. To date, our capital expenditures have been funded by equity proceeds and convertible debentures. Our ability to fund our continuing operations and growth are dependent on management's ability to quickly generate positive cash flows from new plants, and through anticipated future equity issuances or debt financing.

Commitments

Our commitments consist of capital and operating lease obligations and secured and unsecured convertible debentures which will convert into Common Shares after a Qualifying Liquidity Event. If there is no Qualifying Liquidity Event before maturity the secured debentures and accrued interest are payable at maturity, on March 31, 2011 (as amended — See Note 23 in the audited Financial Statements) and the unsecured subordinated debentures and the 2010 unsecured debentures are payable at maturity, on December 31, 2011. We have entered into operating leases for our corporate offices in Alberta and California as well as capital and operating leases for computers and furniture, and facility vehicles.

The annual minimum lease payments and debenture payments, including accrued interest are as follows:

	2010	2011	2012	2013	Total
	(thousands of Canadian dollars)				
Operating leases	691	679	675	674	2,719
Capital leases	199	184	106	5	494
5% Secured debentures (if no Qualifying Liquidity Event)	-	6,816	-	-	6,816
3% Unsecured subordinated debentures (if no Qualifying Liquidity Event)	-	19,528	-	-	19,528
3% 2010 Unsecured debentures (if no Qualifying Liquidity Event)	-	2,974	-	-	2,974
	<u>890</u>	<u>30,181</u>	<u>781</u>	<u>679</u>	<u>32,531</u>

The Corporation will be adding particulate emission control equipment to the Strathmore Plant in the third quarter of 2010 to meet government regulatory limits. The estimated capital cost to add this equipment is \$1.6 million and will be

funded from the equity capital to be raised in the Offering. No further capital for environmental protection is expected in future years at the Strathmore Plant.

Related Party Transactions

The Corporation owes \$161 thousand in Director's fees to the independent members of the Board of Directors as at March 31, 2010 compared with \$104 thousand as at December 31, 2009. The Corporation also deferred a portion of the normal executive compensation of \$43 thousand during the first quarter. There were no directors' fees owing at the end of 2008. In 2008, the Corporation repaid deferred salaries and fees owed to key management in the amount of \$0.5 million.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with Canadian GAAP requires the Corporation to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Key areas of estimation, where difficult, complex or subjective judgments, often as result of matters that are inherently uncertain, are the net realizable value of inventory, estimated useful lives and impairment of long-lived assets, asset retirement obligations, stock-based compensation, fair value of financial assets and liabilities and amounts, including classification and identification of embedded derivatives and likelihood of contingencies. Actual results could differ from these estimates.

A summary of the Corporation's significant accounting policies can be found in Note 2 to the audited Financial Statements. The following is a discussion of those accounting policies and estimates that are considered critical in the determination of the Corporation's financial results.

Revenue recognition

Product revenue is recognized based on individual contract terms as title and risk of loss to the product transfers to the customer and as with power sales, delivery and other services, where all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, selling price is fixed or determinable and collection is reasonably assured. Power from generation is sold to the grid and recognized at market prices upon delivery. Power sales comprise energy payments for each kilowatt hour plus line credits for distributed power generation when applicable and are treated as an energy cost recovery against natural gas expenses in the period.

Impairment of long-lived assets

The Corporation reviews long-lived assets when events or changes in circumstances indicate impairment in the carrying value or if there is a change in the estimated useful life of the asset. If impairment has occurred, the excess of the carrying value over fair value is expensed. An impairment loss for a long-lived asset is recognized when its carrying amount exceeds the sum of the undiscounted cash flows expected from its use and eventual disposition. The impairment loss is measured as the amount by which its carrying amount exceeds its fair value.

Asset retirement obligations

The Corporation recognizes asset retirement obligations when they become a legal obligation, using a reasonable estimate of fair value. Fair value is determined using cash flows discounted at the Corporation's credit-adjusted risk-free interest rate. Obligations are adjusted to present value in subsequent periods through depreciation, amortization, and accretion. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over the asset's estimated useful life. Annual accretion of the obligation is included in depreciation, amortization and accretion expense in the consolidated statements of loss and deficit.

Stock-based compensation

The Corporation uses the fair value based method of accounting for all stock-based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model, including estimated volatility. This method requires the recognition of the value of stock options issued in the consolidated financial statements in the period of issuance based on their fair value at the date of grant. The Corporation calculates the value of stock options issued with consideration of factors specific to the Corporation. For options granted to employees and directors, the value is expensed over the period the options vest, with a corresponding increase recorded to contributed surplus. For shares granted to contractors and consultants, an expense is recognized as services are provided.

Future Accounting Policies to be Adopted

Business Combinations

In January 2009, the CICA issued Handbook Sections 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests. The new Business Combinations standard provides guidance as to what an acquirer must measure when it obtains control, the basis of valuation and the date at which the valuation should be determined. The majority of acquisition-related costs must be expensed in the periods they are incurred. Section 1582 will be applicable for acquisitions that are completed on or after November 1, 2011 although early adoption in 2010 is permitted to facilitate the transition to IFRS in 2011. The Financial Statements standard provides clarification for preparing consolidated financial statements after the acquisition date. The Non-controlling Interests standard provides guidance on the accounting and presentation of non-controlling interest. All of these new standards must all be adopted concurrently. The Corporation currently does not expect adoption of these new standards will impact the financial statements as currently presented, although accounting for future acquisitions may be affected.

Multiple Deliverable Revenue Arrangements (EIC-175)

This policy amends EIC-142 Revenue Arrangements with Multiple Deliverables to require a vendor to allocate arrangement consideration at the inception of an arrangement to all deliverables using the relative selling price method rather than the relative fair value method. The application of this standard which becomes effective January 1, 2011 will have no significant impact on the Corporation's current financial statements.

International Financial Reporting Standards (IFRS)

The Canadian Institute of Chartered Accountants Accounting Standards Board has published its strategic plan for convergence of Canadian generally accepted accounting principles with IFRS as issued by the International Accounting Standards Board. The changeover date for Canadian publicly accountable enterprises is January 1, 2011 and comparative information for 2010 figures will be required.

During 2009, the Corporation commenced its project of conversion to IFRS and is at the early stages of the project as a result of management's focus on the Offering. The Corporation will be assessing the impact on its business of adopting IFRS in 2011. As part of its assessment, the Corporation will be identifying potential differences between Canadian GAAP and existing and proposed IFRS which may be in effect in 2011. The Corporation will be reviewing the impact that these differences will have on accounting policies, information technology and data systems, internal controls over financial reporting, disclosure controls and procedures, financial reporting and business activities.

The Corporation has not fully determined the impact of adopting IFRS on its financial statements. Based on work conducted to date, the amounts reported under IFRS that may differ from Canadian GAAP include property, plant and equipment, intangible assets, equity, and stock-based compensation. In addition to existing IFRS standards, new or revised IFRS standards that may impact the Corporation in 2011, or thereafter, include income taxes, financial instruments, emission trading schemes, employee future benefits and measurement of liabilities. The potential impacts on the financial statements from the adoption of IFRS will depend on the particular circumstances prevailing on January 1, 2011, as well as the accounting policy choices adopted by the Corporation. The Corporation believes that any potential impacts are not significant, but has not yet quantified these potential impacts.

At this time, the Corporation does not believe the conversion to IFRS will result in any significant change to its business activities. Also, the Corporation does not believe that any significant modification of accounting systems will be

required to adopt IFRS. The Corporation anticipates there will be an increase in disclosures as a result of adopting IFRS and will assess those disclosures and its internal processes to ensure sufficient information is available.

On completion of the Initial Public Offering, the Corporation will accelerate through the project phases including the completion of scoping and planning, detailed assessment, implementation and post implementation. The Corporation's business does not entail a high level of complexity and has a relatively short operating history and, accordingly, the Corporation feels the scoping and planning and detailed assessment phases can be complete by the third quarter of 2010. The implementation phase, including analysis and choices of accounting policies and training will be undertaken and completed by the end of 2010. The post-implementation phase will be ongoing and will involve continuous monitoring and adoption of IFRS requirements as they relate to the Corporation.

The following list illustrates certain areas of potential impact to the Corporation on transition to IFRS.

Property, Plant and Equipment

The basic principles of accounting for property, plant and equipment under Canadian GAAP handbook section 3061 and International Accounting Standards (IAS 16) are similar; however, differences in application do exist. IAS 16 requires the parts or components approach and depreciation is based on the expected useful life of the parts or components. This method of componentizing property, plant and equipment may result in an increased number of component parts that are recorded and depreciated. The requirements of IAS 16 were taken into consideration during conversion to a new accounting system during 2008 when capital assets were broken down into components with different depreciation rates with no significant impact. As a result, we do not anticipate that the impact of adopting IAS 16 will be significant.

Under IAS 17, accounting for property, plant and equipment capital leases takes a substance over form approach to classifying leases as either capital or operating, stating that the classification depends on the substance of the transaction rather than the form of the contract (risks and rewards transferred, etc.). Operating leases are recognized in the same manner as Canadian GAAP. As a result, this classification may result in operating leases becoming capital leases recorded under property, plant and equipment. The International Accounting Standards Board ("IASB") is has currently plans to release an Exposure Draft on lease accounting that could result in significantly different accounting model therefore the final extent of the impact of IAS 17 may change pending the outcome of this project in 2010.

Intangible assets

IAS 38 requires that cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Indirect costs and general overheads cannot be recognized as part of the cost of the asset. On January 1, 2008 the Corporation early adopted Canadian Institute of Chartered Accountants ("CICA") Section 3064, *Goodwill and Intangible Assets*, which replaced Section 3062, *Goodwill and Other Intangible Assets*. As a result of the adoption, indirect costs related to internally generated intangible assets are charged into income and prior periods were restated. The Corporation does not anticipate the adoption of IAS 38 to have a significant impact.

Share Based Payments

Under Canadian GAAP, section 3870, share options granted vest in installments (tranches) over the vesting period, where the total grant can be valued at grant date with the corresponding stock based compensation expense recognized in a straight line method over the vesting period of the options. This differs under IFRS 2, Share Based Payments, where share options granted vest in installments (tranches) over the vesting period, and each tranche is treated as a separate share option grant, and subsequently valued at the start of each tranche's vesting period. Corresponding stock based compensation expense will be calculated at the start of each vesting period with fair value inputs that exist at that time. IFRS 2 also requires the use of the fair value method for valuing options and companies are required to estimate forfeitures at the start of the vesting period. This may change the amount the Corporation recognizes as stock based compensation as well as the timing of recognition. The Black-Scholes model is currently being used for option valuation, which is also permitted under IFRS. No change in option valuation method is required. The Corporation has the option to elect under IFRS 1 to elect not to revalue options that have vested before January 1, 2010. Options that vest after this date are required to be revalued under IFRS 2, Share Based Payments.

IFRS 1, First-Time Adoption of International Financial Reporting Standards

The first-time adoption of IFRS states that, in general, an entity shall apply the principles under IFRS retrospectively. IFRS 1 provides the framework and specifies that, the adjustments that arise on retrospective conversion to IFRS from another GAAP should be recognized directly in retained earnings. There are certain optional exemptions and mandatory exceptions to retrospective application, both of which are clarified under IFRS1. The Corporation has not made a decision with regards to the elective exemptions available upon transition.

Management anticipates there will be a significant increase in disclosure resulting from the adoption of IFRS. The Corporation is identifying and assessing the impact of this additional disclosure. The quantitative impact on future financial position and results of operations is not fully determinable or estimable at this time. The Corporation's internal controls over financial reporting and disclosure controls and procedures will require reassessment, updating and testing when the Corporation converts to IFRS. It is anticipated that the adoption of IFRS will have minimal impact on information systems requirements. In 2010, the Corporation will continue to assess and evaluate the financial reporting impacts of adopting IFRS in 2011.

Financial Instruments

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities.

Cash and cash equivalents are classified as held-for-trading and any period change in fair value is recorded through income. Accounts receivable are classified as loans and receivables and are measured at amortized cost. Interest income is recorded in net income, as applicable. Accounts payable, accruals, long-term debt, capital lease obligations and convertible debentures are classified as other financial liabilities and are measured at amortized cost using the effective interest method. Interest expense is recorded in income, as applicable. Debenture conversion rights are classified as held-for trading. Changes in fair value of the conversion rights are recorded in income.

2010 Convertible Debentures

The 2010 Debentures have an aggregate principal amount of \$2.8 million, mature on December 31, 2011 and carry an annual coupon rate of 3%, compounded semi-annually. The 2010 Debentures convert automatically into a variable number of Common Shares upon the closing of a Qualifying Liquidity Event, which includes, among other the things, the Offering. The conversion price will be at a discount to the Qualifying Liquidity Event price. Accrued but unpaid interest will generally be converted to Common Shares on the same basis (See "Description of Securities — 2010 Convertible Debentures").

Unsecured Convertible Debentures

The Unsecured Convertible Debentures have an aggregate principal amount of \$17.2 million, mature on December 31, 2011 and carry an annual coupon rate of 3%, compounded semi-annually. The Unsecured Debentures convert automatically into a variable number of Common Shares upon the closing of a Qualifying Liquidity Event, which includes, among other the things, the Offering. The conversion price will be at a discount to the Qualifying Liquidity Event price. Accrued but unpaid interest will generally be converted to Common Shares on the same basis; however certain Unsecured Debenture holders have the right to receive payment of accrued interest in cash (See "Description of Securities — Unsecured Convertible Debentures").

If a Qualifying Liquidity Event does not occur by the maturity date, the holders have the option to receive repayment of principal plus accrued interest from issuance at a rate of 6% compounded semi-annually, or to convert the Unsecured Debentures into a variable number of Common Shares at a rate of \$3,050 per \$1,000 face value based on the fair value of the Common Shares at that time as determined by an independent valuator.

Secured Convertible Debentures

The Secured Convertible Debentures have an aggregate principal amount of US\$6.0 million, mature on March 31, 2011 (as amended — See Note 23 in Financial Statements) and carry an annual coupon rate of 5%, compounded semi-annually. The Secured Debentures and accrued interest convert into Common Shares, at the option of the holder, after the earlier of: December 31, 2010, the occurrence of a Qualifying Liquidity Event, including this Offering, or the occurrence

of a Qualifying Financing ("QFE"), being a private convertible debenture and/or equity financing with gross proceeds of at least US\$20 million. If a QFE or Qualifying Liquidity Event occurs on or before December 31, 2010, the Secured Debentures convert into a variable number of Common Shares based on a discount to the QFE or Qualifying Liquidity Event price. If a QFE or Qualifying Liquidity Event does not occur on or before December 31, 2010, the conversion price is US\$1.50 per common share; however, the Corporation has a first right to repurchase the Secured Debentures on payment in a cash amount equal to the face value and accrued interest multiplied by 1.75.

As security for the Secured Debentures, the Corporation granted a security interest in all of its present and after-acquired personal property and granted a floating charge on all present and future undertaking, real property and assets. This security ranks in priority to any other security interest except for indebtedness incurred in connection with the purchase of capital property secured by that property to an aggregate limit of US\$250,000 and future project debt financing of plants.

The proceeds raised from the Secured Debenture financing were allocated between the debentures (liability) and the embedded derivative represented by the variable conversion feature (liability) in accordance with Section 3863 and EIC-164. The Corporation allocated the proceeds from the debenture issuance between the debenture and the embedded derivative by fair valuing the embedded derivative and allocating the residual to the host contract. As a result, the Corporation determined the value of the debentures, (including accrued interest), and the embedded derivative at December 31, 2009 to be \$4.9 million and \$2.7 million respectively. At March 31, 2010 the accreted value of the debentures, (including accrued interest), and the embedded derivative were \$5.7 million and \$2.6 million respectively. The embedded derivative is included with long term liabilities on the balance sheet as debenture conversion rights. The amount allocated to the conversion feature represents a discount on the Secured Debentures which will be accreted to income over the period of September 2009 to the anticipated effective date of the conversion provisions.

The evaluation of the likelihood of the occurrence of QFE and/or Qualifying Liquidity Event as at specific dates is a critical estimate in the classification and measurement of embedded derivatives related to the Corporation's Special Warrants, Preferred Shares, Secured Debentures and Unsecured Debentures. Management estimates the likelihood of occurrence based on facts and circumstances, including the degree of progress, if any, toward such events at specific points in time. As at March 31, 2010 and December 31, 2009 the company had assessed the likelihood of a successful QFE or Qualifying Liquidity Event in the range of 25%-80% at various future dates.

Fair Value

In the absence of an active market, the Corporation estimates fair value using valuation techniques such as option pricing models and discounted cash flow analysis, making maximum use of market-based inputs including gas and power prices, interest rates, and foreign exchanges rates, and makes assumptions about the amount and timing of estimated future cash flows. Fair value estimates are made at a point in time and may not be reflective of future values.

In June 2009, the CICA issued amendments to Section 3862 — Financial Instruments — Disclosures to expand the disclosures required in respect of fair value measurements recognized in financial statements. For the purpose of these expanded disclosures, a three-level hierarchy has been introduced as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices or indirectly (i.e. derived from prices);

Level 3 Inputs for the asset or liability that are not based on observable market data.

The financial instruments measured at fair value in the financial statements are limited to cash and cash equivalents, which are Level 1 and the debenture conversion rights which are Level 3. The fair value of the debenture conversion rights were estimated based the value of the discount on conversion and the assessment of the likelihood of the Qualifying Liquidity Event and/or QFE triggering event.

In the event of a Qualifying Liquidity Event in 2010 the fair value of the Unsecured Debentures, including accrued interest, and the embedded conversion rights, approximates \$39.6 million; the fair value of the Secured Debentures, including the embedded conversion rights, approximates \$9.8 million, and; the fair value of the 2010 Unsecured Debentures, including the embedded conversion rights, approximates \$3.5 million. The Secured Debentures and Unsecured Debentures will be settled in Common Shares in the event of a Qualifying Liquidity Event in 2010. In

the event of a Qualifying Liquidity Event, the recognition of incremental fair values for the conversion rights associated with the Secured Debentures and Unsecured Debentures would result in a charge to income.

Business Conditions and Risks

For additional description of business conditions and risks see "Risk Factors".

The Corporation is exposed to financial risks arising from its financial instruments. The financial risks include currency risk, market risk related to interest rates, credit risk and liquidity risk.

Currency risk

The Corporation is exposed to foreign exchange risk as certain revenues and expenditures are denominated in the U.S. dollar. With respect to U.S. dollars, a significant weakening or strengthening of the U.S. dollar against the Canadian dollar could result in an impact on earnings. As at March 31, 2010 we estimate that each 1% increase in the value of the U.S. Dollar would increase the net loss by \$107 thousand. The Corporation will be exposed to further foreign currency exchange risk as it expands its operations in the United States.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation's exposure to floating interest rate is limited to cash and cash equivalents, whereas exposure to fixed interest rate is limited to the Corporation's convertible debentures. The Corporation's cash and cash equivalents include highly liquid investments that earn interest at market rates. The Corporation manages its interest rate risk on the investments by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day to day basis. Fluctuations in market rate of interest on cash and cash equivalents do not have a significant impact on the Corporation's results of operations.

Credit risk

The Corporation is exposed to credit risk with respect to accounts receivable. Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's trade accounts receivable. The Corporation has historically experienced minimal customer defaults and, as a result, it considers the credit quality of trade receivables at March 31, 2010 to be high. The Corporation does not have an allowance for doubtful accounts at March 31, 2010, December 31, 2009 or December 31, 2008.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure, to the extent reasonably possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable costs or losses or risking harm to the Corporation's reputation. The Corporation manages its liquidity risk by preparing and monitoring detailed forecasts of cash flow from operations and anticipated investing and financing activities. As at March 31, 2010, the Corporation had \$30.4 million in assets of which \$24.3 million was plant and equipment. The Corporation has incurred losses since its inception and had a deficit of \$55.9 million at March 31, 2010. The Corporation's ability to continue as a going concern is dependent upon obtaining additional financing and achieving profitable operations.

The Corporation expects that cash flow from operations together with current financing initiatives will be sufficient to fund its requirements for investments in working capital and capital assets; however, this is dependent upon obtaining such additional financing and achieving profitable operations. Management is actively pursuing sources of such financing, and while it has been successful in securing sufficient financing in the past, there can be no assurance that it will be able to do so in the future.

DIVIDENDS

We have never declared or paid any dividends on our shares. We currently intend to retain any future earnings to fund the development and growth of our business and do not anticipate paying any cash dividends in the foreseeable future. Our Board will determine if and when dividends should be declared and paid in the future based on all relevant circumstances, including the desirability of financing our further growth and our financial position at the relevant time. See "Risk Factors".

DESCRIPTION OF SECURITIES

Authorized Share Capital

Our authorized share capital consists of an unlimited number of Common Shares, an unlimited number of Non-Voting Shares, an unlimited number of Series A Preferred Shares, Series B Preferred Shares limited in number to 41,375,000 and an unlimited number of Preferred Shares issuable in series. As of the date hereof there are 8,489,755 Common Shares (after giving effect to the Consolidation) and 30,240,000 Series B Preferred Shares issued and outstanding. There are no Non-Voting Shares, Series A Preferred Shares or other Preferred Shares outstanding. Pursuant to agreements between EarthRenew and certain holders of Series B Preferred Shares, we have agreed that we will not issue Series A Preferred Shares at any time while Series B Preferred Shares are issued and outstanding.

Common Shares

Holders of Common Shares are entitled to receive notice of, to attend and to vote at all meetings of our shareholders and are entitled to one vote for each Common Share held. Subject to the rights, privileges, restrictions and conditions attached to the Series A Preferred Shares, Series B Preferred Shares and any other Preferred Shares of EarthRenew, we may pay dividends to the holders of the Non-Voting Shares to the exclusion of the holders of Common Shares, may pay dividends to the holders of the Common Shares to the exclusion of the holders of Non-Voting Shares or may pay a general dividend to the holders of both the Common Shares and the Non-Voting Shares.

Subject to the rights, privileges, restrictions and conditions attached to the Series A Preferred Shares, Series B Preferred Shares and any other Preferred Shares of EarthRenew, in the event of liquidation, dissolution or winding-up of EarthRenew or upon any distribution of the assets of EarthRenew among our shareholders being made, the holders of each of the Common Shares and Non-Voting Shares shall be entitled to share equally.

Non-Voting Shares

Except when required by the ABCA, holders of Non-Voting Shares are not, as such, entitled to receive notice of, sign a requisition for, aid in the calling of, attend or vote at meetings of our shareholders. Holders of Non-Voting Shares are not, as such, entitled to participate in the management of EarthRenew.

Subject to the rights, privileges, restrictions and conditions attached to the Series A Preferred Shares, Series B Preferred Shares and any other Preferred Shares of EarthRenew, in the event of liquidation, dissolution or winding-up of EarthRenew or upon any distribution of the assets of EarthRenew among our shareholders being made, the holders of each of the Common Shares and Non-Voting Shares shall be entitled to share equally.

Preferred Shares

Our directors may, from time to time, issue Preferred Shares in one or more series, each series to consist of the number of shares as may before issuance thereof, be determined by the directors. Our directors may, by resolution fix the designation, rights, privileges, restrictions and conditions to be attached to the Preferred Shares of each series, including, without limiting the generality of the foregoing, the rate, form, entitlement and payment of preferential dividends, the redemption price, terms, procedures and conditions or redemption, if any, voting rights and conversion rights (if any) and any sinking fund, purchase fund or other provision attaching to the Preferred Shares of that series.

Series A Preferred Shares

Holders of Series A Preferred Shares are entitled to receive notice of, to attend and to vote at all meetings of our shareholders and are entitled to one vote for each Series A Preferred Share held. The holders of Series A Preferred Shares rank in priority to the Common Shares and Non-Voting Shares and any other shares ranking junior to the Series A Preferred Shares in respect to dividends. Series A Preferred Shares are entitled to fixed preferential non-cumulative cash dividends per Series A Preferred Share at a rate of \$0.085 per annum, which shall be payable annually (the "Preferential Dividend"). Holders of Series A Preferred Shares shall not be entitled to dividends other than or in excess of the Preferential Dividend. No dividends shall be declared or paid on the Common Shares or on any shares of any other class of EarthRenew ranking junior to the Series A Preferred Shares and EarthRenew shall not call for redemption nor purchase or otherwise acquire for value any Common Shares or any share of any other class of EarthRenew ranking junior to the

Series A Preferred Shares so long as any Series A Preferred Shares are outstanding unless and until the Preferential Dividend has been declared and paid or set apart for payment.

In the event of the dissolution, liquidation or winding-up of EarthRenew or other distribution of assets of EarthRenew among our shareholders for the purpose of winding-up our affairs, the holders of the Series A Preferred Shares shall be entitled to receive from the assets and property of EarthRenew for each Series A Preferred Share held by them the sum of \$1.00 together with all accrued and unpaid Preferential Dividends before any amount shall be paid or any property or assets of the Corporation distributed to holders of Commons Shares or shares of any class ranking junior to the Series A Preferred Shares after which the holders of Series A Preferred Shares shall not be entitled to share in any further distribution of the property or assets of EarthRenew.

Series B Preferred Shares

The holders of the Series B Preferred Shares shall be entitled to receive notice of and to attend all annual and special meetings of our shareholders and to one vote in respect of every 12.5 Series B Preferred Shares held at all such meetings.

The Series B Preferred Shares are entitled to preference over the Common Shares, the Non-Voting Shares and shares of any other class or series ranking junior to the Series B Preferred Shares with respect to the payment of dividends, if any, and no dividend shall be paid with respect to the Common Shares, the Non-Voting Shares or shares of any other class or series ranking junior to the Series B Preferred Shares unless such dividend is also paid with respect to the Series B Preferred Shares which dividend, in the case of the Common Shares, may be paid on the basis of a ratio equal to 12.5 for each Common Share to one for each Series B Preferred Share to satisfy such preference.

No class or series of shares may be created or rights and privileges increased to rank in parity or priority with the Series B Preferred Shares with regard to the rights and privileges thereof and without limiting the generality of the foregoing, capital and dividends, without the approval of the holders of the Series B Preferred Shares, voting as a separate class, by special resolution as defined under the ABCA.

Subject to adjustment in certain situations, the Series B Preferred Shares shall convert into Common Shares on the basis of one Common Share (on a post Consolidation basis) for every 25 Series B Preferred Shares held (i) at the option of the holder at any time and from time to time, and (ii) in the event that, among other circumstances, the Common Shares are listed on any of the London Stock Exchange, the New York Stock Exchange, the NASDAQ Exchange, the American Stock Exchange, the Toronto Stock Exchange, the London AIM Exchange or the TSX Venture Exchange (a "**Qualified Exchange**") and we become a "reporting issuer" or equivalent through the closing of an initial public offering, including the Offering, provided that the holder of the Series B Preferred Shares may receive additional Common Shares through the Special Warrants. See "Additional Securities Outstanding— Special Warrants".

As part of the issuance of Secured Debentures (as defined herein), EarthRenew entered into repurchase agreements pursuant to which under certain conditions 25,375,000 Series B Preferred Shares will be repurchased by the Corporation on December 31, 2017 at \$1.00 per share.

Additional Securities Outstanding

In addition to Common Shares, Series B Preferred Shares, broker warrants, Options, Founders' Options and RSUs, we also have unsecured convertible debentures, secured convertible debentures and special warrants outstanding.

Unsecured Convertible Debentures

We have issued unsecured convertible subordinated debentures with an aggregate principal amount of \$17,200,000 (the "**Unsecured Debentures**"). All issued Unsecured Debentures mature on December 31, 2011. The annual coupon rate of the Unsecured Debentures is 3% per annum, compounded semi-annually.

The Unsecured Debentures will convert automatically into Common Shares upon the closing of an initial public offering, including the Offering, or a business combination including a merger or sale of the Corporation which results in consideration of cash or shares listed on a stock exchange (a "**Qualifying Liquidity Event**"). The conversion price is equal to 45% of the price at which Common Shares were sold pursuant to the Qualifying Liquidity Event if it occurs on or before December 31, 2010 and 37% if the Qualifying Liquidity Event occurs after December 31, 2010 and on or before December 31, 2011 (the "**Discounted Qualifying Liquidity Event Price**").

Assuming completion of the Offering, interest on the Unsecured Debentures held by Luxor Capital Partners LP will convert into the number of Common Shares equal to the accrued interest to the conversion date divided by the price at which Common Shares are sold pursuant to the Offering. The interest on the remaining Unsecured Debentures will be paid in cash on conversion. Assuming the Offering is completed and conversion of the Unsecured Debentures occurs on June 30, 2010, the Unsecured Debentures will convert into an aggregate of ● Common Shares (after giving effect to the Consolidation).

Secured Convertible Debentures

On September 3, 2009 EarthRenew issued secured convertible debentures, as amended on April 12, 2010 (the "Secured Debentures") in an aggregate principal amount of US\$6,000,000 (the "Principal Amount"). The Secured Debentures mature on March 31, 2011 and have an annual coupon rate of 5% per annum, compounded semi-annually. As security for the Secured Debentures, EarthRenew granted a security interest in all of the present and after-acquired personal property of EarthRenew and its subsidiaries and granted a floating charge on all of its and its subsidiaries' present and future undertaking, real property and assets. This security ranks in priority to any other security interest except for indebtedness incurred in connection with the purchase of capital property secured by that property to an aggregate limit of US\$250,000 and future project debt financing of plants.

The Secured Debentures convert at the option of the holder after the earlier of (i) a Common Share equity offering or a series of offerings or certain convertible debenture financings consisting, in each case, of at least US\$20 million in total gross proceeds (a "Qualifying Financing"); (ii) a Qualifying Liquidity Event; or (iii) December 31, 2010, at a conversion ratio equal to, assuming completion of the Offering, the number of Common Shares resulting from dividing the Principal Amount and any accrued interest by a share price that is equal to the price per Common Share achieved in the Offering multiplied by 0.60.

If a Qualifying Liquidity Event occurs and the price per Common Share sold pursuant to the Qualifying Liquidity Event is the same or higher than the conversion ratio described above, the Secured Debentures automatically convert. Assuming the Offering is completed and conversion of the Secured Debentures occurs on June 30, 2010, the Secured Debentures will convert into an aggregate of ● Common Shares (after giving effect to the Consolidation).

2010 Convertible Debentures

Between January 2010 and March 2010 EarthRenew issued unsecured convertible subordinated debentures (the "2010 Debentures") in an aggregate principal amount of \$2,820,000. The 2010 Debentures mature on December 31, 2011 and have an annual coupon rate of 3% per annum, compounded semi-annually. On the occurrence of a Qualifying Liquidity Event, each \$1,000 principal amount of 2010 Debentures automatically convert into that number of Common Shares equal to, if the Qualifying Liquidity Event occurs on or before December 31, 2010, \$1,250 divided by the Qualified Price and rounded to the nearest whole number. "Qualified Price" for purposes of the 2010 Debentures means the price per Common Share of Common Shares resulting from a Qualifying Liquidity Event which, in the case of the Offering, will be the price per Common Share sold pursuant to the Offering. Assuming the Offering is completed and conversion of the 2010 Debentures occurs on June 30, 2010, the 2010 Debentures will convert into an aggregate of ● Common Shares (after giving effect to the Consolidation).

Special Warrants

As part of the issuance of Secured Debentures to Luxor described above, EarthRenew granted special warrants (the "Special Warrants") providing that if there is a Qualifying Liquidity Event at an effective price of less than \$25.00 (on a post Consolidation basis), Luxor Capital Partners LP, and its affiliates, will receive, on conversion of the Class B Preferred Shares, an additional number of Common Shares equal to 25,375,000 divided by the price per Common Share sold pursuant to the Offering less 1,015,000.

DESCRIPTION OF THE SECURITIES OFFERED

This prospectus qualifies the distribution of ● Units at a price of \$ ● per Unit. Each Unit is comprised of one Common Share and one-half of one Warrant. See "Description of Securities — Common Shares" for a description of the Common Shares.

The Warrants will be created and issued pursuant to the terms of the Warrant Indenture. Each Warrant will be transferable and will entitle a Warrantholder to purchase one Common Share at a price of \$ ● at any time up to the Expiry Time.

The Corporation will appoint Computershare at its principal offices in Calgary, Alberta as the location at which the Warrants may be surrendered for exercise, transfer or exchange. Warrants may be exercised upon surrender of the certificates representing the Warrants on or before the Expiry Time to Computershare, with the notice of exercise on the certificates representing the Warrants completed and executed as indicated and accompanied by payment of the exercise price for the number of Common Shares for which the Warrants are being exercised.

The Warrant Indenture will provide for adjustment in the number of Common Shares issuable upon the exercise of the Warrants and/or the exercise price per Common Share upon the occurrence of certain events, including:

- (a) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares by way of a stock dividend or other distribution;
- (b) the subdivision, re-division or change of the Common Shares into a greater number of shares;
- (c) the consolidation, reduction or combination of the Common Shares into a lesser number of shares;
- (d) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price" for the Common Shares on such record date; or
- (e) the issuance or distribution to all or substantially all of the holders of the Common Shares of securities of the Corporation including rights, options or warrants to acquire shares of any class or securities exchangeable or convertible into any such shares or property or assets and including evidences of indebtedness, or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

- (a) reclassification, re-designation or other change of the Common Shares;
- (b) consolidations, amalgamations, arrangements or mergers of the Corporation with or into any other corporation or other entity (other than consolidations, amalgamations, arrangements or mergers which do not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares); or
- (c) the transfer, sale or conveyance of the undertaking or assets of the Corporation in their entirety or substantially in their entirety to another corporation or other entity in which the holders of Common Shares are entitled to receive shares, other securities or other property.

No adjustment in the exercise price or the number of Common Shares issuable upon exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Common Shares purchasable upon exercise by at least one-one hundredth of a Common Share, as the case may be.

The Corporation will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to Warrantholders of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Common Shares issuable upon exercise of the Warrants, at least 10 business days prior to the record date or effective date, as the case may be, of such event. With respect to any Warrants held, Warrantholders will not have any voting or pre-emptive rights, or any other rights which a holder of Common Shares may have.

Under the Warrant Indenture, the Corporation may from time to time, subject to applicable law, purchase, by invitation for tender, in the open market, by private contract on any stock exchange or otherwise, any of the Warrants then outstanding, and any Warrants so purchased will be cancelled.

The Warrant Indenture will provide that, from time to time, the Corporation and Computershare, without the consent of the Warrantholders, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not prejudice the rights of any Warrantholder. Any amendment or supplement to the Warrant Indenture that would prejudice the interests of the Warrantholders may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the Warrantholders at which there are Warrantholders present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants (unless such meeting is adjourned to a prescribed later date due to a lack of quorum, at which adjourned meeting the Warrantholders present in person or by proxy shall form a quorum) and passed by the affirmative vote of Warrantholders representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution, or (2) adopted by an instrument in writing signed by the Warrantholders representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants.

The foregoing is a summary of the material provisions of the Warrant Indenture, but is not, and does not purport to be, a complete summary and is qualified in its entirety by reference to the provisions of the Warrant Indenture.

CONSOLIDATED CAPITALIZATION

The following table sets forth our consolidated capitalization as at March 31, 2010, as at March 31, 2010 after giving effect to the issuance of the 2010 Debentures and the Consolidation, as at March 31, 2010 after giving effect to the issuance of the 2010 Debentures, the Consolidation and the Conversion and as at March 31, 2010 after giving effect to the issuance of the 2010 Debentures, the Consolidation, the Conversion and the Offering. The table should be read in conjunction with our financial statements included in this prospectus.

	Outstanding as at March 31, 2010	Outstanding as at March 31, 2010 after giving effect to the issuance of the 2010 Debentures and the Consolidation ⁽¹⁾	Outstanding as at March 31, 2010 after giving effect to the issuance of the 2010 Debentures, the Consolidation and the Conversion ⁽¹⁾⁽²⁾	Outstanding as at March 31, 2010 after giving effect to the issuance of the 2010 Debentures, the Consolidation, the Conversion and the Offering ⁽¹⁾⁽²⁾
(thousands of dollars except as otherwise noted)				
Shareholders' Equity				
Common Shares ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	\$16,755	\$16,755	\$ ●	\$ ●
(authorized — unlimited)	(16,979,510 Common Shares)	(8,457,255 Common Shares)	(● Common Shares)	(● Common Shares)
Series B Preferred Shares ⁽⁷⁾	\$28,627	\$28,627	Nil	Nil
(authorized — 41,375,000)	(30,240,000 Series B Preferred Shares)	(30,240,000 Series B Preferred Shares)		
Unsecured Debentures ⁽⁸⁾	\$17,221	\$17,221	-	-
Secured Debentures ⁽⁹⁾	\$8,289	\$8,289	-	-
2010 Debentures ⁽¹⁰⁾	\$2,825	\$2,825	-	-
Warrants ⁽¹¹⁾	-	-	-	\$ ● (● Warrants)

Notes:

- (1) After giving effect to the Consolidation of the Common Shares on a one for two basis.
- (2) After giving effect to the Conversion, pursuant to which the outstanding Series B Preferred Shares, the Special Warrants, the Secured Debentures, the Unsecured Debentures and the 2010 Debentures will convert into Common Shares. See notes 7, 8, 9 and 10 below.
- (3) Share capital is net of the Underwriters' fees and before deducting expenses of the Offering estimated to be approximately \$850,000, and does not reflect the exercise, in whole or in part, of the Over-Allotment Option.
- (4) Excludes a total of 325,246 Common Shares reserved for issuance pursuant to currently outstanding Options (1,645,034 including the 2010 Options and Founders' Options exercisable for 989,788 Common Shares) at a weighted average exercise price of \$ ● (with 844,754 Options

currently remaining available for grant under the Incentive Plan) and 40,000 Common Shares reserved for issuance pursuant to broker warrants at a weighted average exercise price of \$25.00 (all of the foregoing after giving effect to the Consolidation). Assuming the exercise of all Options, Founders' Options and broker warrants and after giving effect to the Consolidation and the Conversion there will be ● Common Shares outstanding upon completion of the Offering (before giving effect to any exercise of the Over-Allotment Option). Assuming the exercise of the Over-Allotment Option, all outstanding Options, Founders' Options and broker warrants, there will be ● Common Shares and ● Warrants outstanding upon completion of the Offering.

- (5) Excludes a total of 25,000 Common Shares reserved for issuance pursuant to currently outstanding RSUs (on a post-Consolidation basis).
- (6) We currently have 40,000 broker warrants outstanding entitling the holder thereof to acquire one Common Share at an exercise price of \$25.00 for each broker warrant held until December 24, 2011 (after given effect to the Consolidation).
- (7) Pursuant to the terms of the Series B Preferred Shares, after giving effect to the Consolidation, upon completion of the Offering the Series B Preferred Shares shall convert into Common Shares on the basis of one Common Share for every 25 Series B Preferred Shares, being 1,209,600 Common Shares in the aggregate. In addition, pursuant to the Special Warrants, the holders will receive an additional ● Common Shares. See "Description of Securities — Preferred Shares — Series B Preferred Shares" and "Description of Securities — Additional Securities Outstanding — Special Warrants".
- (8) We currently have \$17,200,000 principal amount of Unsecured Debentures outstanding. On Closing of the Offering the Unsecured Debentures will automatically convert pursuant to their terms into an aggregate of ● Common Shares, after giving effect to the Consolidation. See "Description of Securities — Additional Securities Outstanding — Unsecured Debentures".
- (9) We currently have US\$6,000,000 principal amount of Secured Debentures outstanding. On Closing of this Offering, the Secured Debentures will automatically convert pursuant to their terms into ● Common Shares, after giving effect to the Consolidation. See "Description of Securities — Additional Securities Outstanding — Secured Debentures".
- (10) We currently have \$2,820,000 principal amount of 2010 Debentures outstanding. On closing of the Offering the 2010 Debentures will automatically convert pursuant to their terms into an aggregate of ● Common Shares, after giving effect to the Consolidation. See "Description of Securities — Additional Securities Outstanding — 2010 Debentures".
- (11) Does not reflect the exercise, in whole or in part, of the Over-Allotment Option.

PRIOR SALES

During the twelve month period prior to the date of this prospectus, we issued 47,768 Common Shares (after giving effect to the Consolidation), the particulars of which are set forth in the following table:

<u>Date of Issue</u>	<u>Number of Common Shares Issued⁽¹⁾</u>	<u>Issue Price per Common Share (\$)⁽¹⁾</u>
April 30, 2009 ⁽²⁾	501	25.00
May 27, 2009 ⁽³⁾	2,500	-
May 27, 2009 ⁽²⁾	586	25.00
June 19, 2009 ⁽⁴⁾	5,000	25.00
June 30, 2009 ⁽²⁾	868	25.00
July 31, 2009 ⁽²⁾	813	25.00
September 16, 2009 ⁽⁵⁾	5,000	-
February 17, 2010 ⁽⁶⁾	25,000	0.40
February 17, 2010 ⁽⁶⁾	7,500	0.70

Notes:

- (1) After giving effect to the Consolidation.
- (2) Common Shares were issued pursuant to our Share Purchase Plans (as defined herein).
- (3) Common Shares were issued on conversion of RSU's.
- (4) Common Shares were issued pursuant to a private placement.
- (5) Common Shares were issued pursuant to a finder's fee agreement.
- (6) Common Shares were issued on conversion of Options.

During the twelve month period prior to the date of this prospectus, we issued 375,000 Series B Preferred Shares, the particulars of which are set forth in the following table:

<u>Date of Issue</u>	<u>Number of Series B Preferred Shares Issued</u>	<u>Issue Price per Series B Preferred Share (\$)</u>
June 19, 2009	375,000	1.00

Note:

- (1) Issued on exercise of warrants.

During the twelve month period prior to the date of this prospectus, we have issued an aggregate principal amount of \$2,820,000 2010 Debentures and have issued an aggregate principal amount of US\$6,000,000 Secured Debentures, the particulars of which are set forth in the following table:

<u>Date of Issue</u>	<u>Aggregate Principal Amount of Debentures Issued</u>	<u>Issue Price per Common Share (\$)</u>
September 3, 2009	US\$6,000,000 Secured Debentures	N/A
January 25, 2010	\$555,000 2010 Debentures	N/A
March 19, 2010	\$390,000 2010 Debentures	N/A
March 25, 2010	\$1,875,000 2010 Debentures	N/A

During the twelve month period prior to the date of this prospectus, we granted Options in respect of 10,698 Common Shares, the particulars of which are set forth in the following table:

<u>Date of Grant</u>	<u>Number of Common Shares Issuable on Exercise⁽¹⁾⁽²⁾</u>	<u>Exercise Price per Common Share (\$)⁽²⁾</u>
June 30, 2009	10,698	●

Note:

- (1) Each Option entitles the holder thereof to acquire one half of one Common Share (after giving effect to the Consolidation), on the terms and conditions set forth in the Incentive Plan and any other terms and conditions determined by the Board at the time of the grant of the Option. See "Incentive Plan".
- (2) On a post — Consolidation basis. Exercise price will be equal to Offering price.
- (3) Does not include the 330,000 2010 Options the Corporation intends to grant prior to the completion of the Offering.

During the twelve-month period prior to the date of this prospectus, we granted 35,000 RSUs, the particulars of which are set forth in the following table:

<u>Date of Grant</u>	<u>Number of RSUs Granted</u>	<u>Number of Common Shares Issuable on Exercise⁽¹⁾</u>	<u>Exercise Price per Common Share (\$)</u>
June 2009	5,000	2,500	N/A
January 2010	5,000	2,500	N/A
April 2010	5,000	2,500	N/A
April 2010	20,000	10,000	N/A

Note:

- (1) After giving effect to the Consolidation.

PRINCIPAL SHAREHOLDERS

To the knowledge of our Directors and officers, as of the date of this prospectus, no person is the direct or indirect beneficial owner of, or exercises control or direction over, more than 10% of the Common Shares and Series B Preferred Shares other than as follows:

Shareholder	Number of Common Shares ⁽¹⁾	% of Common Shares before the Offering	Common Shares Acquired Pursuant to the Conversion and the Offering ⁽¹⁾	% of Common Shares after the Consolidation, the Conversion and the Offering ⁽²⁾	Type of Ownership
Christianne Carin ⁽³⁾	2,870,614	33.8%	-	● %	Direct and Beneficial
Luxor Capital Partners LP ⁽⁴⁾ . . .	1,784,145	21.0%	● ⁽⁵⁾	● %	Control or Direction

Notes:

- (1) After giving effect to the Consolidation.
- (2) Does not reflect the exercise in whole, or in part of the Over-Allotment Option.
- (3) Ms. Carin's family and a holding corporation controlled by Ms. Carin hold an aggregate of 173,572 Common Shares (after giving effect to the Consolidation). On a fully-diluted basis, prior to completion of the Offering, Ms. Carin exercises control or direction over ● % of the outstanding Common Shares and following completion of the Offering will exercise control or direction over ● % of the outstanding Common Shares.
- (4) Includes affiliates of Luxor Capital Partners LP. Luxor Capital Partners LP and its affiliates also hold 25,375,000 Series B Preferred Shares, US\$6,000,000 Secured Debentures, \$13,700,000 Unsecured Debentures and all of the Special Warrants. On a fully-diluted basis, prior to completion of the Offering, Luxor Capital Partners Ltd. exercises control or direction over ● % of the outstanding Common Shares and after completion of the Offering will exercise control or direction over ● % of the outstanding Common Shares.
- (5) Luxor Capital Partners LP and its affiliates will acquire ● Common Shares (after giving effect to the Consolidation) upon completion of the Offering pursuant to the Conversion in respect of its Secured Debentures (● Common Shares), Unsecured Debentures (● Common Shares), Special Warrants (● Common Shares) and Series B Preferred Shares (● Common Shares).

DIRECTORS AND OFFICERS

The following table sets forth certain information concerning our Directors and officers. The Directors will hold office until the next annual meeting of our shareholders or until their successors are duly elected or appointed.

Directors and Officers

<u>Name, Municipality of Residence and Position with EarthRenew</u>	<u>Director Since</u>	<u>Principal Occupation in the Last Five years</u>	<u>Number of Securities of EarthRenew Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised (after giving effect to the Consolidation)</u>
Christianne Carin ⁽¹⁾ Calgary, Alberta Chief Executive Officer and Chair of the Board	December 22, 1999	Founder and Chief Executive Officer of EarthRenew since December 1999 and Chief Financial Officer of EarthRenew from July 2004 to September 2007.	2,870,614 Common Shares 132,288 Common Shares under Options
Al Fedkenheuer ⁽²⁾ Calgary, Alberta President and Director	May 24, 2000	President of EarthRenew since July 2004 and Chief Operating Officer of EarthRenew from September 2004 to April 2010.	741,024 Common Shares 833,250 Common Shares under Options
Daniel A. Wiseman ⁽²⁾⁽³⁾⁽⁴⁾ Toronto, Ontario Director and Chair of the Audit Committee	March 5, 2001	President and founder of Harvard Investment Group Ltd., a private investment holding company since July 1997; Senior Financial Consultant, Sorrell Financial Inc. since September 2006; Vice President Corporate Development, Lingo Media Inc. from November 2004 to August 2006; Managing Director, Inverness Capital Corp. from May 2003 to October 2004.	32,500 Common Shares 7,500 Common Shares under Options 12,500 Common Shares under RSUs
John Gunn ⁽²⁾⁽⁴⁾⁽⁵⁾ Calgary, Alberta Director and Chair of the Environment, Health and Safety Committee	April 12, 2007	Senior Vice President, ATCO Power Ltd. from 1996 to September 2004.	375 Common Shares 3,000 Common Shares under Options 2,500 Common Shares under RSUs

<u>Name, Municipality of Residence and Position with EarthRenew</u>	<u>Director Since</u>	<u>Principal Occupation in the Last Five years</u>	<u>Number of Securities of EarthRenew Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised (after giving effect to the Consolidation)</u>
Ronald E.F. Codd ⁽³⁾⁽⁴⁾ Alamo, California, U.S. Director and Chair of the Human Resources and Compensation Committee	June 19, 2009	Principal of Codd Consulting, an independent business consulting company since April 2002; Director of DemandTec, Inc. since March 2007, Calypso Technology, Inc. since December 2004, and UltraCell Corporation since January 2007. Director of Data Domain, Inc. from October 2006 to July 2009; Director of Interwoven, Inc. from July 1999 to April 2009, Adept Technology From January 1998 to November 2005, LANDesk Software from August 2004 to August 2006, Agile Software, Inc. from August 2003 to July 2007 and Unicru, Inc. from December 2004 to August 2006. Prior to this Mr. Codd served as President and CEO of Momentum Business Applications, Inc. for three years and prior to that, as Senior Vice President, Finance and Administration, CFO and Secretary of PeopleSoft, Inc. for over seven years.	5,000 Common Shares 2,500 Common Shares under RSUs
Ronald A. McIntosh ⁽³⁾⁽⁵⁾ Calgary, Alberta Lead Director and Chair of the Corporate Governance and Nominating Committee	January 12, 2010	Chairman of North American Energy Partners, Inc. since May 2004; Director of Advantage Oil & Gas Ltd. since September 1998 and Fortress Energy Inc. since November 2009; Chairman of NAV Energy Trust, a Calgary- based oil and natural gas investment fund, from January 2004 to August 2006; President and Chief Executive Officer of Navigo Energy Inc. from October 2002 to January 2004; Senior Vice President and Chief Operating Officer of Gulf Canada Resources Limited from December 2001 to July 2002.	\$30,000 2010 Debentures 2,500 Common Shares under RSUs

<u>Name, Municipality of Residence and Position with EarthRenew</u>	<u>Director Since</u>	<u>Principal Occupation in the Last Five years</u>	<u>Number of Securities of EarthRenew Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised (after giving effect to the Consolidation)</u>
Robert H. Getz ⁽⁴⁾⁽⁵⁾ Greenwich, Connecticut, U.S. Director	April 14, 2010	Managing Director and Partner of Cornerstone Equity Investors, LLC since December 1996; Director of Haynes International, Inc. since March 2006, Palladon Ventures Ltd. since September 2008 and MDN Inc. since December 2008; Director of Novatel Wireless, Inc. from December 1999 to May 2007, SITEL Corporation from July 2006 to Feb 2007 and Centurion International, Inc. from June 1997 to September 2005.	2,500 Common Shares under RSUs
T. Gene Dillahunty Half Moon Bay, California, U.S. Executive Vice President	N/A	Executive Vice President of EarthRenew since August 2005 and General Manager and General Counsel of EarthRenew from September 2004 to August 2005; Partner, Burns, Doane, Swecker and Mathis, LLP from October 1987 to September 2004.	5,108 Common Shares 233,150 Common Shares under Options
Mark A. Kennedy Calgary, Alberta Chief Financial Officer	N/A	From October 2007 to present, Chief Financial Officer of EarthRenew. From August 2006 to September 2007, Director, Corporate Development of EarthRenew. From January 2005 to August 2006, Managing Director, Institutional Equities of Westwind Partners Inc., Calgary. From April 2000 to October 2004, Senior Managing Director with Raymond James Canada.	194,585 Common Shares 31,900 Common Shares under Options
Jim Good Calgary, Alberta Vice President, Corporate Services	N/A	From September 2007 to present, Vice President, Corporate Services of EarthRenew. From March 2006 to September 2007, Director, Human Resources of EarthRenew. From February 2003 to October 2005 Senior Management Consultant with Mastel Associates.	41,733 Common Shares 20,913 Common Shares under Options
Dustin Gemmill Calgary, Alberta Vice President, Legal and Corporate Secretary	N/A	From April 2010 to present Corporate Secretary. From September 2008 to present, Vice President, Legal of EarthRenew. From July 2007 to September 2008, Director, Legal of EarthRenew. From June 2001 to June 2007, lawyer with Bennett Jones LLP.	5,227 Common Shares 10,123 Common Shares under Options

<u>Name, Municipality of Residence and Position with EarthRenew</u>	<u>Director Since</u>	<u>Principal Occupation in the Last Five years</u>	<u>Number of Securities of EarthRenew Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised (after giving effect to the Consolidation)</u>
Don L. Dabbs Calgary, Alberta Vice President, Business Development	N/A	From February 2009 to present, Vice President, Business Development of EarthRenew. From November 2008 to January 2009, contractor to PricewaterhouseCoopers Inc. From October 1997 to November 2008, Senior Vice President, Birch Mountain Resources Ltd.	347 Common Shares 8,750 Common Shares under Options

Notes:

- (1) Family members and a wholly-owned holding corporation of Ms. Carin hold 173,572 Common Shares (after giving effect to the Consolidation).
- (2) Member of the Health, Safety and Environment Committee.
- (3) Member of the Audit Committee.
- (4) Member of the Human Resources and Compensation Committee.
- (5) Member of the Corporate Governance and Nominating Committee.

Upon completion of the Offering, and after giving effect to the Consolidation and the Conversion, our Directors and officers as a group will beneficially own, directly or indirectly, or exercise control or direction over ● Common Shares representing approximately ● % of the Common Shares outstanding (on a non-diluted basis and assuming the Over-Allotment Option is not exercised in whole or in part).

Management

Christianne Carin, Chief Executive Officer and Chair

Ms. Carin combines a background in technical design and commercialization, science and business with over 24 years experience in management and innovation. Ms. Carin is the Chair of our Board and Chief Executive Officer, having held those positions since she founded EarthRenew in December 1999 and was our Chief Financial Officer from July 2004 to September 2007. Ms. Carin is the primary inventor and continues to be the main developer of our technology. With her business development expertise, she leads the EarthRenew team in all aspects of product, process and equipment technology developments, commercialization, diversification, and adaptation.

In addition, Ms. Carin provides direction in corporate and financial strategies, providing an innovative work environment for a creative and talented team. From 1993 to 1999, prior to founding EarthRenew, Ms. Carin was a consultant providing financial, business development and management services for a number of firms in British Columbia and Alberta including food and agriculture, livestock, manufacturing, hospitality and air transport. Services included strategic planning, corporate restructuring, technology commercialization, financing and mergers and acquisitions. From 1988 to 1992, Ms. Carin founded and headed a full service architectural and engineering firm in the Vancouver area providing services to governments and private sector clients throughout British Columbia, Canada. Special projects included engineering designs for hospitals for hazardous and recycling waste management programs. From 1981 to 1985, she was founder and President of a computer graphics firm in North Vancouver, providing innovative computer graphics services and established remote timeshare CAD/CAM services for engineering and architectural design firms in the Vancouver area. Ms. Carin served for seven years as a board member and four years as Vice Chair with the Emily Carr University of Art + Design in Vancouver, British Columbia. Ms. Carin holds a Master of Business Administration (Honors) degree in International Business from Asia Pacific International Institute (New Zealand), and a Bachelor of Fine Arts (Honors) degree from the University of British Columbia. Ms. Carin was the winner of the Ernst & Young Entrepreneur of the Year award — Cleantech category for the prairies region in 2009.

Dr. Al Fedkenheuer, President and Director

Dr. Fedkenheuer has over 30 years experience in management and research in soil and environmental sciences. Dr. Fedkenheuer has been our President since July 2004 and our Chief Operating Officer from September 2004 to April 2010. From September 2002 to July 2004 he was our Executive Vice President and from May 2000 to September 2002 he was our Vice President, Product Research and Development. He has been a director of EarthRenew since May 2000. Over this period Dr. Fedkenheuer managed and contributed to our intellectual property development in both technology and product refinements. His expertise extends to strategic planning, host development, permitting and regulatory affairs as well as leading the development of marketing and sales and product R&D strategies. From 1990 to 1999, Dr. Fedkenheuer was a Senior Research Scientist and from 1982 to 1989 he was a Senior Environmental Specialist at TransCanada Pipelines, Ltd. (formerly NOVA Corporation) in Calgary, Alberta. From 1980 to 1982 Dr. Fedkenheuer was Head, Land Reclamation, Environmental and Social Affairs with Canstar Oil Sands Ltd., Calgary, Alberta and from 1976 to 1980, a Reclamation Research Scientist with Syncrude Canada Ltd. Edmonton, Alberta. Dr. Fedkenheuer co-founded ALCLA Native Plant Restoration Inc. in 1992. He also founded the Canadian Native Plant Centre, a not-for-profit company with which he presently acts as President and Chairman. Dr. Fedkenheuer has served as an Assistant Professor at Lakehead University, Ontario and as an active guest lecturer at the University of Alberta and Montana State University as well as on graduate student supervisory committees. He has also served as an Adjunct Professor, Environmental Design Faculty, University of Calgary, Alberta. Dr. Fedkenheuer holds a Ph.D. in Forest Ecology from the University of Minnesota as well as a Master of Science degree in Forest Soils and a Bachelor of Science degree in Agriculture from the University of Wisconsin.

Mark A. Kennedy, Chief Financial Officer

Mr. Kennedy has over 24 years of corporate finance experience. Mr. Kennedy has been our Chief Financial Officer since October 2007 and prior to that date had been our Director, Corporate Development since August 2006. At EarthRenew Mr. Kennedy oversees financial reporting, accounting, investor and public relations, budgeting and treasury activities. Prior to joining EarthRenew, Mr. Kennedy was Managing Director, Institutional Equities in the Calgary office of Westwind Partners Inc. (now Thomas Weisel Partners) from 2005 to 2006, where he had assisted EarthRenew in its first institutional round of fundraising. In Toronto, Ontario Mr. Kennedy was Managing Director, Institutional Equities in 2004 and Head of Institutional Equities with Goepel McDermid (now Raymond James Ltd.) from 2000 to 2003 and from 1993 to 2000, he held the position of Senior Research Analyst with TD Securities Inc., covering pulp and paper and forest product companies. He was with a Canadian chartered bank, Toronto, Ontario from 1984 to 1993 in increasing roles of lending responsibility ending as Manager Corporate Finance in the Corporate and Investment Banking Group. Mr. Kennedy holds an undergraduate business degree from Wilfrid Laurier University in Waterloo, Ontario and a Master of Business Administration degree from York University, Ontario.

T. Gene Dillahunty, Executive Vice President

Mr. Dillahunty has over 35 years experience in international intellectual property protection and enforcement programs and worldwide technology licensing. He has been our Executive Vice President since August 2005 and was a director of EarthRenew from March 2005 to April 2010. Mr. Dillahunty joined EarthRenew in September 2004 to head up our global intellectual property program, business development and contracts management. Additionally, he assisted us in engineering management and project management and has led our equipment procurement, project contract management, cross border transactions, insurance and risk management programs. Prior to joining EarthRenew, Mr. Dillahunty was a partner in the intellectual property law firm of Burns, Doane, Swecker and Mathis, LLP (now Buchanan Ingersoll & Rooney, LLC) in their Redwood Shores, California office from 1987 to 2004, where he managed worldwide intellectual property procurement, licensing and enforcement programs for a wide variety of companies ranging from startups to large corporations and for universities. From 1983 to 1987, Mr. Dillahunty was Division Counsel at Raychem Corporation (now Tyco Electronics Corporation) Menlo Park, California where he was responsible for worldwide intellectual property programs. From 1969 to 1983 Mr. Dillahunty was Patent and Trademark Counsel at Ashland Chemical Company and Ashland Oil, Inc., Columbus, Ohio where he managed a staff of patent and trademark attorneys conducting their international intellectual property procurement and enforcement programs and managed Ashland's outside counsel in patent litigation. In addition, he was a key member of the team that successfully and extensively licensed Ashland's chemical technologies worldwide. Mr. Dillahunty currently teaches International Intellectual Property Law to management professionals through the Center for Professional Advancement. He has been guest lecturer on intellectual

property management and enforcement at Stanford University Law School and the George Washington University Graduate School of Business and Management.

Mr. Dillahunty is a non-active member of the Virginia and Ohio State Bar Associations, the U.S. Court of Appeals for the Federal Circuit, the United States Supreme Court, American Bar Association, American Intellectual Property Law Association, Licensing Executives Society and the Intellectual Property Owners Organization and is registered to practice at the U.S. Patent and Trademark Office and the Canadian Intellectual Property Office. Mr. Dillahunty received his Bachelor of Science degree in Chemical Engineering from Oklahoma State University and his Juris Doctor degree from the George Washington University National Law Center.

Jim Good, Vice President, Corporate Services

Mr. Good has over 25 years experience in human resources. Mr. Good has been our Vice President, Corporate Services since September 2007 and prior to that date had been Director, Human Resources and Corporate Services since March 2006. At EarthRenew, he is responsible for companywide services and oversight in the areas of human resources, plant management, information systems and technology and business services. This includes talent acquisition, employee retention, training and development and performance management initiatives. He leads our cross border human resources strategies including locating and staffing our cluster offices. He provides Board support services primarily in compensation, human resource governance, policies and procedures. Prior to joining EarthRenew, Mr. Good was a Senior Management Consultant with Mastel Associates from 2003 to 2005. From 1978 to 2002, Mr. Good held the positions of Human Resources and Administration Manager, Senior Human Resources Advisor and Supervisor of Compensation and Benefits with Unocal Canada Limited, Calgary, Alberta where he provided a balance of strategic and tactical human resource initiatives through his various roles for a Canadian affiliate of an international, independent oil and gas company. Mr. Good holds a Bachelor of Commerce degree from the University of Alberta and completed an Executive Human Resources Program at Queen's University.

Dustin Gemmill, Vice President, Legal and Corporate Secretary

Mr. Gemmill has been our Vice President, Legal since September 2008 and prior to that date had been Director, Legal since July 2007. At EarthRenew Mr. Gemmill is responsible for legal compliance matters and commercial contract negotiation. Mr. Gemmill oversees securities regulation and corporate governance at EarthRenew and provides strategic direction on contract negotiation, corporate structuring and equity finance. In addition, Mr. Gemmill manages EarthRenew's outside counsel in Canada and other jurisdictions. Prior to joining EarthRenew, Mr. Gemmill was a lawyer at Bennett Jones LLP in Calgary where he had assisted EarthRenew as corporate counsel on various matters including several rounds of fundraising.

Mr. Gemmill practiced with Bennett Jones LLP in the area of corporate and securities law since June 2001 where he advised on equity financings, initial public offerings, private placements, continuous disclosure and corporate governance matters as well as acquisitions and divestitures, joint ventures and substantial equity investments. Mr. Gemmill holds a Bachelor of Arts degree from Simon Fraser University and a Bachelor of Laws degree from Queen's University. He is a member of the Law Society of Alberta.

Don L. Dabbs, Vice President, Business Development

Mr. Dabbs has over 30 years of experience in environmental science, reclamation and has a strong reputation in the field of project development regulatory approvals. He has recently joined EarthRenew following ten years as Senior Vice President and Director of Birch Mountain Resources Ltd. a Toronto Stock Exchange and AMEX listed company. Mr. Dabbs was responsible for obtaining regulatory approvals, maintaining government relations, implementing an environmental management system for the quarry operations north of Fort McMurray, plus consultation and business relations with the First Nations. Mr. Dabbs held increasingly responsible positions with a number of environmental consulting firms from the start of his career in the early 1970s working on a wide range of projects in western Canada, with particular emphasis on oil sands. His early career focused on reclamation research and planning in northern latitudes and directed the preparation of the first full reclamation plans for Suncor and Shell's Alsands Oil Sands project. He has been called upon to defend his work as an expert witness before the U.S. Federal Power Commission, the National Energy Board and the Alberta Energy Resources Conservation Board. Mr. Dabbs is a member of the Board of Directors — Alberta Region of The Nature Conservancy of Canada and a member of the Science and Conservation Committee of the

National Board of The Nature Conservancy of Canada. Mr. Dabbs is a member of the Alberta Institute of Agrologists and an Honorary Life Member of the Alberta Society of Professional Biologists. Mr. Dabbs received his Bachelor of Science in Agriculture and his Master of Science in Plant Ecology both from the University of Saskatchewan.

Board of Directors — Independent

Daniel A. Wiseman, Director

Mr. Wiseman has been a director of EarthRenew since March 2001. Mr. Wiseman is Chair of the Audit Committee. Mr. Wiseman is a business advisor with over 15 years working experience in the private business sector, providing trust and estate tax planning to high net worth families in Canada, financial and business strategy advice, including structuring transactions and sourcing financing for small to mid-market private businesses. Since September 2006, Mr. Wiseman has been a Senior Financial Consultant with Sorrell Financial Inc., a firm dedicated to creating financial certainty for high net worth Canadians through insurance strategies that offer clients superior tax effective asset protection. In 1997, Mr. Wiseman founded and is currently President of Harvard Investment Group Ltd., a private investment holding company. Mr. Wiseman was Vice President of Corporate Development of Lingo Media Corporation, a TSX Venture Exchange listed company, from November 2004 until August 2006 and was Managing Director of Inverness Capital Corp. from May 2003 to October 2004. Mr. Wiseman founded Harvard Capital Corp., a TSX Venture Exchange listed company, in August 1998 and acted as its CFO and Director until December 1999. He holds a Bachelor of Commerce (Honours) degree from the University of Windsor, and a Bachelor of Science degree from York University. Mr. Wiseman is a Chartered Accountant and a Trust and Estate Practitioner and practiced with a major international firm where he also obtained his in-depth tax course designation.

John Gunn, Director

Mr. Gunn has over 35 years experience in power generation. Mr. Gunn has been a director of EarthRenew since April 2007. Mr. Gunn is Chair of the Health, Safety and Environment Committee and is an independent corporate director. Mr. Gunn was Senior Vice President, Project Development with ATCO Power Limited from 1996 to 2004. From 1989 to 1996 he was Vice President Project Development CU Power International Limited. He holds a Master of Science and Bachelor of Science, Mechanical Engineering, degrees from the University of Alberta. A professional engineer, Mr. Gunn holds non-active membership with the Association of Professional Engineers, Geologists and Geophysicists of Alberta.

Ronald E.F. Codd, Director

Mr. Codd has over 28 years experience in management, finance and governance, specializing in high growth, high tech management. Mr. Codd is the Chair of the Human Resources and Compensation Committee and is an independent corporate director appointed on June 19, 2009. Mr. Codd has significant experience on public and private boards including positions as board chair, lead director, audit committee chair, nominating and governance committee chair and compensation committee member. His management and board experience encompasses going public transactions, public debt and equity offerings, mergers and acquisitions, Sarbanes Oxley compliance, management transitions, public disclosure and corporate communications.

Mr. Codd previously served at PeopleSoft, Inc. as CFO, Senior Vice President of Finance and Administration, and Secretary. During his seven year tenure at PeopleSoft, he concluded a successful initial public offering in 1992 and oversaw substantial growth, seeing annual revenue run rates increase from \$15 million to \$1.5 billion. More recently, Mr. Codd was President, CEO and Secretary at spinout software firm Momentum Business Applications, Inc. that was later repurchased by PeopleSoft. Mr. Codd previously held financial management roles at MIPS Computer Systems, Inc., Wyse Technology Inc. and Tandem Computers, Inc. and currently serves as an independent business consultant. Mr. Codd also serves on the Board of Directors of DemandTec, Inc., Calypso Technology, Inc. and UltraCell Corporation. Mr. Codd holds a B.S. in Accounting from the University of California at Berkeley and a Masters of Management from the J.L. Kellogg Graduate School of Management (Northwestern University).

Ronald A. McIntosh, Lead Director

Mr. McIntosh has over 40 years of experience in various operational and executive roles including responsibilities in Canada, the United States and internationally. His positions have included President and CEO of Navigo Energy Inc., Senior Vice President and COO of Gulf Canada Resources, Vice-President of Exploration and International of Petro

Canada, and Executive Vice President and Chief operating officer of Amerada Hess Canada Ltd. Previously He held various operating and executive roles with AEC (EnCana Corporation), Teck Corporation and Atlantic Richfield Company.

Mr. McIntosh has had experience as an executive and board member with mergers and acquisitions, public equity offerings, initial public offerings, corporate transformations and repositioning, and executive transitions. Mr. McIntosh has served on public and private company boards including the roles of board chair, chair of health safety and environment and reserves committee, and as a member of audit, governance, compensation, and risk committees. He currently sits on the boards of North American Energy Partners Inc., Advantage Oil and Gas Ltd. and Fortress Energy Inc.

Mr. McIntosh, a resident of Calgary, AB. holds a degree in Geological Engineering(1964) from the University Of Saskatchewan and an M.Sc. in Geology (1967) from the same university. He has completed the Executive development program at Columbia University and is a registered Professional Geologist with APEGGA.

Robert H. Getz, Director

Mr. Getz is a private investor and since 1997 has served as a Managing Director and Partner of Cornerstone Equity Investors, LLC, a New York based private equity investment firm. Cornerstone was formed by the former senior team that led Prudential Equity Investors, to make investments in management buyouts, recapitalizations and growth financings. Prior to the formation of Cornerstone, Mr. Getz served as a Managing Director and Partner of Prudential Equity Investors, Inc., where he had worked since 1987. Over the past twenty years, Mr. Getz has completed numerous transactions in the Manufacturing, Technology, and Business Service sectors. Mr. Getz has significant experience in public and private debt and equity financings and strategic mergers and acquisitions. Mr. Getz also currently serves on the Board of Directors of Haynes International, Inc., MDN Inc. and Palladon Ventures Ltd.

Mr. Getz holds a Bachelor of Arts degree, cum laude, in International Relations from Boston University and a Master of Business Administration degree in Finance from the Stern School of Business at New York University.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To our knowledge and other than as set forth below, none of our directors or executive officers is, at the date of this prospectus, or was within 10 years before the date of this prospectus, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (collectively, an "Order") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To our knowledge, none of our directors or executive officers, or any shareholder holding a sufficient number of securities of EarthRenew to affect materially the control of EarthRenew:

- (a) is, at the date of this prospectus, or has been within 10 years before the date of this prospectus, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

On April 20, 2009, while Mr. Getz was a director of Palladon Ventures Ltd., Palladon became subject to a cease trade order in British Columbia as a result of certain deficiencies in Palladon's August 31, 2008 and November 30, 2008 interim

financial statements, management's discussion and analysis and a failure to file a business acquisition report. Palladon rectified all deficiencies identified in the cease trade order and the cease trade order was subsequently revoked on August 26, 2009.

In November 2008, while Mr. Dabbs was a director and officer of Birch Mountain Resources Ltd. ("Birch Mountain"), Birch Mountain appointed a receiver and manager pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of all of Birch Mountain's assets, undertakings and properties.

Potential Conflicts of Interest

There are potential conflicts of interest to which our Directors and officers may be subject to in connection with our operations. In accordance with the ABCA, Directors who have a material interest or any person who is a party to a material contract or a proposed material contract with us are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, our Directors are required to act honestly and in good faith with a view to our best interests. Certain of our Directors have either other employment or other business or time restrictions placed on them and accordingly, these Directors will only be able to devote part of their time to our affairs.

Corporate Governance

The Board and Management endorse the need to establish forward-looking governance policies and to continuously evaluate and modify them to ensure their effectiveness. Set forth below are certain details of our governance practices in the form prescribed in National Instrument 58-101 ("NI 58-101").

Board of Directors

We require that Board members understand their fiduciary duties and have experience, business knowledge and sound judgment relevant to our activities and participate in strategic planning as well as provide leadership to our Management. Daniel Wiseman, John Gunn, Ronald Codd, Ronald McIntosh and Robert Getz are independent Board members. Christianne Carin and Al Fedkenheuer are not independent due to their positions in the Management of EarthRenew. Accordingly, the Board has determined that five of the seven members of the Board are independent within the meaning of NI 58-101. The Chair of the Board, Christianne Carin, is not independent. In the case of an equality of votes at a meeting of the Board, our by-laws provide the chair of the meeting, in addition to his or her original vote, with a second or casting vote.

Ron McIntosh holds the position of lead director to provide leadership to the independent directors and facilitate independent supervision of Management. The Board has determined that appropriate in camera sessions of the independent Directors will be held from time to time as determined by the independent Directors. The independent members of the Board will have an opportunity to meet, in conjunction with regular meetings of the Board, without the members of the Board who are not independent.

The independent Directors have held three in camera sessions since January 1, 2009. The attendance record of each Board member in respect of meetings held since January 1, 2009 is as follows:

<u>Director</u>	<u>Board Meetings Attended (19 Meetings held in total)</u>
Christianne Carin	19
Al Fedkenheuer	19
Gene Dillahunty ⁽¹⁾	18 of 18
Daniel Wiseman	19
John Gunn	19
Ronald Codd ⁽²⁾	14 of 14
Ronald McIntosh ⁽³⁾	9 of 9
Robert Getz ⁽⁴⁾	3 of 3

Notes:

- (1) Resigned from the Board April 2010.
- (2) Appointed to the Board in June 2009.
- (3) Appointed to the Board in January 2010.
- (4) Appointed to the Board in April 2010.

Other Directorships

The following table sets out each Director who also serves as a director of another reporting issuer (or the equivalent) in a Canadian jurisdiction or a foreign jurisdiction:

<u>Director</u>	<u>Other Reporting Issuers</u>
Ronald Codd	DemandTec, Inc., Calypso Technology, Inc. and UltraCell Corporation
Robert Getz	Haynes International, Inc., Palladon Ventures, Ltd. and MDN Inc.
Ronald McIntosh	North American Energy Partners Inc., Advantage Oil and Gas Ltd., Fortress Energy Inc.

Mandate of the Board

The Board has adopted terms of reference (the “**Board Mandate**”) that sets forth the Board’s stewardship responsibilities. The Board Mandate is attached as Appendix “C” to this prospectus.

Position Descriptions

The Board has developed a written position description for the CEO and intends to develop position description for the Lead Director of the Board and the Chair of each of the Audit Committee, the Human Resources and Compensation Committee, the Corporate Governance and Nominating Committee and the Health, Safety and Environment Committee. The primary role of the chair of each such committee is to manage the affairs of the committee, including ensuring the committee is organized properly, functions effectively and meets its obligations and responsibilities. The Chair of the Audit Committee also maintains on-going communications with our external auditors in order to lead the committee in performing its oversight and other audit-related functions.

Orientation and Continuing Education

The expectations of a new director of our Board, including specific responsibilities and time commitments, are reviewed with each potential candidate. The Corporate Governance and Nominating Committee intends to develop and establish both a new director orientation program and an ongoing continuing education program during 2010.

The Board encourages continuing education for our employees, Management and directors. Directors are encouraged to communicate with Management to keep themselves current with industry trends and developments and changes in legislation, to attend related industry seminars and to visit our operations.

Ethical Business Conduct

We require our Directors to have demonstrated integrity and high ethical standards and to set an example for our Management and employees. The Board has adopted a written Code of Business Conduct which applies to all of our Directors, officers and employees. The Code of Business Conduct provides that all of our Directors, officers and employees are expected to observe the highest standards of business and personal ethics in the discharge of their assigned responsibilities. A copy of the Code of Business Conduct may be obtained, upon request, from EarthRenew and will be available on SEDAR at www.sedar.com upon completion of the Offering in accordance with applicable law.

The Board also intends to adopt a whistleblower policy whereby Directors, officers and employees of EarthRenew and others will be provided with a mechanism by which they can raise complaints or concerns regarding questionable accounting practices, inadequate internal accounting controls, the misleading or coercion of auditors, disclosure of fraudulent or misleading financial information, violations of the Code of Business Conduct, violations of EarthRenew’s Insider Trading Policy and instances of corporate fraud. The Board intends to monitor compliance with the Code of Business Conduct through the Whistleblower Policy.

Any waivers from the Code of Business Conduct that are granted for the benefit of a Director, officer or employee may be granted only by the Board or by the Corporate Governance and Nominating Committee.

Each member of the Board must disclose all actual or potential conflicts of interest and refrain from voting on matters in which such director has a conflict of interest. In addition, the Director must excuse himself or herself from any discussion or decision on any matter in which the Director is precluded from voting as a result of a conflict of interest.

Nomination of Directors

The Corporate Governance and Nominating Committee consists exclusively of independent Directors within the meaning of NI 58-101 and is currently composed of Ronald McIntosh (Chair), Robert Getz and John Gunn. This committee is responsible for developing and monitoring the Corporation's approach to corporate governance and recommending the nomination or removal of directors to or from the Board and the committees of the Board.

The Board takes into consideration our strategic direction as well as opportunities and risks when selecting candidates for Board nominations. The Board has developed and adopted Board Nomination Guidelines which contains nomination criteria including:

- the candidate's skills and experience from being on a public board or having public markets experience, preferably in a global growth corporation;
- qualifications under securities and corporate law;
- leadership experience, such as experience in business, finance/accounting, law, education or government;
- commitment to promoting EarthRenew's financial success and preserving and enhancing EarthRenew's reputation;
- potential time conflicts;
- reputability and integrity; and
- an understanding of marketing and finance, sound business judgment, significant experience and accomplishments and educational background.

Recommendations made by any Board member are required to be supported by the candidate's resume and a rationale behind the recommendation. The Corporate Governance and Nominating Committee and Board focus on the values and ethics of a candidate and check references prior to appointment.

Assessments

The Board recognizes the importance of accountability, effective performance and the development of the right Board culture and balance. The Corporate Governance and Nominating Committee has the responsibility to establish appropriate processes for the annual assessment of the Board as a whole, each committee of the Board, and individual Directors. The development of processes in this regard is currently in progress.

Audit Committee

The Audit Committee consists of three Directors, Daniel Wiseman (Chair), Ronald Codd and Ronald McIntosh, each of whom is independent within the meaning of National Instrument 52-110 — Audit Committees. The primary purpose of the Audit Committee is to assist the Directors in fulfilling their responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures, and the quality and integrity of financial statements.

All members of the Audit Committee are financially literate as defined under National Instrument 52-110 — Audit Committees. Daniel Wiseman is a Chartered Accountant and a Tax and Estates Practitioner and has experience preparing and reviewing financial statements in his professional capacity and as a director and officer of public entities. Ronald Codd has substantial financial and accounting experience both in management and as a director of public entities, and has extensive experience as both a member and as a chairman of several public company audit committees. Ronald McIntosh is the Chairman of the Board and member of the audit committee of North American Energy Partners Inc and Advantage Oil & Gas Ltd., both publicly traded entities. See "Directors and Officers".

Audit Committee Charter

The responsibilities and duties of the Audit Committee are set out in the committee's mandate, the text of which is set forth in Appendix "D" to this prospectus.

Audit Committee Oversight

The Audit Committee did not make any recommendations in 2009 to nominate or compensate any auditor that was not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee did not adopt any specific policies or procedures for the engagement of non-audit services.

Nature and Amount of Auditor's Fees

The following table sets out the fees billed to us by Ernst & Young LLP and its affiliates for professional services in each of the years ended December 31, 2007, 2008 and 2009. During these years, Ernst & Young LLP was our only external auditor.

Category	Year Ended December 31,		
	2009	2008	2007
Audit Fees ⁽¹⁾	\$90,000	\$184,000	\$49,000
Audit-Related Fees	Nil	Nil	Nil
Tax Fees ⁽²⁾	\$63,959	\$155,565	\$86,525
All Other Fees ⁽³⁾	Nil	Nil	Nil

Notes:

- (1) For professional services rendered by Ernst & Young LLP for the year-end audit and quarterly review of our consolidated financial statements and review of management's discussion and analysis that are normally provided by Ernst & Young LLP in connection with statutory and regulatory filings.
- (2) For professional services rendered by Ernst & Young LLP for tax compliance and tax consulting.
- (3) For professional services rendered by Ernst & Young LLP related to other accounting issues.

Human Resources and Compensation Committee

We have a Human Resources and Compensation Committee which oversees compensation matters. The Human Resources and Compensation Committee consists of four Directors, Ronald Codd (Chair), Robert Getz, Daniel Wiseman and John Gunn, each of whom is independent within the meaning of NI 58-101. The primary purpose of the Human Resources and Compensation Committee is to make recommendations as to the hiring, termination and compensation of our executive officers and our Directors.

Health, Safety and Environment Committee

We have a Health, Safety and Environment Committee which oversees workplace health and safety and environmental compliance. The Health, Safety and Environment Committee consists of three Directors, John Gunn (Chair), Daniel Wiseman and Al Fedkenheuer with Don Dabbs, Vice President, Business Development, acting as an advisor to the Chair. The purpose of the Health, Safety and Environment Committee is to assist the Board of Directors in overseeing a comprehensive Health, Safety and Environmental Policy (the "Policy") to ensure adequate training and resources are available to fulfill the commitments of the Policy, to monitor the implementation of the Policy and to ensure that the Policy remains current with the activities and jurisdictions in which the corporation is conducting business.

The Health, Safety and Environment Committee provides the guidance, training and resources required to fulfill the operational requirements of the Policy, to lead in corrective actions as may be required, and maintain regular reporting to the Board. The Health, Safety and Environment Committee is responsible for the implementation of the Policy, including

the development of procedures that advocate the importance of the health and well being of all employees, and in the ongoing initiatives that fulfill the commitment to be responsible stewards of the environment.

Insurance Coverage for EarthRenew and Related Entities and Indemnification

We have obtained a policy of insurance for our Directors and officers and the Directors and officers of our subsidiaries. Under the policy, each entity will have reimbursement coverage to the extent that it has indemnified the Directors and officers. The policy will include securities claims coverage, insuring against any legal obligation to pay on account of any securities claims brought against us.

Our by-laws provide for the indemnification of our Directors and officers from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office, subject to certain limitations.

EXECUTIVE COMPENSATION

Overview

The following discussion describes the significant elements of EarthRenew's current executive compensation program, with particular emphasis on the process for determining compensation payable to the Chief Executive Officer (the "CEO"), the Chief Financial Officer, the President, the Executive Vice President and the Vice President, Corporate Services (collectively, the "Named Executive Officers").

Prior to the creation of the Human Resources and Compensation Committee in the first quarter of 2010, the current compensation structure, executive base salaries and the existing termination and severance arrangements had all been previously determined. It is anticipated that in 2010, the Human Resources and Compensation Committee will meet with Management to review the executive compensation program and may make recommendations to the Board regarding changes.

Based on recommendations made by the CEO, the Human Resources and Compensation Committee will: (i) make decisions regarding base salaries, annual bonuses and equity incentive compensation for our Named Executive Officers; and (ii) approve corporate goals and objectives relevant to the compensation of our Named Executive Officers. The Human Resources and Compensation Committee will solicit input from the CEO regarding the performance of EarthRenew's other Named Executive Officers. Finally, the Human Resources and Compensation Committee will oversee the design and Management's administration of EarthRenew's incentive compensation and benefit plans and Management's administration thereof.

Compensation Objectives and Principles

A key component of our future success will be our ability to build and staff an organization which is focused on execution of our business goals. To that end, our human resources processes are geared towards supporting EarthRenew's business objectives and plans. The compensation strategy for senior Management is designed to:

- attract and retain highly capable senior Management talent to help grow EarthRenew's business and operations;
- align the short-term and long-term interests, actions and decisions of senior Management with the similar interests of shareholders;
- engage the senior Management team by defining and rewarding performance in terms of corporate and shareholder goals; and
- provide the opportunity for competitive compensation when these goals are met.

EarthRenew's compensation program components — base pay, annual performance based incentives, long term incentives, retirement savings and employee benefit arrangements — are all designed and administered with these objectives in mind.

Our Key Human Resources Challenges for the Next Three Years

As we have evolved from an entrepreneurial start-up to a growing production stage organization, we continue to face challenges in attracting, retaining and engaging employees who can effectively:

- sustain and build on our operating capabilities in both Canada and the U.S.;
- develop and build our marketing, sales and distribution networks from our plants to our end use customers;
- understand, manage and effectively engage with the regulatory and compliance requirements facing our expansion, particularly in the U.S.; and
- build and maintain the appropriate organization infrastructure to support EarthRenew's growth plans over the next three years, including information systems, financial systems, legal and other support processes.

Comparator Groups and Market Position

In 2010, the Human Resources and Compensation Committee, in conjunction with the Board of Directors and Management, will establish an appropriate comparator group for setting future compensation levels for all Named Executive Officers.

Components of Compensation

EarthRenew currently delivers its total compensation through the following:

<u>Element</u>	<u>Component</u>	<u>Type of plan</u>	<u>Performance Period</u>	<u>Form of payment</u>
Base pay	Fixed	Annual Review	One Year	Cash
Annual Incentives	Variable	Annual Review	One Year	Cash
Long Term Incentives	Variable	Stock Option	Up to 10 Years	Shares
Benefits and Retirement Savings Plans	Fixed	Annual Review	N/A	N/A

Base Pay

Base salaries for Named Executive Officers are established based upon the scope of responsibilities and prior relevant experience, taking into account comparisons with an appropriate comparator group including the overall market demand for such executives at the time of hire. Base pay is also determined by reviewing the Named Executive Officers' other compensation elements to ensure that it is aligned with EarthRenew's overall compensation philosophy.

Annual incentives

Annual incentive compensation provides for annual cash awards intended to motivate and reward Named Executive Officers and other senior Management for achieving and surpassing annual corporate and individual performance measures. Corporate performance measures include revenue generation, operational efficiencies, asset Management and capital deployment measures and team behaviors with individual goals reflecting key result areas to be achieved during the current year. The amount of the award is determined by reference to a target percentage of base salary. In 2010, the Human Resources and Compensation Committee will meet with Management to review the proposed 2010 base bonus award targets and will make recommendations to the Board for approval.

EarthRenew does not disclose the specific corporate targets set under its annual incentive plan because disclosure of such information, which currently reflects our confidential objectives under the business plan, could result in competitive harm.

Long term incentives

EarthRenew currently uses stock option grants to ensure senior Management's long term compensation opportunities are aligned with its business strategy and with shareholders' interests. Currently all option grants have a term of 10 years from the date of grant. The Incentive Plan was adopted by the Corporation in November, 2007 and approved by shareholders in April 2008. Up to 1,500,000 Common shares (after giving effect to the Consolidation) have been reserved for issuance pursuant to the Incentive Plan excluding the Founders' Options.

Summary Compensation Table

The following table sets out information concerning the currently expected fiscal 2010 compensation to be paid by the Corporation to each of the Named Executive Officers. Effective October 1, 2007 all compensation paid to the Named Executive Officers with the exception of Mr. Dillahunty was paid by EarthRenew Management LP, an indirect wholly owned subsidiary of the Corporation. Mr. Dillahunty's compensation was paid by ERI.

Name and Principal Position with EarthRenew	Fiscal Year	Salary (\$) ⁽¹⁾	Share-based Awards (\$)	Option-based Awards (\$) ⁽²⁾⁽³⁾	Non-equity Incentive Plan Compensation (\$) ⁽⁴⁾	All Other Compensation (\$)	Total Compensation (\$)
Christianne Carin Chief Executive Officer	2010	290,040	-	●	-	-	●
Mark Kennedy Chief Financial Officer	2010	225,000	-	●	-	-	●
Al Fedkenheuer President	2010	265,080	-	●	-	-	●
T. Gene Dillahunty ⁽⁵⁾ Executive Vice President	2010	216,720	-	●	-	-	●
Jim Good Vice President, Corporate Services	2010	205,080	-	●	-	-	●

Notes:

- (1) Represents the annualized base salary to be in effect on completion of the Offering. Actual salaries paid for the year ending December 31, 2010 may be greater than or less than these amounts depending on whether the Human Resources and Compensation Committee determine to adjust existing base salary levels during 2010.
- (2) The value of Options is based on a Black-Scholes determination of grant date fair value of \$ ● based on the Offering price, term, interest rate of ● and volatility of ●. The Black-Scholes model was used as it is the most widely used method for option valuation.
- (3) The Board anticipates that it will grant up to 330,000 Options to Directors, officers, employees and consultants of EarthRenew prior to Closing; the number of such options to be allocated to the Named Executive Officers has not yet been determined.
- (4) Bonuses and other compensation for 2010 have not yet been determined by the Human Resources and Compensation Committee.
- (5) Mr. Dillahunty is paid in U.S. Dollars. The above conversion for Mr. Dillahunty to Canadian dollars uses foreign exchange rate between Canadian and U.S. of US\$1.00 = \$1.00.

Option Grants During the Most Recently Completed Financial Year

No Options were granted to Named Executive Officers during the year ended December 31, 2009.

Value of Outstanding Options

The following table sets forth information regarding all Options, including Founders' Options, held by each of the Named Executive Officers.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (\$) ⁽¹⁾	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Christianne Carin	44,788	0.40	November 23, 2010	●	-	-
	25,000	4.80	November 1, 2016	●	-	-
	55,000	● ⁽³⁾	November 1, 2017	●	-	-
	7,500	● ⁽³⁾	November 1, 2018	●	-	-
Al Fedkenheuer	500,000	0.70	September 15, 2014	●	-	-
	250,000	1.50	April 1, 2015	●	-	-
	25,000	4.80	November 1, 2016	●	-	-
	51,250	● ⁽³⁾	November 1, 2017	●	-	-
Mark Kennedy	7,000	● ⁽³⁾	November 1, 2018	●	-	-
	8,400	4.80	November 1, 2016	●	-	-
	19,900	● ⁽³⁾	November 1, 2017	●	-	-
	3,600	● ⁽³⁾	November 1, 2018	●	-	-
Gene Dillahunty	95,000	1.00	October 1, 2014	●	-	-
	100,000	1.50	April 1, 2015	●	-	-
	12,500	4.80	November 1, 2016	●	-	-
	22,500	● ⁽³⁾	November 1, 2017	●	-	-
Jim Good	3,150	● ⁽³⁾	November 1, 2018	●	-	-
	5,400	4.80	November 1, 2016	●	-	-
	13,013	● ⁽³⁾	November 1, 2017	●	-	-
	2,500	● ⁽³⁾	November 1, 2018	●	-	-

Notes:

- (1) After giving effect to the Consolidation.
- (2) The value of Options is based on a Black-Scholes determination of grant date fair value of \$ ● based on the Offering price, term, interest rate of ● and volatility of ●. The Black-Scholes model was used as it is the most widely used method for option valuation.
- (3) Exercise price will be equal to Offering price.

Executive Agreements

Christianne Carin and Al Fedkenheuer

Each of Christianne Carin and Al Fedkenheuer are party to an executive employment agreement with EarthRenew Management LP (the "Senior Executive Agreements"). EarthRenew Management LP, in turn, provides management services to the Corporation and certain subsidiaries of the Corporation through management agreements. The Senior Executive Agreements provide that in the event of a change of control of the Corporation, and in the further event that the executive elects in a written notice to the employer within three months of the change of control, to terminate his or her employment, the employer will pay a severance payment equal to 24 months' base salary, the equivalent of 24 months' performance-based incentive bonus (calculated from the equivalent of the average bonus paid or accrued to the executive for the three fiscal years immediately preceding the termination date) and the value of the executive's benefits for a 24 month period (deemed to be \$2,500 per month or \$60,000 in total) (the "Severance Payment"). In addition, in the event of a change of control the vesting dates pursuant to any stock option agreements will accelerate. For purposes of the Senior Executive Agreements, a change of control is:

- the sale by us of all or substantially all of our assets;

- the acceptance and sale by shareholders representing in the aggregate forty percent (40%) or more of all of the issued Common Shares, of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Common Shares; provided that no change of control event shall be deemed to have occurred if upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date;
- the acquisition, by whatever means, by a person (or two or more persons who, in such acquisition have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Common Shares acquired), directly or indirectly, of beneficial ownership of such number of Common Shares or rights to Common Shares, which together with such person's then owned Common Shares and rights to Common Shares, if any, represent (assuming the full exercise of such rights) forty percent (40%) or more of the combined voting rights attached to the then outstanding Common Shares;
- the merger, consolidation, restructuring, amalgamation or initiation of an arrangement to be absorbed by, into or with another corporation; provided that no change of control event shall be deemed to have occurred if upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date;
- the substantial liquidation of our assets or the winding-up of our business or significant re-arrangement of our affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of us in circumstances where our business is continued and the shareholdings remain substantially the same following the re-arrangement); or
- individuals who were members of the Board immediately prior to a meeting of the shareholders involving a contest for the election of directors no longer constitute a majority of the Board following such election.

The Severance Payment will also be payable in the event the employer terminates the Senior Executive Agreement without cause or if the employer unilaterally changes the terms of the employment relationship. Mr. Fedkenheuer is also entitled to be reimbursed up to \$25,000 in legal or consulting fees in connection with his termination. Each of Christianne Carin and Al Fedkenheuer may terminate their Senior Executive Agreement on 60 days' notice to the employer. Each of Christianne Carin and Al Fedkenheuer has entered into a confidentiality and assignment of inventions agreement with the Corporation.

Mark Kennedy, Gene Dillahunty, Don Dabbs, Jim Good and Dustin Gemmill

Each of Messrs. Kennedy, Dabbs, Good and Gemmill has entered into an executive employment agreement with EarthRenew Management LP. Mr. Dillahunty has entered into an executive employment agreement with EarthRenew, Inc. The executive agreements provide that in the event of a change of control of the Corporation; and in the further event that the executive elects for a written notice to the employer within three months of a change of control, to terminate his or her employment, the employer will pay a severance payment equal to one month of each completed year of service with a minimum 12 months and a maximum of 24 month's base salary, performance-based incentive bonus for the notice period (calculated from the equivalent of the average bonus paid or accrued to the executive for the three fiscal years immediately preceding the termination date) plus the value of the executive's employee benefits for the number of months in the notice period calculated at 20% (25% in respect of Mr. Dillahunty) of the monthly base salary. For purposes of the agreements, a change of control has the same meaning as ascribed thereto for purposes of the Senior Executive Agreements. The Severance Payment will also be payable in the event the employer terminates the executive employment agreement without cause or if the employer unilaterally changes the terms of the employment relationship. Each of Messrs. Kennedy, Dabbs, Dillahunty, Good and Gemmill may terminate their executive agreements on 30 days' prior written notice to the employer. Each of Messrs. Kennedy, Dabbs, Dillahunty, Good and Gemmill has entered into a confidentiality and assignment of inventions agreement with the Corporation.

Compensation of Directors

The Board, through the Human Resource and Compensation, is responsible for the development and implementation of EarthRenew's strategy with respect to the compensation of the non-executive Directors. The main objectives of EarthRenew's compensation strategy for non-executive Directors are: (i) to attract and retain the services of the most qualified individuals; (ii) to compensate the non-executive Directors in a manner that is commensurate with the risks and responsibilities assumed in Board and committee membership and which is competitive with other comparable companies, and (iii) to align the interests of the non-executive Directors with shareholders.

Under the non-executive Directors' compensation package, annual retainers for membership on the Board and any of the standing committees thereof are paid to Directors quarterly in arrears. Directors also receive an initial grant of 30,000 options and an annual grant of 5,000 RSUs. The Lead Director receives an additional annual retainer. The following is a schedule of annual retainers and meeting fees for non-executive Directors:

Type of Fee	Amount
Board or Committee telephonic fee:	\$800 per meeting
Board or Committee in person meeting fee:	\$1,500 per meeting
Lead Director Retainer:	\$20,000 per annum
Director Retainer:	\$20,000 per annum
Committee Member Retainer:	
• Audit Committee	\$5,000 per annum
• Human Resources and Compensation Committee	\$3,500 per annum
• Corporate Governance and Nominating Committee	\$3,000 per annum
• Other Committees	\$3,000 per annum
Committee Chairs Retainer:	
• Audit Committee	\$10,000 per annum
• Human Resources and Compensation Committee	\$7,000 per annum
• Corporate Governance and Nominating Committee	\$5,000 per annum
• Other Committees	\$5,000 per annum

A total of 15,000 RSUs were granted to non-management Directors on June 30, 2008 which vest on the latest of (i) the date on which the participant ceased to be a Director of the Corporation or a member of the Board of Directors of any affiliate of the Corporation, and (ii) the date on which the Participant ceases to be employed by the Corporation or any Affiliate of the Corporation, if applicable. Daniel Wiseman was allocated 5,000 RSUs, John Gunn was allocated 5,000 RSUs and a third director, who has since retired, received 5,000. Ron Codd was allocated 5,000 RSUs upon his appointment to the Board in June 2009. Ron McIntosh was allocated 5,000 RSUs upon his appointment to the Board in January 2010. Robert Getz was allocated 5,000 RSUs upon his appointment to the Board in April 2010. Mr. Wiseman was allocated on additional 20,000 RSUs in April 2010.

Director Compensation Table

Name and Principal Position with EarthRenew	Fiscal Year	Annual Compensation ⁽¹⁾			Total (\$)
		Fees Earned (\$)	Share Based Awards (\$)	Other Annual Compensation (\$)	
Daniel Wiseman Director	2009	39,650	-	-	39,650
	2008	32,700	●	-	●
	2007	-	-	-	-
John Gunn Director	2009	33,900	-	-	33,900
	2008	29,550	●	-	●-
	2007	-	-	-	-
Ronald Codd Director	2009	20,536	●	-	●
	2008	-	-	-	-
	2007	-	-	-	-

Notes:

- (1) Ronald McIntosh and Robert Getz joined the Board in 2010.
- (2) The value of RSUs awarded is based on the price of Common Shares issued under the Offering.

Directors' Option and Share Based Awards

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised option (#) ⁽¹⁾	Option exercise price (\$) ⁽¹⁾	Option expiration date	Value of unexercised in-the-money options (\$) ⁽³⁾	Number of shares or units of shares that have not vested (#) ⁽¹⁾	Market or payout value of share-based awards that have not vested (\$) ⁽⁴⁾
Ronald Codd	-	-	-	-	2,500	●
Robert Getz	-	-	-	-	2,500	●
John Gunn	1,500	4.80	August 25, 2016	●	2,500	●
	1,500	● ⁽²⁾	November 1, 2017	●		
Ronald McIntosh	-	-	-	-	2,500	●
Daniel Wiseman	5,000	4.80	November 1, 2016	●	2,500	●
	2,500	● ⁽²⁾	November 1, 2017	●		

Notes:

- (1) After giving effect to the Consolidation.
- (2) Exercise price will be equal to Offering price.
- (3) The value of Options has been calculated based on the difference between the exercise price of the Options and the price of the Common Shares issued under the Offering.
- (4) The value of RSUs awarded is based on the price of Common Shares issued under the Offering.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of our current or former Directors, executive officers or employees and no associate of any such Director or executive officer is, or at any time since the beginning of our most recently completed financial year has been, indebted to us or any of our subsidiaries, and no indebtedness of any of the foregoing individuals to another entity is, or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by us or any of our subsidiaries.

OPTIONS TO PURCHASE SECURITIES

The following table sets forth the Common Shares reserved for Options, including Founders' Options, granted by us which are outstanding as of the date hereof (after giving effect to the Consolidation):

Optionee Group	Designation of Securities Under Option	Expiry Date	Common Shares Issuable on Exercise ⁽¹⁾	Exercise Price Per Common Share ⁽¹⁾
Executive Officers (7 persons)	Common Shares	Nov. 23, 2010	44,788	\$0.40
		Sept. 15, 2014	500,000	\$0.70
		Oct. 1, 2014	95,000	\$1.00
		Apr. 1, 2015	350,000	\$1.50
		Nov. 1, 2016	76,300	\$4.80
		Nov. 1, 2017	169,286	\$ ● ⁽²⁾
		Nov. 1, 2018	26,250	\$ ● ⁽²⁾
Directors who are not. also Executive Officers (4 persons)	Common Shares	Nov. 1, 2019	8,750	\$ ● ⁽²⁾
		Aug. 25, 2016	1,500	\$4.80
		Nov. 1, 2016	5,000	\$4.80
Other Employees and Former Employees (38 persons)	Common Shares	Nov. 1, 2017	4,000	\$ ● ⁽²⁾
		Nov. 1, 2016	5,750	\$4.80
		Nov. 1, 2017	16,440	\$ ● ⁽²⁾
		Nov. 1, 2017	1,575	\$ ● ⁽²⁾
		Nov. 1, 2018	8,447	\$ ● ⁽²⁾
		Nov. 1, 2019	1,948	\$ ● ⁽²⁾

Notes:

- (1) After giving effect to the Consolidation.
- (2) Exercise price will be equal to Offering price.

INCENTIVE PLAN

General and Administration

We established the Incentive Plan for the granting of Options, SARs and RSUs to EarthRenew's employees, officers, directors and consultants. The Incentive Plan was adopted by the Board effective November 1, 2007 and approved by shareholders on April 24, 2008.

Subject to the Board's right of delegation, the Incentive Plan will be administered by the Board. The Board has the authority to: (i) construe and interpret the Incentive Plan and all award agreements entered into under the Incentive Plan; (ii) amend, modify or terminate the Incentive Plan; and (iii) make all other determinations necessary or advisable for the administration of the Incentive Plan. The Board may delegate, fully or partially, the administration and operation of the Incentive Plan to a committee of the Board or to one of our officers.

Shares Subject to the Plan

Subject to adjustment in certain circumstances, the aggregate number of Common Shares which may be reserved for issuance under the Incentive Plan and any other security based compensation arrangements of EarthRenew shall not exceed 1,500,000 (after giving effect to the Consolidation), exclusive of the Founders' Options. Once we become a reporting issuer or listed on a stock exchange, the aggregate number of Common Shares reserved for issuance pursuant to all Options, SARs and RSUs granted to insiders shall not exceed 10% of the issued and outstanding Common Shares (on an undiluted basis) exclusive of the Founders' Options. Further, insiders shall not be issued, within any one year period, a number of Options, SARs and RSUs which exceeds 10% of the issued and outstanding Common Shares (on an undiluted basis). The number of Common Shares reserved for issuance pursuant to Options and SARs granted to any one participant shall not exceed 5% of the issued and outstanding Common Shares (on an undiluted basis) exclusive of the Founders' Options. Further, no participant shall be issued, within any one year period, a number of Options or SARs which exceeds 5% of the issued and outstanding Common Shares (on an undiluted basis).

If any Option, SAR or RSU expires or terminates for any reason without having been exercised or settled in full, any Common Shares remaining unissued pursuant to such award shall be available for the purposes of the granting of further awards pursuant to the Incentive Plan. In addition, if an award is settled for cash, the Common Shares subject to the award shall be available for the purposes of the granting of further awards under the Incentive Plan.

The number of Common Shares subject to the Incentive Plan will be increased or decreased proportionately in the event of the subdivision or consolidation of the outstanding Common Shares and in any such event a corresponding adjustment will be made changing the number of Common Shares deliverable upon the exercise of any award granted prior to such event without any change in the total price applicable to the unexercised portion of the award, but with a corresponding adjustment in the price for each Common Share covered by the award.

Options

Subject to the terms of the Incentive Plan, the Board is authorized to grant Options and to determine the price, vesting and other terms applicable to the Options. In the event the Common Shares are listed on a stock exchange, the exercise price of any Option shall not be less than the higher of (i) the volume weighted average trading price of the Common Shares as reported on the primary stock exchange on which the Common Shares are listed for the five trading days immediately preceding such date; and (ii) the closing price of the Common Shares on the trading day immediately preceding such date.

Share Appreciation Rights

Subject to the terms of the Incentive Plan, the Board is authorized to grant SARs and to determine the terms applicable to the SARs. We may issue three types of SARs: (i) tandem rights granted appurtenant to an Option which is subject to the same terms and conditions applicable to the Option grant to which it pertains except that the tandem right requires the holder to elect between the exercise of the underlying Option and the surrender of such Option for an appreciation distribution pursuant to the exercise of the corresponding portion of the tandem right; (ii) concurrent rights granted appurtenant to an Option which applies to all or a portion of an Option which is subject to the same terms and conditions applicable to the Option grant to which it pertains except that the concurrent right is exercised automatically at

the same time the underlying Option is exercised with respect to the particular Option to which the concurrent right pertains; and (iii) independent rights granted independently of any Option but which is subject to the same terms and conditions applicable to an Option except that the independent right shall be denominated in share equivalents. The appreciation distribution payable by us to the participant on the exercised independent right shall be an amount equal to the excess of the aggregate market price of the share equivalents on the date of the exercise over the aggregate price per share specified in the independent right award.

Restricted Share Units

Subject to the terms of the Incentive Plan, the Board is authorized to grant RSUs and to determine the terms applicable to the RSUs. Each RSU awarded will conditionally entitle the participant to the delivery of one Common Share on terms and conditions to be determined by the Board. RSUs will be granted subject to one of the following, as determined by the Board: (i) the grant shall be in consideration of a participant's previously performed services, or surrender of other compensation; (ii) the grant shall be contingent on the achievement of performance measures or other objectives during a specified period; (iii) the grant shall be subject to a risk of forfeiture or other restrictions that will lapse upon the participant's continued performance of services or the achievement of performance measures or other objectives.

Termination of Service

Upon the death or disability of a participant, any vested Option or SAR which the participant holds may be exercised within the time specified in the award agreement, but in no event more than the earlier of 12 months from the date of death or disability and the expiry date. If a participant's employment or consulting relationship is terminated for cause or a material breach, as applicable, or if the participant voluntarily resigns, any vested Option or SAR may be exercised within the time specified in the award agreement, but in no event more than the earlier of 30 days following the date of termination or the expiry date. If a participant's employment is terminated for any reason other than the above reasons, any vested Option or SAR may be exercised within the time specified in the award agreement, but in no event more than the earlier of 180 days following the date of termination or the expiry date.

Termination and Amendment of the Plan

The Incentive Plan will terminate on November 1, 2017 unless otherwise determined by the Board or unless all of the awards granted under the Plan are exercised, in which case the Incentive Plan will terminate on the date all of the awards granted under the Incentive Plan have been exercised.

Shareholder approval is required in respect of any amendment or modification of the Incentive Plan which: (i) increases the number of Common Shares reserved for issuance under the Incentive Plan; (ii) reduces the exercise price of an Option or the price per share specified in a SAR award that is held by an insider except for the purpose of maintaining Option or SAR value in connection with certain corporate transactions; (iii) extends the term of an Option, SAR or RSU held by an insider beyond its original expiry date except as otherwise permitted by the Incentive Plan; or (iv) is required to be approved by shareholders under applicable law or by the rules of any stock exchange. The Board may approve all other amendments to the Incentive Plan or awards including: (i) amendments of a "housekeeping" or ministerial nature; (ii) amendments necessary to comply with the provisions of applicable law or by the rules of any stock exchange; (iii) other than for Options or SARs held by insiders, a reduction in the exercise price of an Option or exercise price of a SAR (other than where such reduction would result in the exercise price being lower than the price determined for such Option or SAR in accordance with the Incentive Plan at the time such Option or SAR was granted); (iv) an extension of the term of an Option or SAR beyond original expiry date, other than for Options or SARs held by insiders; (v) an expansion of the scope of persons eligible to participate in the Plan; (vi) an amendment to the transferability or assignability of an award; (vii) amendments respecting administration of the Incentive Plan; (viii) any amendment to the vesting provisions of the Incentive Plan or any award; (ix) any amendment to the early termination provisions of the Incentive Plan or any award, whether or not such award is held by an insider, provided such amendment does not entail an extension beyond the original expiry date; (x) the addition of any form of financial assistance by us for the acquisition by all or certain categories of participants of Common Shares under the Incentive Plan, and the subsequent amendment of any such provision which is more favourable to participants; (xi) amendments necessary to suspend or terminate the Incentive Plan; and (xii) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law or by the rules of any stock exchange.

Change of Control

If a change of control event occurs, all Options and SARs outstanding on the date of such change of control event shall vest and become immediately and fully exercisable. All RSUs outstanding on the date of such change of control event shall vest and be settled immediately prior to the consummation of the change of control event. In addition, the Board may, either on the occurrence of a change of control event or in anticipation of a change of control event, in its discretion, without the necessity or requirement for the agreement of any participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any Option or SAR; (ii) permit the conditional exercise of any Option or SAR, on such terms as it sees fit; (iii) otherwise amend or modify the terms of the Option or SAR; and (iv) terminate, following the successful completion of the change of control event, on such terms as it sees fit, the Options or SARs not exercised prior to the successful completion of such change of control event.

For purposes of the Incentive Plan, a "change of control event" means:

- the sale by us of all or substantially all of our assets;
- the acceptance and sale by shareholders representing in the aggregate forty percent (40%) or more of all of the issued Common Shares, of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Common Shares; provided that no change of control event shall be deemed to have occurred if upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date;
- the acquisition, by whatever means, by a person (or two or more persons who, in such acquisition have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Common Shares acquired), directly or indirectly, of beneficial ownership of such number of Common Shares or rights to Common Shares, which together with such person's then owned Common Shares and rights to Common Shares, if any, represent (assuming the full exercise of such rights) forty percent (40%) or more of the combined voting rights attached to the then outstanding Common Shares;
- the merger, consolidation, restructuring, amalgamation or initiation of an arrangement to be absorbed by, into or with another corporation; provided that no change of control event shall be deemed to have occurred if upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date;
- the substantial liquidation of our assets or the winding-up of our business or significant re-arrangement of our affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of us in circumstances where our business is continued and the shareholdings remain substantially the same following the re-arrangement); or
- individuals who were members of the Board immediately prior to a meeting of the shareholders involving a contest for the election of directors no longer constitute a majority of the Board following such election.

Anticipated 2010 Option Grant

The Board of Directors anticipates that it will grant up to 330,000 Options (on a post Consolidation basis) (the "2010 Options") to directors, officers and employees of the Corporation prior to completion of the Offering at an exercise price equal to the Offering price per Common Share.

Options Outside of the Incentive Plan

In connection with our founding and start-up, the Founders' Options were granted to each of Christianne Carin, Al Fedkenheuer and Gene Dillahunt. 989,788 Common Shares (after giving effect to the Consolidation) are reserved for the Founders Options, outside of the Incentive Plan.

EMPLOYEE AND CONSULTANT SHARE PURCHASE PLANS

On January 1, 2008, we established an employee share savings purchase plan (the “**Employee Purchase Plan**”) and a share savings purchase plan for consultants (the “**Consultant Purchase Plan**”, collectively the “**Share Purchase Plans**”) to encourage our employees and consultants to accumulate savings through ownership of Common Shares.

Eligible employees and consultants may elect to receive between 2% and 35% of their salary in Common Shares. Subject to the discretion of the Board, in the case of the Employee Purchase Plan, we will, subject to the terms and conditions of the Employee Purchase Plan, provide contributions matching the contributions of each eligible employee in the following amounts: (i) for an employee with less than one year of active service, an amount equal to 50% of the employee’s contribution up to a maximum of 4% of the employee’s regular earnings; (ii) for an employee with at least one year of active service but less than two years of active service, 75% of the employee’s contribution up to a maximum of 6% of the employee’s regular earnings; and (iii) for an employee with more than two years of active service, an amount equal to 100% of the employee’s personal contribution up to a maximum of 8% of the employee’s regular earnings. EarthRenew may provide contributions matching the contributions of any eligible consultant to the Consultant Purchase Plan in such amount as may be determined by the Corporation.

Subject to the terms of the Share Purchase Plans, all funds received by the administrator of the Share Purchase Plans in respect of employee and consultant contributions and employer contributions shall be invested in Common Shares in accordance with the provisions of the Share Purchase Plans. At all times prior to the time the Common Shares are listed on a stock exchange, all Common Shares shall be purchased by the administrator of the Share Purchase Plans at the fair market value in effect at the date of purchase from our treasury. At all times after the Common Shares are listed on a stock exchange, all Common Shares shall, be purchased by the administrator of the Share Purchase Plans through normal market purchases.

The purchase price for the Common Shares will be the fair market value of the Common Shares which, when and if the Common Shares commence trading on a stock exchange, will be the closing price for a board lot of Common Shares on the trading day on which such determination is being made.

An aggregate of 14,594 Common Shares (after giving effect to the Consolidation) have been issued pursuant to the Share Purchase Plan. We suspended this plan on August 10, 2009 due to the lack of an accurate share price caused by the economic uncertainty of 2009. We intend to reinstate this plan after completion of this Offering.

PLAN OF DISTRIBUTION

Under an agreement dated ● , 2010 (the "Underwriting Agreement"), between us and the Underwriters, we have agreed to sell ● Units and the Underwriters have agreed to purchase, as principals, on the Closing Date, subject to the conditions stipulated in the Underwriting Agreement all but not less than all of such Units at a price of \$ ● per Units. The Underwriting Agreement provides that the Underwriters will be paid a fee of \$ ● per Unit in consideration for services performed in connection with this Offering.

We have granted to the Underwriters the Over-Allotment Option exercisable for a period ending 30 days after closing, to purchase up to an additional ● Units at a price of \$ ● per Unit to cover over-allotments, if any, and for market stabilization purposes. If the Underwriters exercise the Over-Allotment Option in full, we will be obligated to sell such Units and will receive additional net proceeds of \$ ● . This prospectus also qualifies for distribution any Units that are issued pursuant to the exercise of the Over-Allotment Option. The Underwriters will be paid a commission of \$ ● per Unit purchased pursuant to the Over-Allotment Option.

A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The terms of this Offering were established through negotiation between us and the Underwriters. The Underwriters propose to offer the Units initially at the public Offering price specified on the cover page of this prospectus. After the Underwriters have made a reasonable effort to sell all of the Units offered by this prospectus at the price specified herein, the Offering price may be decreased and may be further changed from time to time to an amount not greater than that specified on the cover page of this prospectus. In the event the Offering price of the Units is reduced, the compensation received by the Underwriters will be decreased by the amount by which the aggregate price paid by the purchases of the Units is less than the gross proceeds paid by the Underwriters to us for the Units. Any such reduction will not affect the proceeds received by us.

The obligations of the Underwriters under the Underwriting Agreement are conditional and may be terminated at the discretion of the Underwriters on the basis of their assessment of the state of the financial markets. The Underwriting Agreement provides that the Underwriters may also terminate their obligations thereunder in certain stated circumstances and upon the occurrence of certain stated events. The Underwriters are, however, severally obligated to take up and pay for all offered Units that they have agreed to purchase if any of the Units are purchased under the Underwriting Agreement. Pursuant to policy statements of the Ontario Securities Commission and the Autorité des marchés financiers, the Underwriters may not, throughout the period of distribution under this prospectus, bid for or purchase Common Shares or Warrants. The foregoing restriction is subject to exceptions, including a bid or purchase permitted under the Universal Market Integrity Rules of Market Regulation Services Inc. relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited and during the period of distribution, provided that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares or Warrants. In connection with this Offering, and subject to the foregoing, the Underwriters may effect transactions which stabilize or maintain the market price for the Common Shares or Warrants at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

We have agreed to indemnify the Underwriters and their directors, officers, employees and agents against certain liabilities, including, without restriction, civil liabilities under Canadian provincial and territorial securities legislation, or to contribute to any payments the Underwriters may be required to make in respect thereof.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice.

During a period ending 180 days from the Closing Date, we have agreed not to sell or issue for sale or resale any Common Shares or financial instruments or securities convertible into, or exercisable or exchangeable for, Common Shares or agree to, or announce, any such offer, sale or issuance, without the prior written consent of RBC Dominion Securities Inc., which consent may not be unreasonably withheld.

The Common Shares and Warrants have not been and will not be registered under the U.S. Securities Act or the securities laws of any states in the United States and, subject to certain exemptions, may not be offered or sold or

otherwise transferred or disposed of in the United States, its territories, its possessions or other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. Person, except in accordance with the Underwriting Agreement. The Underwriting Agreement permits the Underwriters to offer and resell the Common Shares and Warrants they have acquired pursuant to the Underwriting Agreement to certain qualified institutional buyers in the United States, provided that such offers and sales are made in accordance with Rule 144A under the U.S. Securities Act. In addition, the Underwriting Agreement provides that the Underwriters will offer and sell securities outside the United States to any U.S. person only in accordance with Regulation S under the U.S. Securities Act. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Common Shares or Warrants offered hereby in the United States. In addition, until 40 days after the commencement of this Offering, an offer or sale of Common Shares or Warrants within the United States by a dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A or in accordance with any other available exemption from registration under the U.S. Securities Act.

There is currently no market through which the Common Shares or Warrants may be sold and purchasers may not be able to resell the Common Shares or Warrants purchased under this prospectus. This may affect the pricing of the Common Shares and Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and Warrants and the extent of issuer regulation.

The Closing is expected to take place on ● , 2010, or on any other date that may be agreed upon by the Underwriters and us, but no later than ● , 2010. The Underwriting Agreement provides that it is a condition of Closing that the Common Shares and Warrants be listed for trading on the Toronto Stock Exchange.

SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The following table sets out the securities of the Corporation which are expected to be subject to escrow restriction at Closing (including giving effect to the Conversion) and the Consolidation:

<u>Designation of Class</u>	<u>Number of Securities Subject to Contractual Restriction on Transfer</u>	<u>Percentage of Class after the Consolidation, the Conversion and the Offering</u>
Common Shares.	● Common Shares	● %

In connection with completion of the Offering, Luxor Capital Group LP and the executive officers and Directors of the Corporation have agreed not to, directly or indirectly, sell or otherwise dispose of, secure or pledge, or offer to announce any intention to do so, any Common Shares or any securities convertible or exchangeable into Common Shares, representing ● Common Shares in respect of Luxor Capital Group LP and ● Common Shares in respect of the executive officers and Directors of the Corporation, provided that 25% of such shares shall be released after six months from the Closing Date, an additional 25% shall be released after twelve months from the Closing Date, and the remaining 50% shall be released after eighteen months from the Closing Date.

RISK FACTORS

An investment in the Units, Common Shares and Warrants should be considered speculative due to the nature of our business and our present stage of development. A purchaser of Units, Common Shares and Warrants should consider carefully the risk factors set out below. In addition, purchasers of Units, Common Shares and Warrants should carefully review and consider all other information contained in the prospectus before making an investment decision and consult their own experts where necessary. An investment in Units, Common Shares and Warrants should only be made by Persons who can afford a significant or total loss of their investment.

Risks Relating to the Business

Limited Operating History

We were founded in 1999 and commenced commercial operations at our Strathmore Plant in April 2008. At the date of this prospectus, we have only one fully constructed and operating plant, located in Alberta. Our growth plans involve expansion in the United States where we have not developed a plant or produced fertilizer. Accordingly, we have a limited operating history from which a purchaser can evaluate our business and our prospects. We have generated net losses and negative cash flow from operations since the commencement of operations. For example, for fiscal 2009, we incurred a net loss of approximately \$17.7 million before extraordinary items and cash used by operating activities was approximately \$10.8 million. We expect to incur net losses and negative cash flow from operations for a significant period of time as we build new plants, hire additional employees, apply for regulatory permits and approvals, continue development of technology and expand operations.

In addition, our prospects must be considered in light of the risks and uncertainties encountered by an early-stage company in a new industry. Some of these risks relate to our potential inability to:

- effectively manage our business and operations;
- secure a market for our products;
- secure Hosts for additional plants;
- recruit and retain key personnel who are critical to growth prospects;
- successfully achieve a low-cost structure as we expand our scale of business;
- manage rapid growth in personnel, plants and business operations; and
- successfully address the other risks described throughout this prospectus.

If we cannot successfully address these risks, our business and financial condition will suffer.

Unproven Products and Unproven Markets

Our fertilizer products are relatively new and are unproven in the marketplace. Although the component parts of the products have a long history of use as agricultural inputs, no products like ours have ever been marketed. There are no assurances that our products will receive the broad market acceptance required for commercialization. Actual or perceived problems with quality control, performance or cost effectiveness of our products, including in relation to competition or alternative products, may lead to a lack of confidence and harm our ability to successfully commercialize our products.

The market for our products is undeveloped and development of such markets will require significant marketing efforts, working capital and increased sales and marketing staff. This may present difficulties due to our limited resources the price at which we may sell our products in commercial quantities has not yet been fully determined. We may be required to modify our growth strategy as a result of actual or anticipated competition, customer response, lack of resources, regulatory requirements or other reasons. Our operating results and the price at which we will be able to sell our products and services will be highly dependent on the existence of a market for our products and overall farm receipts.

Our success in marketing and selling our products will depend upon multiple factors, including:

- the effectiveness of our products;
- our ability to locate additional Hosts and add sufficient manufacturing capacity at an acceptable cost and in compliance with regulatory requirements;

- our ability to generate commercial sales of our products;
- acceptance of our products and services by our target markets;
- inherent development risks, such as our products not having the anticipated effectiveness;
- preclusion or obsolescence resulting from a third party developing superior or equivalent products;
- our ability to develop repeatable processes to manufacture our products in sufficient quantities; and
- general economic conditions.

If any of these factors cannot be overcome, we may not be able to introduce our products to our target markets in a timely or cost-effective manner, which could adversely affect our future growth and results of operations.

There can be no assurance that illustrative or indicative use information in respect of our products contained in this prospectus will reflect actual use of our products by growers. In adopting our products, growers will adopt and use our product in accordance with their own circumstances and desires, and may in particular stage the adoption of our product over time, or blend or use our fertilizer with other fertilizers, which may affect the demand for our products.

Our operating results and price at which we can sell our products will be dependent on demand for our products. Demand for our products will be affected by a number of factors including weather conditions, commodity prices, and government policies. It is likely that the price at which we sell our products will fluctuate if there are significant changes in the price and availability of other fertilizer products.

Our technology has not yet been commercialized outside of our Strathmore Plant in other industries. There can be no assurance that we will be able to commercialize our technology or that we will be able to enter into licensing, joint ventures or other arrangements to develop other applications for our technology.

Product Trials

Our fertilizers currently are undergoing research and grower trials. There is no assurance that these trials will result in our fertilizer being accepted for use by growers selling through those distributors. There is no assurance that these trials will demonstrate favourable results for our product or that trial results will reflect performance that could be expected in commercial growing conditions. Adverse research and other trial results could adversely affect our ability to implement our growth/expansion strategy, our ability to sell our products to organic farmers and in other markets, and could adversely affect our business and financial condition.

Product price and margin

Our operating results are and will be dependent upon product prices and margins, which are in turn dependent on demand for crop inputs. Demand for crop inputs can be affected by a number of factors including weather conditions, outlook for crop nutrient prices and farmer economics, governmental policies, access of our customers to credit, and build-up of inventories in distribution channels. See "Risk Factors — Risks Relating to the Business — Unproven Products and Unproven Markets".

Product price and margins are also significantly influenced by competitor actions that change overall industry production capacity, such as decisions to build or close production plants, changes in utilization rates and pricing decisions.

Competition

The fertilizer manufacturing and electricity generation industries in which we operate are highly competitive. Although we do not produce the same products as traditional fertilizer producers, Management anticipates that future sales, pricing and margins will be affected by the price and availability of traditional soil products such as nitrogen-based fertilizers, the price of which is highly dependent on inputs such as natural gas. If the price and availability of traditional fertilizer products is attractive, future sales, pricing and margins may suffer which could have a material adverse effect on our business and financial condition. Our competitors in the traditional fertilizer industry are larger and have better access to capital and resources than us which could affect our ability to compete. One of our competitors or a new entrant could invent a technology or process that is superior to our technology or process and this would have an adverse effect on our

ability to compete. We will also compete for Host sites and for an adequate supply of inputs. A failure to secure future Host sites will have a material adverse effect on our growth prospects.

Expansion Strategy Risks

We have one production plant in Strathmore, Alberta. We plan to grow our business by developing and constructing additional plants.

Development, construction and expansion of our plants are subject to a number of risks, any of which could prevent us from commencing or expanding operations at a particular plant as expected or at all. These risks include finding appropriate sites, securing Host arrangements, regulatory and permitting matters, entering into power purchase arrangements, increased construction costs and financing and construction delays.

We must obtain and maintain numerous regulatory approvals and permits in order to construct and operate additional plants. Obtaining these approvals and permits could be a time-consuming and expensive process, and we may not be able to obtain them on a timely basis or at all. We may begin development and construction and incur substantial development and construction costs prior to obtaining all of the approvals and permits necessary to operate a plant at a particular site. In the event that we fail to ultimately obtain all necessary permits, we may be forced to delay operations of the plant and the receipt of related revenues or abandon the project altogether and lose the benefit of any development and construction costs already incurred, which would have an adverse effect on our results of operations. In addition, governmental regulatory requirements may substantially increase our construction costs, which could have a material adverse effect on our business, results of operations and financial condition.

We believe that engineering firms, construction firms and equipment suppliers are increasingly receiving requests and orders from companies to build energy production plants and other similar plants and, therefore, we may not be able to secure their services or products on a timely basis or on acceptable financial or commercial terms, or at all. In addition, we may suffer significant construction delays or cost overruns as a result of a variety of factors, such as labor and material shortages, defects in materials and workmanship, adverse weather, transportation constraints, construction change orders, site changes, labor issues and other unforeseen difficulties, any of which could prevent us from completing the construction of our planned plants. As a result, we may not be able to grow our business as quickly as we planned. Any delays or cost overruns may increase our construction costs. While we believe that the net proceeds of the Offering will be sufficient for the purposes set forth in this prospectus, there can be no assurance that will be the case.

If we are unable to address these risks in a satisfactory and timely manner, we may not be able to implement our expansion strategy as planned or at all. We intend to obtain and maintain insurance to protect against some of the risks relating to the construction of new projects, however, such insurance may not be available or adequate to cover lost revenues or increased costs if we have construction problems, overruns or delays.

Aggressive Growth Strategy

Our business plan contemplates rapidly expanding business operations. We may not be able to implement our expansion strategy. If we fail to effectively manage growth, our financial results could be adversely affected. Growth will place a strain on our management systems and resources. We must continue to refine and expand our business development capabilities, systems and processes. As we grow, we will need to continue to hire, train, supervise and manage new employees. There can be no assurance that we will be able to:

- expand our systems effectively, efficiently or in a timely manner;
- allocate human resources optimally; or
- identify and hire qualified employees or retain valued employees.

If we are unable to manage our growth and operations, our business and financial condition will be adversely affected.

Unproven Second Generation Plant Design

Although the Strathmore Plant is a fully operational producing plant, it produces less than the target production levels and modeled output of our second generation plants. We have refined our plant design since the original construction of the Strathmore Plant, and some of these refinements have not been incorporated into this plant, and are

therefore, untested in an actual operating or production environment. We have made several assumptions which we believe to be accurate in modeling the overall economics of the second generation plants, including:

- production levels and average output volumes, including fertilizer and electricity
- net energy utilization and net energy costs, including gas and electricity prices and the ability to sell electricity;
- quality of inputs and outputs;
- the performance of component parts of the plants
- downtime requirements for periodic maintenance and production stoppages;
- plant staffing;
- capital expenditures for plant construction and maintenance over the life of the plants;
- the expected useful life of plants and equipment; and
- the number of production days per week and the number of shifts per day.

Furthermore, our long range plans call for the construction of plants in a variety of geographical locations where we will encounter a variety of climate conditions, soil conditions and feedlot layouts. Any of these variations could present additional challenges we may not have experienced at the Strathmore Plant.

If any of the above assumptions prove to be incorrect in our planned future plants, we may not meet our performance projections for the plants. In such a case, if we are unable to adequately redesign or otherwise make appropriate modifications to the plant so that such target metrics can be met or exceeded, we may be unable in the long run to meet the performance projections for the plants. Any of the above consequences could materially affect our performance in the short and long run.

Production Process

Under our manufacturing model, we have developed and established, and are continuing to develop and establish, manufacturing processes and systems at our commercial plant. We intend to transfer these processes and systems to, and replicate and scale these processes and systems in our other plants. If we are unable to effectively and quickly transfer, replicate and scale these manufacturing processes and systems, we may be unable to meet our customers' requirements and our results of operations could be adversely affected.

Our manufacturing process is a highly automated and complex process that requires extreme precision and quality control throughout each production stage. Our plants consist of multiple components, all of which must be run on an integrated and coordinated basis. There can be no assurance that each component will continuously operate as designed or expected or that the necessary levels of integration and co-ordination will continuously be achieved. Any difficulties encountered in our manufacturing process could adversely affect our ability to produce our products, thereby affecting our ability to meet customer expectations, and may adversely affect our business and financial results.

Intellectual Property

Our competitive market position is highly dependent on our intellectual property. We rely on a combination of patents, trademarks, trade secrets, confidentiality agreements and other contractual restrictions on disclosure to protect our intellectual property rights. We also enter into confidentiality agreements with our employees, consultants, Hosts and other third parties, and control access to and distribution of confidential information.

Our success will depend in part on our ability to maintain or obtain and enforce patent and other intellectual property protection for our processes, products and technology, to preserve trade secrets and to operate without infringing upon the proprietary rights of third parties. Setbacks or failures in these areas could negatively affect our ability to compete and materially and adversely affect our business and financial condition. We have obtained patents and/or filed patent applications in the United States, Canada and internationally and may, in the future, seek additional patents or file patent applications. Certain aspects of our technology are currently protected as trade secrets, for which we may or may not file patent applications.

There can be no assurance that our patents or patent applications will be valid or will issue over prior art, or that patents will issue from the patent applications we have filed or will file. Additionally, there can be no assurances that the

scope of any claims granted in any patent will provide us with adequate protection for the processes used by us currently or in the future. We cannot be certain that the creators of our technology were the first inventors of inventions and processes covered by patents and patent applications or that they were the first to file. Accordingly, there can be no assurance that our patents will be valid or will afford us with protection against competitors with similar technology or processes. Despite efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our proprietary information. Monitoring unauthorized use of confidential information is difficult and there is no certainty that steps we take to prevent unauthorized use of patented products or confidential information will be effective.

We may deem it necessary or advisable to commence litigation to enforce our intellectual property rights. Others may claim that we have infringed upon their intellectual property rights and commence litigation against us. Our commercial success depends in part on our ability to operate without infringing the patents and other proprietary rights of third parties. Infringement proceedings relating to intellectual property are often lengthy, costly and time-consuming and their outcome is uncertain. Moreover, if our competitors prepare and file patent applications to claim technology that is also claimed by us, we may be forced to participate in interference proceedings to determine priority of invention. Litigation and participation in such proceedings could result in substantial costs and diversion of our efforts, even if the eventual outcome is favourable to us. Litigation could also subject us to significant liabilities to third parties, require disputed rights to be licensed from third parties or require us to cease using certain technology. If we become involved in any patent litigation, interference, opposition or other administrative proceedings, we will incur substantial expense and the efforts of our technical and Management personnel will be significantly diverted. As a result of such litigation or proceedings we could lose our proprietary position and be restricted or prevented from manufacturing our products, incur significant damage awards, including punitive damages, or be required to seek third-party licenses that may not be available on commercially acceptable terms, if at all. In addition, we may lack the resources, whether financial or otherwise, to monitor, prosecute and enforce our intellectual property rights.

Host Industry Risks and Dependence on Hosts

Our operations are exposed to the same industry risks faced by Hosts. These risks include the risk of diseases such as BSE, avian flu or hoof and mouth disease. New regulations resulting from these diseases may have a negative impact on Hosts and, as a consequence, our operations. If any area in which we operate is affected by these diseases, our plants may be shut down or substantially impeded in their operation which could have a material adverse effect on our business and financial condition. Risks faced by Hosts do include those risks associated with cattle, dairy or poultry operations, as the case may be; including weather, pricing and availability of other inputs, product prices and all other matters affecting their commercial operation and viability.

We depend on our Hosts for the materials needed to manufacture organic matter fertilizers. It is expected that each plant will be dependent on a single Host and the loss of any such Host would result in a disruption in our production from such plant. If this were to occur, it may be difficult to arrange a replacement supplier, because our plants cannot easily be physically relocated. Our Hosts may encounter problems in providing us with an adequate supply of the inputs we require due to a variety of reasons, including failure to comply with applicable regulations and environmental factors. If our Hosts are unable to provide on a timely basis sufficient quantities of the inputs we depend on to manufacture our products or if we encounter delays or contractual or other difficulties in our relationships with our Hosts then the manufacture of our products may be disrupted, which could have a materially adverse effect on our operations, revenues and financial condition. We intend to enter into long term agreements with our Hosts; however there is no guarantee that such Hosts will be able to meet their commitments under such agreements nor is there any assurance that we will enter into a sufficient number of such long term agreements. Our Host agreements provide for the delivery to us of specified amounts of input for our plants. These required specified amounts may not be sufficient to operate our plants at expected or full rates and the Host may not be able to supply amounts in addition of the specified amounts. In these circumstances we may have to source additional inputs to operate at expected levels and there is no assurance we will be able to find additional input supply. Our Host agreements provide that in certain circumstances, including in unusually wet weather conditions, or, after an initial five year period in the case where the Host is unable to operate at a profit and so reduces the number of cattle maintained at its site, the host is excused from its obligations to provide input to our plants. In addition, as our plants will be located on property we will lease from our Hosts, we may become liable for a failure by our Hosts, or any other Person owning the real property upon which our plants are located, to comply with environmental laws and regulations.

Dependence on Single Plant

We currently depend on a single plant to manufacture our product and generate revenue. All of our anticipated revenue for at least the next 24 months will be derived from product and electricity that we produce at our Strathmore Plant. Our Strathmore Plant is not operating at its base load production level. If our Strathmore Plant does not operate as planned, or does not reach its targeted base load production level, we may need to incur additional expense and spend additional time to increase production at that plant, which may temporarily reduce production levels and increase production costs. We must complete emissions upgrades in accordance with Alberta regulatory requirements at our Strathmore Plant before August 31, 2010. If we are not able to complete the upgrades before then, we may be required to halt operations until they are completed. Any failure of our Strathmore Plant to produce product at anticipated cost and/or production level would adversely affect our ability to build other planned plants based on the technology and processes employed at our Strathmore Plant. Such failure would have a material adverse effect on our business and financial condition. We are using product from our Strathmore Plant to develop our market in the California market. Any disruption in our ability to produce fertilizer at our Strathmore Plant may adversely affect our ability to expand our operations in California and to execute our expansion strategy.

Current Economic Conditions

The recent global financial crisis has tightened liquidity in the financial markets. These conditions may adversely affect the ability of EarthRenew to obtain debt or equity financing on terms acceptable to EarthRenew or at all. This global financial crisis has also resulted in significant volatility in commodity prices, including fertilizer. Macro-economic conditions may have a significant effect on the operating conditions of our suppliers, Hosts and other key partners which will impact our business.

Availability of Hosts and Relationships with Industry Participants

Our business plan contemplates building, commissioning and operating many new plants which will require us to secure many new Hosts. There are numerous prerequisites to an optimal host site. A supply of natural gas and water must be available, and the site must have an available electrical grid which is sufficiently robust. There must be a minimum number of animals, and other operating conditions including climate must be considered. In addition, we must be able to obtain required permits and enter into power purchase arrangements with the applicable power utility. Under the Host agreement for our Kings County Plant, we must commence construction of the plant by January 9, 2011 and complete construction within 24 months or the Host can terminate the agreement. There can be no assurance we will be able to secure Hosts at the rate needed to fulfill growth plans. Future growth will also depend on our ability to maintain close working relationships with agricultural industry participants. These relationships are subject to change and may impair our ability to grow.

Construction Risks

Our business plan contemplates designing building, commissioning and operating many new plants. These new plants are in various stages of planning and development. Construction and commissioning of new plants is subject to risks of delays and budget overruns. Risks include: the availability of equipment, services and personnel equipment failures, labour disputes, work stoppages, equipment delivery delays, adverse weather conditions, transportation constraints, construction change orders, site changes and other unforeseen difficulties. We must also obtain numerous regulatory approvals and permits to construct and operate new plants. These requirements may not be satisfied in a timely manner or at all.

Construction costs may increase. We have not entered into construction contracts for our planned plants that might limit exposure to higher costs in completing new plants. We may not be able to secure the services or products of the necessary contractors, engineering firms, construction firms and equipment suppliers on a timely basis or on acceptable financial terms.

Volatility of Electricity and Natural Gas Prices

Our future revenue will be dependent on the market prices of electricity and natural gas. The market rates of electricity and natural gas may be affected by changes in regulations and government policy and in demand and capacity supply, including cyclical changes, as well as the overall economy. Electricity markets are subject to regulatory developments within the jurisdictions in which we operate (or intend to operate) or sell electricity and other external factors outside our control, which developments or factors may negatively impact electricity markets, pricing,

transmission development and investment. This volatility may have a material adverse effect on our business and financial condition.

To the extent that electricity prices do not increase in tandem with any future increases in natural gas prices our operating results will be adversely affected as we will not be able to sell the electricity produced by our plants at levels sufficient to offset a majority of the cost of the natural gas we will have to purchase to power our plants.

Government Regulation

Our operations will be subject to a variety of federal, provincial, state and local laws, regulations, and guidelines, including laws and regulations relating to health and safety, manure management, production and sale of fertilizers, including for organic farming use, the conduct of operations, the protection of the environment, the operation of equipment used in our operations, the sale of electricity and the transportation and the import and export of our products. We believe that we are currently in compliance with such laws and regulations. We intend to invest financial and managerial resources to ensure such compliance in the future. Although such expenditures historically have not been material, such laws or regulations are subject to change. Accordingly, it is impossible for us to predict the cost or impact of such laws and regulations on our future operations.

Organic Approvals

To sell our fertilizer for use in certified organic crop production we are reliant on being approved for such use by various approval agencies in accordance with applicable regulatory standards. Our products are currently approved for use in certified organic crop production in the U.S. and Canada. There can be no assurance that we will be able to obtain approval for use of our products for organic agriculture in, or export to, other countries, in particular in Europe. In the U.S. EarthRenew products are approved for unrestricted use in certified organic crop production by the Washington State Department of Agriculture (WSDA) until July 1, 2010 and EarthRenew expects to receive renewal approvals for its products in June, 2010, with those approvals effective July 1, 2010. These approvals expire on an annual basis. An inability to renew this approval for use of our products in U.S. certified organic crop production would mean our product could not be sold in this sector and it could have a material adverse effect on our business and operations. The loss or inability to renew, an approval to use our products in organic agriculture from an approval agency, or the loss of acceptance by any ACA of any of our products, or of the agencies that have approved our products for use, could have a material adverse effect on our business and operations.

Operating Risks and Insurance

Our operations will be subject to hazards inherent in the fertilizer manufacturing and sale and electrical generation industries, such as labour disruptions and unscheduled downtime, equipment defects, malfunctions and failures, loss of product in processing, and natural disasters, that can cause personal injury, loss of life, suspension of operations, damage to plants, business interruption and damage to or destruction of property, equipment and the environment. These risks could expose us to substantial liability for personal injury, wrongful death, property damage, pollution, and other environmental damages and the imposition of civil or criminal penalties. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators. In the event of equipment defects, malfunctions or failures, there can be no assurance that supplier warranties will be effective to compensate us for our losses.

We will continuously monitor our activities for quality control and safety. However, there are no assurances that our safety procedures will always prevent the damages described above. Although we will maintain insurance coverage that we believe to be adequate and customary in the industries in which we operate, there are no assurances that such insurance will be adequate to cover all liabilities. In addition, there are no assurances that we will be able to maintain adequate insurance in the future at rates we consider reasonable and commercially justifiable. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits, or a claim at a time when we are not able to obtain liability insurance, could have a material adverse effect on our ability to conduct normal business operations.

Defects in our products or failures in quality control could impair our ability to sell our products or could result in product liability claims, litigation and other significant events with substantial additional costs. Detection of any significant defects in our products or failure in our quality control procedures may result in, among other things loss of sales and market acceptance of our products, diversion of development resources and injury to our reputation. The costs

we may incur in correcting any product defects may be substantial. Additionally, errors, defects or other performance problems could result in financial or other damages to our customers, which could result in litigation. Product liability litigation, even if we prevail, would be time consuming and costly to defend. Our product liability insurance may not be adequate to cover claims.

Environmental and Regulatory Risk

Our operations are subject to environmental risks and regulatory compliance and there are no assurances that our plants will be in compliance with all regulatory requirements. New or amended environmental laws and regulations may require us to curtail or stop operations at one or more of our plants, or may require expenditures by us to install environmental control equipment or modify operations. Failure to comply could subject us to fines or penalties.

There can be no assurances that we will not experience difficulties in our efforts to comply with such laws and regulations in future years, or that the costs associated with our continued compliance efforts will not have a material adverse effect on our business and financial condition. The ability to use our product in organic agriculture is a key component to the marketability of such product. Should any regulatory body prohibit organic matter fertilizers for use in organic agriculture it would materially adversely affect the marketability of our products.

Inability to Adapt or Incorporate New Technological Processes

The development and implementation of new technologies may result in a significant reduction in the costs of fertilizer production. Technological advances by other fertilizer producers in methods to convert minerals, green wastes, biosolids and manures into fertilizer could increase efficiency and decrease the cost of production, which could increase competition. In addition, we rely on animal manure as an input to our process. The development of new technologies that utilize manure may increase competition for manure which could limit our access to manure and increase our costs. We cannot predict when new technology may become available, the rate of acceptance of new technologies by our competitors or the costs associated with new technologies. It is also possible that we may not be able to incorporate new technological processes into our production process which could place us at a competitive disadvantage.

Cross Contamination

Although our high heat process of up to 1,000 Fahrenheit degrees destroys pathogens there is no assurance our product will not be associated with a pathogen outbreak due to cross contamination with other crop inputs. Although we attempt to restrict the use of our product with potentially risky inputs such as manures and composts, there can be no assurance that growers will not use our product in combination with these inputs. Association with a pathogen outbreak could damage our reputation and cause us to become involved in costly and time-consuming legal or regulatory proceedings which would divert the attention of Management and key personnel from our business operations, which could adversely affect our business.

Sales Cycle

EarthRenew is affected by seasonality risk due to weather and the potential buying patterns of major customers. Our revenue may be affected by these buying patterns, notably a potential slowdown in sales over the winter and early spring.

Personnel and Strategic Allies

The successful operation of our business will depend upon the abilities, expertise, judgment, discretion, integrity and good faith of our Management, executive officers, general managers, employees, consultants and strategic allies. In addition, our ability to expand will depend upon our ability to attract qualified personnel as needed, including marketing, sales and operational personnel. The demand for skilled employees is high, and the supply can be limited, particularly in the Alberta market. The unexpected loss of our key personnel or strategic partners, or the inability to retain or recruit skilled personnel could have a material adverse effect on our business and financial condition.

Marketing and Distribution Expertise

Achieving market success will require substantial marketing efforts and the expenditure of funds to inform potential customers of the distinctive benefits and characteristics of our fertilizer. Our long term success will depend on our ability

to expand our current marketing capabilities. We will, among other things, need to attract and retain experienced marketing and sales personnel. No assurance can be given that we will be able to attract and retain such personnel or that any efforts undertaken by such personnel will be successful.

Weather and Climate

Adverse weather conditions represent a very significant operating risk affecting our Hosts and customers for our products. Weather conditions affect the types of crops grown, the quality and quantity of production and the levels of farm inputs which, in turn, will affect demand for our products. Adverse weather conditions, such as drought or excessive rains, can result in both reduced production of the inputs we need to manufacture our products by our Hosts, reduced crop production by customers for our products and increased costs to operate our plants. During the winter and wet seasons we expect the amount of inputs produced by our Hosts to decline. A reduction in the production of the inputs we need to manufacture our products and/or crop input sales because of adverse weather conditions could have a material adverse effect on our operating results and financial condition.

Management estimates and assumptions

A number of matters set forth in this prospectus including, without limitation, engineering matters, energy efficiency, product performance and costs are based on certain assumptions and estimates made by Management. These estimates and assumptions may prove to be inaccurate.

Litigation Risks

We may become involved in, named as a party to, or the subject of, various legal proceedings, including the litigation described under "Legal Proceedings and Regulatory Actions" below as well as contract disputes, regulatory proceedings, tax proceedings and legal actions relating to intellectual property, product liability, personal injuries, property damage, property taxes, land rights, and the environment. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to us and as a result, could have a material adverse effect on our assets, liabilities, business, financial condition and results of operations. Even if we prevail in any such legal proceeding, the proceedings could be costly and time-consuming and would divert the attention of Management and key personnel from our business operations, which could adversely affect its financial condition. See "Risk Factors — Risks Relating to the Business — Intellectual Property" and "Risk Factors — Risks Relating to the Business — Operating Risks and Insurance".

Carbon Emission Credits

There is no assurance that any emissions credits will become available through our processing or the use of our fertilizer. Any emissions reductions have not been quantified or verified under any emissions credits regime. We may be adversely affected by any change in existing or future national, federal or local policies with respect to the legislation of, prohibition of, or administrative actions in respect of carbon emission credits trading. In addition, carbon emission credits are created through enactment of domestic and international law, which is subject to amendment and, accordingly, can directly impact the price and value of carbon emission credits and overall market performance. As a result, the market for carbon emission credits may be adversely affected or completely eliminated in the event that such legislation is amended. The rules governing the creation of carbon emission credits and markets in some cases do not exist, in other cases are in varying states of development and where they exist, can be complex, which means that the requirements for quantification and verification may not be known, and has had the effect of creating illiquid markets and discouraging market participation, such as in the early years of the carbon emission credits market. There are a substantial number of organizations that are involved in emission offset projects and there are a substantial number of organizations which, either by compulsion or by voluntary means, may wish to reduce their net emissions. However, there is no certainty that this demand will be met through the kinds of carbon emission credit markets in which we would participate. For example, organizations wishing to reduce their net emissions may not choose to purchase carbon emission credits, instead choosing alternative methods of reducing net emissions including the use of alternative power sources, the installation of emission reducing apparatus and the adoption of changes to working practices.

It is possible that carbon emission credits, which are currently available for purchase in the market, may be superseded by more sophisticated forms of instruments that may, as a result, lower the market value of any or all of the carbon emission credits then held by us.

Additional Financing

We are dependent on capital markets to provide the needed levels of equity and debt capital to fulfill our growth plans. We intend to fund a portion of our expenditures with debt financing. There are no assurances that such capital will be available or that the terms of such capital will be favourable to us.

There are no assurances that we will be able to secure additional financing for future operations or expansion. Additional financing may not be available, or may not be available on favourable terms. Where additional financing is raised by the issuance of Common Shares or securities convertible into Common Shares, control of EarthRenew may change and shareholders may suffer dilution to their investment. We intend to fund a portion of future expenditures with debt, which may increase our debt levels above industry standards. The level of our indebtedness from time to time could impair our ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Credit Risk

A substantial portion of our accounts receivable will be with customers involved in the agricultural industry whose revenues may be impacted by fluctuations in commodity prices and all other factors affecting the economics of the agricultural industry. Collection of these receivables could be influenced by economic factors affecting the agricultural industry as a whole.

Conflicts of Interest

There may be situations in which the interests of the directors and Management of, and consultants to, EarthRenew may conflict with those of EarthRenew. Any conflicts will be resolved in accordance with the provisions of applicable corporate and securities laws.

Foreign Exchange and Interest Rates

We incur costs in United States dollars, particularly in relation to equipment and parts purchased from the United States. Accordingly, we are subject to risk from fluctuations in the rates of currency exchange between the United States dollar and Canadian dollar, and such fluctuations may materially affect our business and financial condition. As a portion of our sales are projected to be made in U.S. dollars, currency fluctuations may adversely affect our revenues.

Disclosure and Internal Controls

Although we have and will continue to take actions to ensure appropriate internal control and disclosure measures, there are inherent limitations in our ability to control all circumstances. We do not expect that our internal controls and disclosure controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be relative to their costs. There are always inherent limitations to a control system, which include, but are not limited to, faulty decision-making and simple errors or mistakes. Additionally, controls can be circumvented by individual acts, or by two or more persons acting together, or by Management overriding controls. The design of any system of controls is based in part upon assumptions as to the likelihood of future events, and there can be no assurance that any design will succeed in avoiding all error and fraud that may occur under future conditions, particularly those that are unforeseeable.

Absence of History as a Public Corporation

Our Management have limited experience operating a public entity. To operate effectively, we will be required to improve and expand our information systems and develop, manage and train Management and other employees to comply with on-going public company requirements. Failure to take such actions, or delay in the implementation thereof, may have a material adverse effect on our business and financial condition.

Absence of Cash Dividends

We currently intend to retain our future earnings, if any, for the foreseeable future, to repay future indebtedness and to fund the development and growth of our business. We do not intend to pay any dividends in the foreseeable future to

holders of our Common Shares. As a result, capital appreciation in the price of our Common Shares, if any, will be your only source of gain on an investment in our Common Shares.

Catastrophic Event Risk

Our operations are exposed to potential damage, including partial or full loss, resulting from disasters such as an earthquake, hurricane, fire, explosion, flood, severe storm, terrorist attack or other comparable events. Our plants could be exposed to effects of severe weather conditions, natural disasters and potentially catastrophic events such as a major accident or incident at our plants. A pandemic or an assault or an action of malicious destruction, sabotage or terrorism committed at our plants or with respect to our fertilizer could also disrupt our ability to produce and sell fertilizer. The occurrence of a significant event that disrupts the ability of our plants to produce fertilizer for an extended period could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to the Offering

Market Volatility

The market price of the Common Shares and Warrants could fluctuate significantly, and purchasers may not be able to resell their Common Shares and Warrants at or above the Offering price. Those fluctuations could be based on various factors in addition to those otherwise described in this prospectus, including:

- our operating performance;
- the public's reaction to press releases, other public announcements and filings with Canadian securities regulatory authorities;
- changes in earnings estimates or recommendations by research analysts who follow us or other companies in our industries;
- the number of shares available for future sale;
- the passage of legislation or other regulatory developments affecting us or our industries;
- the arrival or departure of key personnel;
- general economic, political and market conditions; and
- other developments affecting us, our industries or our competitors.

A decline in the market price of the Common Shares and Warrants could cause investors to lose some or all of their investment and may adversely impact our ability to attract and retain employees and raise capital. In addition, shareholders may initiate securities class action lawsuits if the market price of the Common Shares and Warrants drops significantly, which may cause us to incur substantial costs and could divert the time and attention of Management.

Principal Shareholders

EarthRenew's executive officers will beneficially own or control approximately ● % and Luxor Capital Partners LP will beneficially own or control approximately ● % of the Common Shares (after giving effect to the Consolidation, the Conversion and the Offering). Consequently, even after the Offering, these shareholders will likely be able to influence the composition of the Board and retain the voting power to approve some matters requiring shareholder approval. The interests of these shareholders may be different than the interests of other shareholders on these matters. The concentration of ownership could also have the effect of delaying or preventing a change in control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which in turn could reduce the price of the Common Shares.

Future Sales

Upon the completion of the Offering, our existing shareholders will collectively beneficially own, directly or indirectly, or exercise control or direction over, approximately ● % of the issued and outstanding Common Shares (● % of the issued and outstanding Common Shares if the Over-Allotment Option is fully exercised). If any of our existing shareholders sell a substantial number of Common Shares in the public market, the market price of the Common Shares and Warrants may fall. In addition, the perception by the public that such sales may occur could also cause such effect.

We may issue additional Common Shares or other securities in the future, which may dilute a shareholder's holdings in EarthRenew. Our articles permit the issuance of an unlimited number of Common Shares and Preferred Shares, issuable in series, and shareholders will have no pre-emptive rights in connection with such further issuances. Our directors have the discretion to determine the provisions attaching to any series of Preferred Shares and the price and the terms of issue of further issuances of Common Shares. Also, additional Common Shares will be issued by us on the exercise of Options, Founders' Options, broker warrants and upon the vesting of the RSUs.

Dilution

Some prior investors have paid substantially less per share for Common Shares than the Offering price. Accordingly, if you purchase Units in the Offering at a price of \$ ● per Unit, you will experience immediate and substantial dilution of \$ ● on an adjusted net tangible book value per Common Share, calculated as of March 31, 2010, because the price that you pay will be substantially greater than the as adjusted net tangible book value per Common Share of the shares you acquire.

Absence of Prior Public Market

Prior to the Offering, there has been no public market for the Common Shares or Warrants. An active and liquid market for the Common Shares and Warrants may not develop following the completion of the Offering or, if developed, may not be maintained. If an active public market does not develop or is not maintained, investors may have difficulty selling their Common Shares or Warrants. Further, there are no directly comparable public companies. The Offering price will be determined by negotiation between us and the Underwriters and may bear no relationship to the price at which the Common Shares and Warrants will trade in the public market subsequent to the Offering.

Allocation of Purchase Price

There can be no assurance that the allocation of the purchase price of Units between the Common Shares and Warrants as contemplated herein will be viewed by the CRA or a court as being reasonable.

MATERIAL CONTRACTS

The only contracts entered into by us or any of our subsidiaries within the past two years that can reasonably be regarded as material to an investor in the Common Shares, other than contracts entered into in the ordinary course of business, are as follows:

1. The Underwriting Agreement described under "Plan of Distribution".
2. The Special Warrants. See "Description of Securities — Additional Securities Outstanding — Special Warrants".
3. The Unsecured Convertible Debentures held by Luxor Capital Group LP and its affiliates. See "Description of Securities — Additional Securities Outstanding — Unsecured Convertible Debentures".
4. The Secured Convertible Debentures held by Luxor Capital Group LP and its affiliates. See "Description of Securities — Additional Securities Outstanding — Secured Convertible Debentures".
5. The Warrant Indenture. See "Description of Securities Offered".

EXPERTS

Certain legal matters relating to the Common Shares will be passed upon on our behalf by Bennett Jones LLP and on behalf of the Underwriters by Fraser Milner Casgrain LLP. None of Bennett Jones LLP, Fraser Milner Casgrain LLP or any associate or partner thereof has received or will receive a direct or indirect interest in the property of EarthRenew. The partners and associates of Bennett Jones LLP, as a group and the partners and associates of Fraser Milner Casgrain LLP, as a group, own, directly or indirectly, less than 1% of our securities.

Our auditor is Ernst & Young LLP, Chartered Accountants, 440 – 2nd Avenue S.W., Calgary, Alberta. Ernst & Young LLP has advised us that it is independent of us within the rules of professional conduct of the Institute of Chartered Accountants of Alberta.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To our knowledge, other than as set out below, there are no legal proceedings and regulatory actions material to EarthRenew to which we are a party or of which any of our properties are the subject matter, nor are any such proceedings known by us to be contemplated.

Since incorporation, there have not been any penalties or sanctions imposed against us by a court relating to provincial and territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against us, and we have not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

We are currently involved in litigation with a U.S. agricultural retailer in respect of a series of contracts signed in 2009. These contracts included the sale of 1,500 tons of our fertilizers, followed by offtake and exclusive rights contracts signed in May 2009. The retailer has commenced litigation to declare these contracts to be of no effect. EarthRenew has counterclaimed against this retailer and is seeking damages for breach of contract and tortious conduct.

The Corporation is involved in a contractual dispute with the general contractor that provided construction services for the Strathmore Plant.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this prospectus, none of our Directors, officers or principal shareholders, and no associate or affiliate of any of them, has or has had any material interest in any transaction which materially affects us.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Common Shares, Warrants and Series B Preferred Shares is Computershare Trust Company of Canada at its offices in Calgary, Alberta and Toronto, Ontario.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Bennett Jones LLP, counsel for the Corporation, and Fraser Milner Casgrain LLP, counsel to the Underwriters, the following summary describes the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder (a "**Holder**") who acquires Units (each consisting of one Common Share and one-half of a Warrant) and who, for purposes of the Tax Act and at all relevant times, holds such securities as capital property and deals at arm's length with and is not affiliated with the Corporation or the Underwriters. Generally, Common Shares and Warrants would be considered to be capital property to a Holder provided that the Holder does not hold the Common Shares and Warrants in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder (i) that is a "financial institution", as defined in the Tax Act, for purposes of the mark-to-market rules, (ii), that is a "specified financial institution", as defined in the Tax Act, (iii) an interest in which would be a "tax shelter investment" as defined in the Tax Act, or (iv) that has made a functional currency reporting election for purposes of the Tax Act. Such Holders should consult their own tax advisors.

This summary is based upon the current provisions of the Tax Act in force as of the date hereof, and counsel's understanding of the current published administrative and assessing practices and policies of the Canada Revenue Agency (the "CRA"). This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, there can be no assurance that the Proposed Amendments will be enacted in their current form or at all. This summary does not otherwise take into account or anticipate any changes in the law or administrative or assessing practice or policy of the CRA whether by legislative, regulatory, administrative, or judicial action, nor does it take into account tax legislation or considerations of any province, territory, or foreign jurisdiction, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal, business or tax advice to any particular Holder. This summary is not exhaustive of all federal income tax considerations. Accordingly, Holders should consult their own tax advisors having regard to their own particular circumstances.

Allocation of Cost of Units

Holders will be required to allocate the aggregate cost of the Unit between the Common Share and the one-half of a Warrant on a reasonable basis in order to determine their respective costs for purposes of the Tax Act. The Corporation intends to allocate \$ ● to each Common Share and \$ ● to the one-half of a Warrant. The Corporation believes that such allocation is reasonable but such allocation will not be binding on the CRA or a Holder.

Cost of Common Shares acquired under Offering and Exercise of Warrants

The adjusted cost base to a Holder of Common Shares acquired pursuant to the Offering and on the exercise of a Warrant will be determined by averaging the cost of the Common Shares so acquired with the adjusted cost base to the Holder of all Common Shares held by the Holder as capital property immediately prior to such acquisition or exercise of a Warrant, as the case may be.

Residents of Canada

The following portion of the summary applies to Holders who at all relevant times are resident or deemed to be resident in Canada for the purposes of the Tax Act (a "**Resident Holder**"). Certain Resident Holders whose Common Shares might not otherwise be capital property, may, in certain circumstances, be entitled to have the Common Shares and every other "Canadian security", as defined in the Tax Act, owned by such Resident Holders in the taxation year of the election and in all subsequent taxation years deemed to be capital property by making the irrevocable election permitted

by subsection 39(4) of the Tax Act. This election does not apply to Warrants. Resident Holder's should consult their own tax advisors regarding this election.

Exercise or Expiry of Warrants

No gain or loss will be realized by a Resident Holder upon the exercise of a Warrant to acquire a Common Share. When a Warrant is exercised, the Resident Holder's cost of the Common Share acquired thereby will be equal to the aggregate of the Resident Holder's adjusted cost base of such Warrant and the exercise price paid for the Common Share.

The expiry of an unexercised Warrant will generally result in a capital loss to the Resident Holder equal to the adjusted cost base of the Warrant to the Resident Holder immediately before its expiry. See discussion below under the heading "*Capital Gains and Capital Losses*".

Taxation of Dividends

A Resident Holder will be required to include in computing its income for a taxation year any dividends received, or deemed to be received, by the Resident Holder on the Common Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit provisions where the Corporation designates the dividend as an "eligible dividend". A dividend received or deemed to be received by a Resident Holder that is a corporation will generally be deductible in computing the corporation's taxable income.

Certain corporations, including "private corporations" and "subject corporations" (as such terms are defined in the Tax Act), will generally be liable to pay a refundable tax under Part IV of the Tax Act at the rate of 33⅓% on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing taxable income for the year.

Dispositions of Common Shares and Warrants

A Resident Holder who disposes of or is deemed to dispose of a Common Share or a Warrant (other than on the exercise thereof) generally will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base to the Resident Holder of such Common Shares or Warrants, as the case may be, immediately before the disposition or deemed disposition. The taxation of capital gains and losses is described below under the heading "*Capital Gains and Capital Losses*".

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized by the Resident Holder in such taxation year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a particular taxation year against taxable capital gains realized by the Resident Holder in the year. Allowable capital losses not deducted in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of any dividends received or deemed to be received by such Resident Holder on the Common Share subject to and in accordance with the provisions of the Tax Act. Similar rules may apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

A Resident Holder that is a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay an additional 6⅔% refundable tax on certain investment income, including taxable capital gains.

Alternative Minimum Tax

Capital gains realized and dividends received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act.

Non-Residents of Canada

The following portion of the summary applies to Holders who, at all relevant times, for purposes of the Tax Act and any applicable income tax convention, are not, and are not deemed to be resident in Canada and do not use or hold, and will not be deemed to use or hold, the Common Shares or Warrants in a business carried on in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a Holder that is an insurer that carries on an insurance business in Canada and elsewhere. Such Holders should consult their own tax advisors.

Exercise or Expiry of Warrants

No gain or loss will be realized by a Non-Resident Holder upon the exercise of a Warrant to acquire a Common Share. When a Warrant is exercised, the Non-Resident Holder's cost of the Common share acquired thereby will be equal to the aggregate of the Non-Resident Holder's adjusted cost base of such Warrant and the exercise price paid for the Common Share.

The expiry of an unexercised Warrant will generally result in a capital loss to the Non-Resident Holder equal to the adjusted cost base of the Warrant to the Non-Resident Holder immediately before its expiry. Such capital losses will not be recognized under the Tax Act unless the Warrant constitutes or is deemed to constitute "taxable Canadian property" to the Non-Resident Holder. See "*Disposition of Common Shares and Warrants*" below.

Taxation of Dividends

Dividends paid or deemed to be paid to a Non-Resident Holder on the Common Shares will be subject to Canadian withholding tax under the Tax Act. The rate of withholding tax is 25% of the gross amount of the dividend, although such rate may be reduced under the provisions of an applicable income tax convention between Canada and the Non-Resident Holder's country of residence. In the case of a Non-Resident Holder who is a resident of the United States and entitled to benefits under the current provisions of the Canada-United States Income Tax Convention (1980), as amended, the rate of withholding tax on such dividends will generally be reduced to 15%.

Dispositions of Common Shares and Warrants

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of any gain realized on the disposition or deemed disposition of a Common Share or Warrant, unless the Common Share or Warrant constitutes "taxable Canadian property" of the Non-Resident Holder. Provided the Common Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSXV) at the relevant time, the Common Shares and Warrants will not constitute "taxable Canadian property" to a Non-Resident Holder unless the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal with at arm's length, or the Non-Resident Holder together with such persons have owned 25% or more of any class or series of shares of the Corporation at any time during the 60 month period that ends at the particular time, or the Common Shares or Warrants are otherwise deemed to be taxable Canadian property.

A Non-Resident Holder's capital gain (or capital loss) in respect of any Common Shares or Warrants that constitute or are deemed to constitute taxable Canadian property (and are not "treaty-protected property" as defined for purposes of the Tax Act) will generally be computed in the manner described above under the headings "*Residents of Canada — Dispositions of Common Shares and Warrants*" and "*Capital Gains and Capital Losses*". Non-Resident Holders whose Common Shares or Warrants are taxable Canadian property should consult their own tax advisors.

ELIGIBILITY FOR INVESTMENT

In the opinion of Bennett Jones LLP, counsel to EarthRenew, and Fraser Milner Casgrain LLP, counsel to the Underwriters, subject to the provisions of any particular plan, the Common Shares and Warrants will, if, as, and when listed on a "designated stock exchange" within the meaning of the Tax Act (which includes the Toronto Stock Exchange),

be qualified investments under the Tax Act and the regulations thereunder, as in effect on the date hereof, for a trust governed by a registered retirement savings plan, a registered education savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account (a "TFSA"). Notwithstanding that the Common Shares and Warrants may be a qualified investment for a trust governed by a TFSA, the holder of a TFSA will be subject to a penalty tax on the Common Shares held in the TFSA if such Common Shares are a "prohibited investment" for the purposes of section 207.01 of the Tax Act. The Common Shares and Warrants will generally be a "prohibited investment" if the holder of the TFSA does not deal at arm's length with EarthRenew for the purposes of the Tax Act or the holder of the TFSA has a "significant interest" (as defined in the Tax Act) in EarthRenew or a corporation, partnership or trust with which EarthRenew does not deal at arm's length for the purposes of the Tax Act. Such holders are urged to consult their own tax advisors.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

PROMOTER

Christianne Carin may be considered to be the promoter of EarthRenew by reason of her taking the initiative in organizing the business and affairs of EarthRenew. See "The Business of EarthRenew — Corporate History" and "Principal Shareholders".

AUDITOR'S CONSENT

We have read the prospectus of EarthRenew Corporation (the "Corporation"), dated ●, 2010, qualifying the distribution of ● units of the Corporation. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the directors of the Corporation, on the consolidated balance sheets of the Corporation as at December 31, 2009 and 2008 and the consolidated statements of loss and comprehensive loss and deficit, cash flows and shareholders equity for each of the years in the three-year period ended December 31, 2009. Our report is dated March 31, 2010 (except as to note 23 which is as of ●, 2010).

Chartered Accountants

Calgary, Alberta

●, 2010

APPENDIX "A" RESEARCH TRIALS

The information below is a summary of the more detailed information contained in the research reports relating to each of the research trials summarized below; see the full text of the research reports, which are available at www.SEDAR.com, for more information.

Produce Research Results

Research in the United States

Spinach Field Research, Central Arizona

University of Arizona, Maricopa County Cooperative Extension 2008 (#1)

In late 2008, the University of Arizona, Maricopa County Cooperation Extension undertook field research trials for comparison of multiple applications of chemical fertilizers used in a conventional program with a single pre-plant application of the EarthRenew organic matter fertilizer in spinach production.

Prior to fertilizer application, pre-plant soil analysis was conducted for nitrogen, phosphorus, potassium, calcium, magnesium and pH. Spinach was grown according to conventional grower production practices with respect to irrigation, cultural and pest management. The conventional chemical fertilizer 11-52-0 was spread as a pre-plant application of 500 pounds per acre. A second application of 11-52-0 at 500 pounds per acre was made mid-season. EarthRenew organic matter fertilizer was soil incorporated following broadcast spreading at 2 and 4 tons per acre at pre-plant. Spinach was seeded in November 2008.

The research concluded that both of the EarthRenew organic matter fertilizer one time application rates resulted in significantly higher production than the conventional chemical fertilizer two applications of 11-52-0. The difference was approximately a 28% increase at the 4-ton per acre rate and just under a 21% higher production of spinach at the 2-ton per acre rate compared to the conventional fertilizer application. The overall appearance of the spinach was similar in all treatments. In conclusion, the research stated EarthRenew organic matter fertilizer demonstrated in this study that it is a product that has the capability to produce quality spinach in both the organic and conventional spinach production arenas.

Spinach Field Research, Southwest Arizona

University of Arizona, Yuma County Cooperation Extension, 2008 (#2)

In late 2008, field research trials were also undertaken by the Yuma County Cooperative Extension of the University of Arizona. These trials were a relative comparison of a conventional fertilization program with a pre-plant application only of the EarthRenew organic matter fertilizer. Prior to fertilizer application, pre-plant soil analysis for nitrogen and phosphorus was determined. Leaf spinach was grown according to conventional grower production practices with respect to irrigation, cultural and pest management from October 10 to December 10, 2008. Conventional pre-plant procedures were a fertilizer application of 11-52-0 of 500 pounds per acre at pre-plant with and without zinc. EarthRenew organic matter fertilizer was incorporated in the soil following broadcast spreading at 2 and 4 tons per acre at pre-plant.

The conventional nutrient management schemes and the EarthRenew organic matter fertilizer performed quite similarly. The conventional method produced approximately 2.4 kilograms per meter (approximately 2.6 kilograms per meter with zinc) while EarthRenew organic matter fertilizer at 2 tons per acre produced approximately 2.8 kilograms per meter. EarthRenew organic matter fertilizer at 4 tons per acre produced approximately 1.9 kilograms per meter. It is not clear why the higher rate of the EarthRenew organic matter fertilizer produced slightly lower yields and leaf size.

Carrot Field Research, Central Arizona

University of Arizona, Maricopa County Cooperative Extension 2008

In late 2008, the University of Arizona Maricopa County Cooperation Extension undertook field research trials in Central Arizona for comparison of multiple applications of chemical fertilizers used in a conventional program with a single pre-plant application of the EarthRenew organic matter fertilizer in carrot production.

Prior to fertilizer application, pre-plant soil analysis was conducted for nitrogen, phosphorus, potassium, calcium, magnesium and pH. Carrots were grown according to conventional grower production practices with respect to irrigation, cultural and pest management. The conventional chemical fertilizer 11-52-0 was spread as a pre-plant application of 500 pounds per acre and incorporated into the soil at bed shaping time. A second application of 500 pounds per acre of 11-52-0 was made at mid-season. EarthRenew organic matter fertilizer was incorporated once into the soil following broadcast spreading at 2 and 4 tons per acre at pre-plant. Carrots were seeded in mid-November and grown under normal conditions.

The researcher in these carrot field trials found that the 2-ton per acre application rate of EarthRenew organic matter fertilizer performed significantly better, with a 40% higher yield and color, than two applications of the conventional chemical fertilizer treatment. There was no difference observed in the yield of carrots between the conventional chemical application and the 4-ton per acre EarthRenew organic matter fertilizer application. The researcher observed that carrots in the 2-ton per acre application were a darker orange colour and had greater incidence of splitting than found in the other two treatments.

Broccoli Greenhouse Research, California State University, Fresno, 2008

EarthRenew engaged the California State University, Fresno to investigate the efficacy of EarthRenew organic matter fertilizer on broccoli in a greenhouse study. Soil for the pot trials was a sandy loam from the university fields. This experiment compared: (i) the typical grower practice of 180 pounds of chemical nitrogen (Urea Ammonium Nitrate ("UAN32")) per acre applied in 6 applications of 30 pounds per acre starting at 19 days after transplanting the broccoli; (ii) EarthRenew organic matter fertilizer alone applied at 120 pounds of nitrogen per acre; (iii) EarthRenew organic matter fertilizer alone applied at 180 pounds of nitrogen per acre; and (iv) a combination of 120 pounds of nitrogen per acre from EarthRenew organic matter fertilizer and 60 pounds of chemical nitrogen per acre from UAN32 (with 30 lbs per acre of UAN32 applied at 19 days and again at 33 days after transplanting). The EarthRenew organic matter fertilizer was applied as a one-time pre-transplant application.

For plants receiving a nitrogen fertilizer rate of 180 pounds per acre (treatments (i), (iii) and (iv)), there was no significant difference in the yield and size of broccoli as a result of the type of fertilizer used. Treatment (ii), which received only 120 pounds of nitrogen per acre from EarthRenew organic matter fertilizer alone, produced fewer florets than the other three treatments. There was no significant difference between any of the four treatments in terms of the size of the broccoli florets. Root and shoot weights (biomass) also showed no significant difference between treatments. As the EarthRenew organic matter fertilizer was only applied prior to transplanting, this one time application represents a potential saving in energy, fuel and labour requirements in comparison to the multiple chemical nitrogen (UAN) fertilizer applications traditionally used by broccoli growers in California.

Yields from the four treatments were approximately:

<u>i</u>	<u>ii</u>	<u>iii</u>	<u>iv</u>
<u>91 grams</u>	<u>72 grams</u>	<u>91 grams</u>	<u>95 grams</u>

Results for the study indicated that at 48 and 85 days after transplanting, the three treatments with EarthRenew organic matter fertilizer was significantly taller than the treatment with only UAN32. By the completion of bud initiation and during floret development, at 93 days after transplanting, there was no significant difference in height found between the treatments. At 55 days after transplanting, leaf nitrate levels, an indicator of sufficiency of nitrate levels in the plant, were highest in the two treatments to which only EarthRenew organic matter fertilizer was applied.

Conclusions from the researchers in this study were that there was no significant difference in the yield and size of broccoli because of the fertilizer type at the 180 pounds of nitrogen per acre application rate. That is, the EarthRenew organic matter fertilizer compared favorably to the conventional chemical fertilizer application used in the study. Additionally, since the EarthRenew organic matter fertilizer was applied once prior to transplanting, the EarthRenew organic matter fertilizer demonstrates a potential saving in energy, fuel and labor from a single application rather than multiple applications of conventional fertilizer.

Research in Canada

Potato Field Trials

Potatoes are a high value crop grown throughout the northern hemisphere, and have been selected by EarthRenew for evaluation of the efficacy of its organic matter fertilizer in their production. Potatoes require more than 150 pounds of nitrogen/acre/crop and leave virtually no organic matter for subsequent crops. EarthRenew organic matter fertilizer initiated field trials on potatoes in 2008 with Alberta Agriculture and Rural Development in Brooks, Alberta, to assess the response of Russet Burbank potatoes, which are processed for french fries, to its fertilizer. A second project was initiated in 2009 with the Canada-Saskatchewan Irrigation Diversification Centre in Outlook, Saskatchewan to assess the response of Norland potatoes, the dominant early maturing table potato variety, to EarthRenew organic matter fertilizer.

Alberta Agriculture and Rural Development, 2008 -2009

This project was established to evaluate yield and quality of Russet Burbank potatoes grown on field soil amended with various rates of the EarthRenew organic matter fertilizer. The study was completed over two years. In 2008, the following treatments were compared: (i) control, no fertilizers applied and had a background fertility of approximately 135 pounds per acre of nitrogen achieved through a combination of existing soil fertility and a pre-plant incorporation of fertilizer (96 pounds per acre of 11-51-10); (ii) 5 pounds per acre of chemical nitrogen, 25 pounds per acre of chemical potassium plus EarthRenew organic matter fertilizer applied at one tonne per acre incorporated pre-plant; (iii) 5 pounds per acre of chemical nitrogen, 25 pounds per acre of chemical potassium plus EarthRenew organic matter fertilizer applied at two tonnes per acre, incorporated pre-plant; (iv) 5 pounds per acre of chemical nitrogen, 25 pounds per acre of chemical potassium plus EarthRenew organic matter fertilizer applied 3 tonnes per acre, incorporated pre-plant; (v) EarthRenew organic matter fertilizer only applied at 3 tonnes per acre incorporated pre-plant; and (vi) simulated growers standard practice of 62 pounds per acre of chemical nitrogen, 30 pounds per acre of chemical potassium incorporated pre-plant plus 50 pounds per acre of chemical nitrogen top-dressed at hilling.

Results from the 2008 research were very positive. The treatments with 2 and 3 tonnes per acre of EarthRenew organic matter fertilizer applied to them, provided results similar to those for the simulated grower standard practice, with the 3 tonne per acre treatment without additional chemical nitrogen or potassium, resulting in the highest total and marketable yield. The application of EarthRenew fertilizer at 3 tonnes per acre, produced a total yield of 34.3 tonnes per acre and a marketable yield of 30.9 tonnes per acre whereas the treatment described as (vi) above, being the simulated growers standard practice, produced a total yield of 32.8 tonnes per acre and a marketable yield of 28.3 tonnes per acre. No significant differences were observed in potato quality parameters between the treatments with EarthRenew organic matter fertilizer and the check plots, in terms of internal discoloration, hollow heart, common scab and black scurf. This means that the EarthRenew organic matter fertilizer performed well in comparison with the typical grower program and as a fertilizer to replace some nitrogen and other nutrients otherwise provided by inorganic (chemical) fertilizers.

Yields from the six treatments were approximately:

	i	ii	iii	iv	v	vi
Total yield	30.7 tons/acre	31.0 tons/acre	31.8 tons/acre	31.6 tons/acre	34.3 tons/acre	32.8 tons/acre
Marketable yield.	27.2 tons/acre	27.3 tons/acre	28.5 tons/acre	27.6 tons/acre	30.9 tons/acre	28.3 tons/acre

As a result of the first year findings, the 2009 program was expanded to address the effect of EarthRenew organic matter fertilizer on: a) yield and quality of potatoes grown on soil amended with various rates of EarthRenew organic matter fertilizer; b) soil organic matter and soil fertility; c) petiole nitrate levels during the growing season; d) soil-moisture during the growing season; and e) the nitrogen use efficiency of the EarthRenew organic matter fertilizer. Treatments were applied in the field in May 2009.

In 2009, the following treatments were compared: (i) control had approximately 90 pounds per acre of nitrogen in the soil; (ii) 80 pounds per acre of chemical nitrogen and EarthRenew organic matter fertilizer applied at 2 tonnes per acre incorporated pre-plant; (iii) 137 pounds per acre of chemical nitrogen and EarthRenew organic matter fertilizer applied at 2 tonnes per acre incorporated pre-plant; (iv) 62 pounds per acre of chemical nitrogen and EarthRenew organic matter fertilizer applied at 4 tonnes per acre incorporated pre-plant; (v) 119 pounds per acre of chemical nitrogen and EarthRenew organic matter fertilizer applied at 4 tonnes per acre incorporated pre-plant; and (vi) simulated grower practice of 80 pounds per acre of chemical nitrogen and 40 pounds per acre of chemical phosphorus incorporated pre-plant and 75 pounds per acre of chemical nitrogen (urea) top-dressed at hilling.

The 2009 results show that there were no significant differences in total or marketable yield between treatments. The greatest yield and marketable yield were observed with the split urea (chemical nitrogen) treatment and when 2-tonnes per acre EarthRenew organic matter fertilizer was supplemented with urea to 100% of the recommended nitrogen rate. Leaf petiole nitrate levels, for all treatments, showed anticipated trends throughout the season. Petiole nitrates were highest in treatments where 100% of the recommended rate of nitrogen was supplied regardless of the source of nitrogen. Soil organic matter and soil fertility is currently undergoing analysis as is nitrogen use efficiency and soil-moisture during the growing season.

Yields from the six treatments were approximately:

	i	ii	iii	iv	v	vi
Total yield	23.8 tons/acre	22.9 tons/acre	29.1 tons/acre	26.6 tons/acre	23.6 tons/acre	27.4 tons/acre
Marketable yield	14.6 tons/acre	14.5 tons/acre	19.3 tons/acre	16.5 tons/acre	16.5 tons/acre	19.3 tons/acre

Two years of research has been completed to evaluate yield and quality of Russet Burbank potatoes grown on soil amended with various rates of EarthRenew organic matter fertilizer. In the first year it was found that 2-tons per acre and 3-tons per acre treatments provided results similar to those in a simulated Grower Standard Practice (GSP) treatment, that is, the EarthRenew organic matter fertilizer provided an alternative fertilizer practice for the potato grower. The 3-tons per acre treatment resulted in the highest total and marketable yield with specific gravity in a desirable range. The 2009 results show no significant differences in yield. The best yield was associated with 2-tons per acre organic matter fertilizer, plus chemical nitrogen to 100% of the recommended rate for potatoes in southern Alberta.

Potato Field Trials

Canada-Saskatchewan Irrigation Diversification Centre, Outlook Saskatchewan, 2009

This field study, conducted in the summer of 2009, was designed to determine the effectiveness of EarthRenew organic matter fertilizer as an amendment to improve soil properties and moisture holding capacity, and to supplement the nutrient needs (i.e., fertilizer replacement capacity) of a Norland variety potato crop. The objective of this study is particularly important, as potato is a shallow-rooted high nutrient requiring crop that requires favorable soil moisture conditions for successful tuber production. Nutrient deficiency and moisture stress can negatively impact both tuber yield and quality characteristics. EarthRenew organic matter fertilizer was applied to clay-loam soil at the rates of 0, 1.5 and 3.0 tonnes per acre in combination with a standard commercial rate of chemical fertilizer applied at the recommended rates of 200 kilograms of chemical nitrogen per hectare and 120 kilograms of chemical phosphorus per hectare and at 80%, 60% and 0% of these rates. A blanket application of 50 kilograms of chemical potassium was given to all treatments.

Results of this study conclude that:

- Application of EarthRenew organic matter fertilizer produced statistically significantly higher "total" and "marketable" tuber yields compared to treatments without the organic matter fertilizer. The corresponding yield increases were 8% for marketable yield and 6% for total yield (obtained with a combination of 1.5 tonnes per acre of EarthRenew organic matter fertilizer and 80% of the recommended chemical fertilizer).
- Application of 1.5 tonnes per acre and 3.0 tonnes per acre of EarthRenew organic matter fertilizer produced similar yields indicating that increasing the rate of EarthRenew organic matter fertilizer from 1.5 tonnes per acre to 3.0 tonnes per acre did not produce any added yield advantages.
- The highest marketable yield of 43.0 tonnes per hectare and total yield of 46.7 tonnes per hectare were obtained with a combined application of 1.5 tonnes per acre of EarthRenew organic matter fertilizer and 80% of the recommended chemical fertilizer, compared to applications of the recommended chemical fertilizer level without the addition of any EarthRenew organic matter fertilizer which yielded 39.4 tonnes per hectare marketable tubers and 44.4 tonnes per hectare total tubers.
- Application of higher rates of EarthRenew organic matter fertilizer improved soil nitrate-nitrogen levels at planting. The spring soil nitrate-nitrogen was highest for 3.0 tonnes per acre of EarthRenew organic matter fertilizer, intermediate for 1.5 tonnes per acre of EarthRenew organic matter fertilizer, and lowest for the control. There was very little residual nitrate-nitrogen in the soil at harvest time indicating that a considerable portion of the nitrogen was utilized by the crop. This confirms that potatoes are a high nitrogen requiring crop.

- Similar to nitrogen, phosphorus levels rose with each higher application rate of EarthRenew organic matter fertilizer. In contrast to nitrogen, there was a considerable amount of residual phosphorus in the soil at harvest, with increased soil phosphorus levels for higher EarthRenew organic matter fertilizer rates.
- Application of EarthRenew organic matter fertilizer did not appear to have any effect on soil potassium levels in the spring, with minimal change in the fall. The rate response of EarthRenew organic matter fertilizer on soil potassium levels was variable.
- Application of EarthRenew organic matter fertilizer improved the moisture holding capacity of soil throughout the growing season compared to treatments without EarthRenew organic matter fertilizer. EarthRenew organic matter fertilizer applied at 3 tonnes per acre did not result in improved moisture holding capacity compared to EarthRenew organic matter fertilizer applied at 1.5 tonnes per acre.
- There was no difference between EarthRenew organic matter fertilizer and growers standard chemical fertilizer on potato culinary properties such as tuber specific gravity; texture, colour, and flavour of baked potato; texture, colour, flavour, and sloughing of boiled potato; and after cooking darkening.

Celery Field Trials

Canada-Saskatchewan Irrigation Diversification Centre, Outlook, Saskatchewan, 2009

This study, conducted in 2009, was designed to examine the effectiveness of EarthRenew organic matter fertilizer as an amendment for improving soil properties, moisture holding capacity and the nutrient replacement potential with celery grown under drip irrigation. Celery (Utah-5270) was specifically chosen for this field study as it represents a high value vegetable grown on the Canadian prairies. Celery is a heavy feeder and poor forager of nutrients and is believed to be the most demanding for nutrients of the cool season vegetables. It is estimated that celery does best at 280 to 330 kilograms of nitrogen per hectare, 280 to 330 kilograms of phosphorus per hectare and 500 to 560 kilograms of potassium per hectare.

Treatments included four levels of EarthRenew organic matter fertilizer (0, 2, 4 and 6 tonnes per hectare) and three levels of chemical fertilizer (full rate, i.e. 300 kilograms of chemical nitrogen per hectare and 300 kilograms of chemical phosphorus per hectare; 75% of full rate; and 50% of full rate) applied to clay-loam soil. The study also included a control treatment to which no EarthRenew organic matter fertilizer was applied. Chemical potassium at 100 kilograms per hectare was applied to all EarthRenew organic matter fertilizer treatments. The crop was harvested at maturity. Heads were trimmed and cleaned according to Ontario Ministry of Agriculture Food and Rural Affairs standards (Farm Products and Grades Sales Act). Marketable heads consisted of Canada Grade 1 celery with a minimum stalk length of 12 inches, average minimum midrib length of 7 inches, and a minimum diameter of 2½ inches to 3 inches.

Results of this study conclude that:

- Under optimum irrigation and favourable soil moisture conditions, there appeared to be little benefit to amending soil with EarthRenew organic matter fertilizer with respect to soil moisture holding capacity. Soil moisture tension was lower for the 2.0 tonnes per hectare treatment than for the 4.0 and 6.0 tonnes per hectare treatments and the control and appeared to be the same for the higher applications of EarthRenew organic matter fertilizer and the control. Further work is needed to substantiate these results.
- Application of higher rates of EarthRenew organic matter fertilizer generally improved soil nitrate-nitrogen levels at planting. The spring (after the application of EarthRenew organic matter fertilizer and standard fertilizer) soil nitrate-nitrogen was highest for 6 tonnes per hectare of EarthRenew's organic matter fertilizer.
- Application of EarthRenew organic matter fertilizer did not show any identifiable trends on soil phosphorus and potassium levels in the spring.
- No statistically significant differences were found for organic matter fertilizer and fertilizer effects with respect to marketable yield and average weight of marketable heads in this study. This may be due to maintenance of full moisture requirements.
- Marketable yield of celery heads ranged between 33 and 45 tonnes per hectare. Highest marketable yields of 45 tonnes per hectare were obtained for treatments to which 2 tonnes per hectare of EarthRenew organic matter fertilizer was applied with 50% and 75% of the recommended chemical fertilizer rate.

- The average weight of marketable heads ranged between 638 and 828 grams. The highest marketable heads (828 grams average) were obtained for treatments to which 2 tonnes per hectare of EarthRenew organic matter fertilizer was applied with 75% of the recommended chemical fertilizer rate.

The study indicates that although there were no significant yield differences in response to the EarthRenew organic matter fertilizer and standard chemical fertilizer, treatments receiving 50% chemical fertilizer and no EarthRenew organic matter fertilizer produced the lowest yield of 33 tonnes per hectare. The application of EarthRenew organic matter fertilizer and 50% standard chemical fertilizer resulted in marketable yield increase between 33 to 45 tonnes per hectare.

Ongoing Conventional and Organic Produce Research — 2010

Alberta Agriculture and Rural Development and

Agriculture and Agri-Food Canada

This research project is designed to evaluate the yield and quality of processing potatoes grown with various rates of EarthRenew organic matter fertilizers and to establish the agronomic practices for use by potato growers in southern Alberta.

Canada-Saskatchewan Irrigation Diversification Centre, Outlook, Saskatchewan

EarthRenew will continue the research on potatoes and celery it started in 2009 under the senior researcher at the Canada-Saskatchewan Irrigation Diversification Centre. The 2009 research addressed the yield and quality responses and nutrient replacement potential under drip irrigation. These trials will be repeated in 2010, plus the research will be expanded to include trials on irrigation efficiency (reduced water application to take advantage of the high organic matter content of EarthRenew organic matter fertilizer). The organic vegetable research program will be expanded to include EarthRenew organic matter fertilizer for pure organic vegetable production.

University of Arizona

Field research is ongoing with University of Arizona researchers to continue to evaluate different levels of pre-planting application of EarthRenew organic matter fertilizer in comparison to conventional chemical fertilizer applications, as well as to evaluate the effect of post-planting side-dressing and application of EarthRenew organic matter fertilizer on selected long growing season crops such as head lettuce. EarthRenew organic matter fertilizer was applied in January 2010, at one ton per acre and two ton per acre, with and without chemical fertilizer, pre-plant and side-dressed, to leaf spinach to evaluate the application levels and timing of application. Additional crops that are in the research program are: cantaloupe, watermelon, broccoli and sweet corn.

California State University, Fresno

Field research by California State University, Fresno has been directed to a field study implemented in early December 2009 to evaluate the effect of pre-planting applications of EarthRenew organic matter fertilizer at 35, 70 and 150 pounds of nitrogen, and the attendant other plant nutrient levels on red fringed lettuce yield and quality in comparison to the conventional application of UAN32. A broccoli field research study was established in January 2010 using the same fertilizer products and the same rates to determine the effectiveness of pre-planting application of EarthRenew organic matter fertilizer as a one-time application.

Land Repair/ Reclamation Studies

Limestone Substrate Greenhouse Reclamation

University of Alberta — 2007 — 2008

EarthRenew believes its organic matter fertilizer can be instrumental in reclaiming mining quarries, including limestone open pit mines, and in March 2007 initiated a research program with the University of Alberta to evaluate organic matter fertilizer performance. Four initial studies were conducted in the greenhouse as a preliminary step to going into field trials, each of which is summarized below. Materials used in these studies all came from a limestone quarry west of Calgary, Alberta.

The first greenhouse pot trial evaluated the effect of five application rates of EarthRenew organic matter fertilizer on plant establishment and growth on limestone material. The rates tested were 0 (control), 3, 7, 12 and 20 tonnes per acre. Pots were seeded with either a native grass mix or a non-native grass and forb mix. Both above ground plant growth and below ground root mass were significantly higher in the control than in the EarthRenew organic matter fertilizer treatments. Of the EarthRenew organic matter fertilizer treatments, the study found the best rate of application of the EarthRenew organic matter fertilizer to be the 3 tonnes per acre rate as it gave the best plant establishment results and exhibited better above ground plant growth and better root mass below ground.

The second greenhouse pot trial was designed to evaluate the impact of blending the organic matter fertilizer with either of two chemical fertilizers, urea or ammonium sulphate at a field equivalent application rate of 3 tonnes per acre. Pots were seeded with either a native grass mix or a non-native grass and forb mix. Results show that the control resulted in a greater number of native and non-native grasses and forbs; however, the plants' above and below ground biomass was greater for the treatments receiving both EarthRenew organic matter fertilizer and chemical fertilizer. Blending EarthRenew organic matter fertilizer with ammonium sulphate produced bigger plant tops and root amounts than blending with urea. Results also indicated that there could be value in testing this organic matter fertilizer at rates between 3 and 7 tonnes per acre.

A third trial was established to evaluate the clean fill, which is hauled in and spread to assist in reclamation of limestone quarries. A greenhouse pot trial was conducted to evaluate the application rate impact of EarthRenew organic matter fertilizer on establishment and biomass of perennial rye grass. Application rates were 0 (control), 1, 3 and 7 tonnes per acre of EarthRenew organic matter fertilizer alone applied at the start of the study to clean fill typically used for reclamation at the limestone quarry. The plant species used for this study was perennial rye grass. After 12 weeks of growth, the perennial rye grass exhibited greater height growth and greater overall top and root biomass at the 7 tonnes per acre rate.

A fourth greenhouse pot trial was conducted by continuing the third trial for a longer period of time to evaluate the release of nutrients over time from 0, 1, 3 and 7 tonnes per acre application rates of EarthRenew organic matter fertilizer applied at the start of the third trial. The plant species used for this study was perennial rye grass. The rye grass was harvested 98 days after germination and initiation of growth, then again after 56 days for a second harvest and a third harvest was completed after 61 days of growth for a total of 215 days of growth. There were no additions of EarthRenew organic matter fertilizer after the initial application and incorporation. Five months (154 days) after application, EarthRenew organic matter fertilizer was still releasing nutrients with plants reaching maximum above ground growth at about 154 days (the second harvest date). After the second harvest, the rate of nutrient release declined, as was reflected by decreased plant top growth, although the favourable impact of the EarthRenew organic matter fertilizer continued to be seen even at the end of 215 days.

Limestone Field Reclamation Research

University of Alberta — 2008 to 2009

Following the successful greenhouse trials, a field program using EarthRenew organic matter fertilizer was initiated at an active limestone quarry west of Calgary, Alberta, in the fall of 2007, by University of Alberta researchers. The objectives of this multi-year research project were to: a) determine plant response to various application rates of EarthRenew organic matter fertilizer; b) determine whether seeding in the spring or fall affects plant responses; and c) assess changes in the limestone substrate materials amended with EarthRenew organic matter fertilizer. Plots consisted of those with EarthRenew organic matter fertilizer applied at a 7 tonnes per acre rate and control plots which had no EarthRenew organic matter fertilizer applied. All original plots had 1.1 tonnes per hectare of a slow release chemical fertilizer of 14-14-14 applied in spring 2008. One-half of the plots were amended and seeded in the fall (October) with a native grass seed mix, and the other half had EarthRenew organic matter fertilizer applied and were seeded with native grass seed mix in May 2008. Also in May 2008, six additional plots were introduced, three of which were treated with EarthRenew organic matter fertilizer and three of which had no fertilizer at all applied to them. Vegetation was assessed as to plant species density, percent cover, average height of plants and general plant health.

Results of the assessment in fall 2008, after the first growing season, showed that more plants germinated and established on plots with the EarthRenew organic matter fertilizer applied than on those without any EarthRenew organic matter fertilizer and, in particular, the plots treated with EarthRenew organic matter fertilizer to which no chemical fertilizer was applied established twice as many plants. The time of seeding appears to have had little effect on the number

of plants established on the plots treated with EarthRenew organic matter fertilizer. Results of 2009 assessments are pending.

Oil Sands Tailings Greenhouse Reclamation Trial

University of Alberta — 2009

Reclamation of oil sands tailings is a major environmental issue faced by oil sands mining operators. Typically, these processed sands are devoid of organic matter and plant nutrients. Management of EarthRenew believes, based on the experience of senior EarthRenew employees, that organic matter fertilizer could be an excellent product for reclaiming these materials. Researchers at the University of Alberta were contracted to conduct some early greenhouse trials with EarthRenew organic matter fertilizer. Research objectives for the pot trials were to: a) determine appropriate application rates for adding EarthRenew organic matter fertilizer to tailings sand and tailings sand with peat; b) assess the effect of various rates of EarthRenew organic matter fertilizer by itself and in combination with chemical fertilizer on plant establishment and biomass production; and c) evaluate changes in tailings sand chemical properties that had EarthRenew organic matter fertilizer added to them.

EarthRenew organic matter fertilizer was tested on tailings sand at the 0 (control), 2, 4.5 and 7 tonnes per acre application rates using a mix of native and non-native plant species. The experiment took place from October to December 2008 with data analysis in 2009. One-half of the pots were also fertilized with a 14-14-14 slow release chemical fertilizer and selected pots had peat material added to them.

The EarthRenew organic matter fertilizer application significantly increased the production of above ground plant growth (biomass) over the controls, especially when chemical fertilizer was blended into the soil mix. The 7-tonne per acre application produced the most biomass in the tailings sand without peat and in those pots with peat added to the tailings sand the 4.5-tonne per acre rate produced the most above ground biomass. The above ground growth of slender wheat grass, a native species, and barley, an agronomic species, directly increased with increasing amounts of EarthRenew organic matter fertilizer. For tailings sand without peat the pots amended with EarthRenew organic matter fertilizer at the 4.5 tonnes per acre application rate generally gave the highest amount of above ground growth.

Subsoil Injection

Paragon Soils with Sustainable Development Technology Canada and others 2008 to 2009

This project involves an innovative technique for alleviating subsoil compaction in active and abandoned industrial sites such as pipeline rights-of-way by injecting the EarthRenew organic matter fertilizer into the soil to a depth of approximately 16 inches. This provides plant nutrients and water holding capacity as well as channels for downward water and root movement. It is anticipated that the organic pellets will keep the channels open for three to four years. During this period, the abundance of roots interacting with the soil and organisms should create an open structure that is sustainable.

EarthRenew is a member of a consortium supporting the research project, led by Paragon Soil and Environmental Consulting Inc., developing the equipment and conducting the field research. Other partners in the consortium include the Prairie Agricultural Machinery Institute in Saskatchewan; the University of Saskatchewan; Canadian Natural Resources Ltd. and TransCanada Pipelines Ltd. Significant funding and oversight is provided by Sustainable Development Technology Canada.

Key benefits realized with subsoil injection of organic matter fertilizer include:

- Improved soil quality, and a substantial increase in yield and biomass production on industrial compacted sites;
- Increased crop production with ample nutrient supply that persists more than two seasons;
- The ability to apply organic material and nutrients to no-till soils while keeping the surface undisturbed;
- Increased carbon sequestration (by adding carbon and reversing soil degradation and increasing root and biomass production);
- Reduced emissions and runoff of animal manure and other waste materials from surface applications;

- There is sufficient carry over after two years following a single subsoil injection in cereal and canola fields to anticipate as much as two more years of benefit. Though the nutrient carry over may diminish in three years, the organic matter is expected to continue providing value in maintaining good soil structure, associated improved aeration, and moisture infiltration and storage.
- Eliminates the requirement to apply chemical fertilizers on reclaimed land, preventing nutrient enrichment of ground and surface waters via runoff and downward leaching of them;
- In many cases will reduce the need for importing topsoil, a valuable and diminishing resource, or adding amendments such as local manure or compost all of which may be laden with weed seeds that create an ongoing management challenge.

Two years of research demonstrate the feasibility of the technology with resulting improved reclamation success plus increased crop yields of 30% up to 50% in cereals and canola plus even higher response in forage crops compared with the uncompacted field adjacent to the treatment.

In 2008 and 2009, the technology was applied at 40 demonstration sites, ranging in size from 10 x 16 foot replicated plots, up to 15 hectares plots. A total of 275 tons of organic matter fertilizer has been applied in this very extensive research project. Test sites are located in northeastern, central and southern Alberta and northeastern British Columbia, and include cover forage, canola and cereal fields and forestland. Soils on which trials are located include natural and reclaimed Gray Luvisols, Black Chernozems, Black Solonetz, plus non-saline and saline Humic Gleysols.

In summary, the research trials compared subsoil lifting down to approximately 16 inches with a subsoil ripper alone, subsoil lifting plus injection of EarthRenew organic fertilizer at the 16-inch depth and a control with no subsoil ripping in numerous locations in Alberta and British Columbia in 2009. Multiple trials were established on a wide range of soil types and locations covering a total of 37 acres of land. The research results showed that subsoil lifting and the injection of EarthRenew organic matter fertilizer has resulted in 30% to 45% increase in barley and wheat yield, and 50% to 100% increase in yield and biomass of canola and forages, based on two years of study. This non-intrusive method of addressing subsoil compaction is being rapidly adopted and utilized in the reclamation industry. This project will continue through 2010.

Reclamation Research — 2010

Subsoil Injection

Paragon Soils with Sustainable Development Technology Canada and others

The Paragon/Sustainable Development Technology Canada subsoil injection project will continue through the 2010 growing season to evaluate the results of established trials, and to expand the program to address the reclamation challenges of a wider range of soil conditions and industrial activities in western Canada.

Oil Sands Tailings Field Trials Reclamation Trial

University of Alberta — 2010

Reclamation of oil sands tailings is a major environmental issue faced by oil sands mining operators. Typically, these processed sands are devoid of organic matter and plant nutrients. Management of EarthRenew believes, based on the experience of senior EarthRenew employees, that organic matter fertilizer could be an excellent product for reclaiming these materials. Researchers at the University of Alberta were contracted to conduct some early greenhouse trials with EarthRenew organic matter fertilizer. As a result of the success of the 2008 to 2009 trials (see page A-7), a field study is being initiated during the 2010 growing season.

APPENDIX "B"
FINANCIAL STATEMENTS

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2. Consolidated Financial Statements as at and for the years ended December 31, 2009 and 2008	B-9



EarthRenew®
Power to Renew the Earth

Consolidated Financial Statements (Unaudited)
EarthRenew Corporation
March 31, 2010

EarthRenew Corporation
Consolidated Financial Statements
March 31, 2010

CONSOLIDATED BALANCE SHEETS
(Unaudited)

See Note 1 — Basis of presentation and going concern.

	March 31 2010	December 31 2009
	(thousands of dollars)	(thousands of dollars)
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	2,477	2,404
Accounts receivable [note 3]	274	265
Inventory	1,535	1,217
Other current assets	141	82
Total current assets	4,427	3,968
Property, plant and equipment	24,328	24,625
Intangible assets	1,636	1,588
	<u>30,391</u>	<u>30,181</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	3,412	3,042
Due to related parties [note 4]	204	104
Current portion capital lease obligations	186	177
Total current liabilities	3,802	3,323
Capital lease obligations	238	281
Deferred lease incentives	563	600
Asset retirement obligations	147	146
Unsecured convertible debentures	17,221	16,895
Secured convertible debentures	5,664	4,896
Secured convertible debenture conversion rights	2,625	2,716
Unsecured convertible debentures [note 5]	2,825	-
	<u>33,085</u>	<u>28,857</u>
Shareholders' equity (deficit)		
Share capital [note 6]	45,382	45,356
Contributed surplus	7,827	7,543
Deficit	(55,903)	(51,575)
Total shareholders' equity (deficit)	(2,694)	1,324
	<u>30,391</u>	<u>30,181</u>

On behalf of the Board:

"CHRISTIANNE CARIN"
Director

"DANIEL WISEMAN"
Director

The accompanying notes are an integral part of these consolidated financial statements.

EarthRenew Corporation
Consolidated Financial Statements
March 31, 2010

CONSOLIDATED STATEMENTS OF NET LOSS, COMPREHENSIVE LOSS AND DEFICIT
(Unaudited)

	Three months ended March 31,	
	2010	2009
	(thousands of dollars, except per share amounts)	
	\$	\$
Revenue from product and services	30	-
Cost of goods sold	402	235
Gross margin	(372)	(235)
Energy cost recovery from power sales	81	40
Gross margin after energy cost recovery	(291)	(195)
Selling, general and administrative expenses	1,503	1,186
Research and development	836	823
Stock-based compensation	295	528
Depreciation, amortization, and accretion	414	364
Foreign exchange (gain) loss	(297)	(87)
Interest on convertible debentures [note 7]	1,286	322
Net Loss and Comprehensive Loss	(4,328)	(3,331)
Deficit, beginning of period	(51,575)	(35,830)
Deficit, at end of period	(55,903)	(39,161)
Basic and diluted net loss and comprehensive loss per share [note 8]	\$ 0.26	\$ 0.20

The accompanying notes are an integral part of these consolidated financial statements.

EarthRenew Corporation
Consolidated Financial Statements
March 31, 2010

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months ended March 31	
	2010	2009
	(thousands of dollars)	
	\$	\$
Cash provided by (used in) Operating activities		
Net loss and comprehensive loss	(4,328)	(3,331)
Items not requiring cash:		
Stock-based compensation	295	528
Depreciation, amortization, and accretion	414	363
Insurable loss	-	106
Unrealized foreign exchange (gain)	(315)	(124)
Interest on convertible debentures	1,286	321
Lease incentive	(37)	(37)
Financing costs	180	-
Lease incentive proceeds	-	650
Net change in non-cash working capital	(184)	(2,915)
Cash used in operating activities	(2,689)	(4,439)
Financing activities		
Issuance of unsecured debentures, net	2,640	-
Issuance of common shares, net	15	55
Repayments of capital leases	(47)	70
Cash provided by financing activities	2,608	125
Investing activities		
Expenditures on property, plant and equipment	(126)	(324)
Expenditures on intangible assets	(35)	(112)
Cash used in investing activities	(161)	(436)
Effect of translation on foreign currency		
Cash and cash equivalents	315	124
Net increase (decrease) in cash and cash equivalents	73	(4,626)
Cash and cash equivalents, beginning of period	2,404	9,836
Cash and cash equivalents, end of period	2,477	5,210
SUPPLEMENTAL INFORMATION		
Cash paid for interest	17	7

The accompanying notes are an integral part of these consolidated financial statements.

EarthRenew Corporation
Consolidated Financial Statements
March 31, 2010

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
(Unaudited)

	Share Capital				Contributed Surplus	Deficit	Total		
	Common shares		Preferred shares						
	(exact number of shares, thousands of Canadian dollars)								
	#	\$	#	\$				\$	\$
Balance, January 1, 2009	16,879,561	\$16,292	29,865,000	\$28,074	\$5,614	(\$35,830)	\$ 14,150		
Issued for cash	10,000	125	-	-	-	-	125		
Issued for services	10,000	125	-	-	-	-	125		
Issued under employees share purchase plan	9,949	124	-	-	-	-	124		
Exercised restricted share units	5,000	63	-	-	(63)	-	-		
Exercised warrants — broker	-	-	375,000	553	(178)	-	375		
Stock based compensation — stock options	-	-	-	-	2,170	-	2,170		
Net loss	-	-	-	-	-	(15,745)	(15,745)		
Balance, December 31, 2009	16,914,510	\$16,729	30,240,000	\$28,627	\$7,543	(\$51,575)	\$ 1,324		
Issued for cash	65,000	26	-	-	(11)	-	15		
Stock based compensation — stock options	-	-	-	-	295	-	295		
Net loss	-	-	-	-	-	(4,328)	(4,328)		
Balance, March 31, 2010	16,979,510	\$16,755	30,240,000	\$28,627	\$7,827	(\$55,903)	(\$2,694)		

The accompanying notes are an integral part of these consolidated financial statements.

EarthRenew Corporation
Consolidated Financial Statements
March 31, 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION AND GOING CONCERN

The interim consolidated financial statements of the Corporation include the accounts of EarthRenew Corporation and its wholly-owned subsidiaries and limited partnerships. All inter-company transactions and balances have been eliminated. The interim consolidated financial statements of the Corporation have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The interim consolidated financial statements have been prepared following the same accounting policies and methods of compilation as the consolidated financial statements for the year ended December 31, 2009. Certain information and note disclosures normally included in the Corporation's audited annual consolidated financial statements are condensed or not presented. These interim consolidated financial statements and notes should be read in conjunction with the Corporation's consolidated financial statements and notes thereto for the year ended December 31, 2009. Amounts are stated in Canadian dollars unless otherwise indicated.

These interim consolidated financial statements have been prepared in accordance on a going concern basis, which presumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The Corporation has \$30,391,000 in assets of which \$24,328,000 is in plant and equipment. It has incurred losses since its inception and has a deficit of \$55,903,000 at March 31, 2010. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Corporation's ability to continue as a going concern is dependent upon obtaining additional financing and achieving profitable operations. Management is actively pursuing sources of such financing, and while it has been successful in securing sufficient financing in the past, there can be no assurance that it will be able to do so in the future.

Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. However, the consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business.

The preparation of the interim consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Estimates are used when accounting for items such as collectability of receivables, rebates, net realizable value of inventory, estimated useful lives, impairment of long-lived assets, asset retirement obligations, stock-based compensation, fair value of financial assets and liabilities and amounts and likelihood of contingencies. Actual results could differ from those estimates.

2. NEW ACCOUNTING POLICIES AND ACCOUNTING DEVELOPMENTS

Recent accounting pronouncements not yet adopted:

International Financial Reporting Standards (IFRS)

The Canadian Institute of Chartered Accountants Accounting Standards Board has published its strategic plan for convergence of Canadian generally accepted accounting principles with IFRS as issued by the International Accounting Standards Board. The changeover date for Canadian publicly accountable enterprises is January 1, 2011 and comparative information for 2010 will be required. The Corporation believes that any potential impacts on the financial statements arising from conversion to IFRS will not be significant but it has not fully determined the impact of adopting IFRS on its financial statements. The Corporation does not anticipate any significant change in its business activities arising from conversion to IFRS nor does it believe that any significant modification of accounting systems will be required to adopt IFRS. During 2010, the Corporation will accelerate through the project phases necessary to adopt IFRS.

3. ACCOUNTS RECEIVABLE

Accounts receivable at March 31, 2010 include trade receivables of \$86,000 and GST, interest and other receivables of \$188,000. Accounts receivable at December 31, 2009 include trade receivables of \$106,000 and GST, interest and other receivables of \$159,000.

4. DUE TO RELATED PARTIES

	March 31 2010	December 31 2009
	(thousands of dollars)	
	\$	\$
Directors' fees	161	104
Deferred executive compensation	43	-
	<u>204</u>	<u>104</u>

Amounts owed to Directors and executives and management of the Corporation have been deferred until completion of the Initial Public Offering as discussed in Note 9(c).

5. CONVERTIBLE DEBENTURES

In the first quarter of 2010, the Corporation issued 3% Unsecured Convertible Debentures with a principal amount of \$2,820,000 for total net proceeds of \$2,703,000. The debentures mature on December 31, 2011 and carry an annual coupon rate of 3% compounded semi-annually. The debentures convert automatically into a variable number of common shares upon the closing of a Qualifying Liquidity Event, which includes, among other things, an initial public offering. The conversion price will be at a discount to the Qualifying Liquidity Event price. Accrued but unpaid interest will be paid in cash at conversion or maturity.

In the event of a Qualifying Liquidity Event occurring in 2010 the fair value of the Unsecured Debentures, including interest and the embedded conversion rights, approximates \$3,531,000.

6. SHARE CAPITAL

On February 17, 2010, 65,000 common shares were issued on the exercise of options for \$15,000 in cash.

7. INTEREST ON CONVERTIBLE DEBENTURES

	Three months ended March 31	
	2010	2009
	(thousands of dollars)	
	\$	\$
Accrued interest	221	134
Accreted value of debenture conversion	1,065	188
	<u>1,286</u>	<u>322</u>

8. LOSS PER SHARE

Basic loss per share is calculated as follows (showing exact amounts of number of shares and stating values in thousands of Canadian dollars):

	Three months ended March 31	
	2010	2009
Weighted average number of shares outstanding	16,944,121	16,881,639
Net loss	(4,328)	(3,331)
Basic and diluted net loss per share	\$ 0.26	\$ 0.20

The exercise or conversion of any equity or debt instruments would have an anti-dilutive effect on loss per share.

9. SUBSEQUENT EVENTS

a. Restricted share units

On April 14, 2010, 5,000 restricted share units were issued to a new director. On April 26, 2010, 20,000 restricted share units were granted to a director.

b. Secured debenture amendment

On April 12, 2010, the Secured Debenture agreement was modified to delay certain conversion triggering events. The maturity date on the Secured Debentures was changed from September 30, 2011 to March 31, 2011 and the discount to the Qualifying Liquidity Event or QFE price was increased from 35% to 40%.

c. Initial Public Offering of the Corporation

On April 30, 2010 the Corporation filed a preliminary prospectus with the Alberta Securities Commission with respect to a \$50 million Initial Public Offering. See Note 23(e) of the 2009 Audited Year End Financial Statements on Page B-26.

d. Industrial Research Assistance Program (IRAP) contribution agreement

On May 1, 2010, an agreement was signed between the Corporation and the National Research Council Canada ("NRC") according to which the NRC agrees to contribute up to \$150,000 towards costs incurred by the Corporation under a product research project.



Consolidated Financial Statements
EarthRenew Corporation (formerly EarthRenew Organics Ltd.)
December 31, 2009

EarthRenew Corporation
Consolidated Financial Statements
December 31, 2009

AUDITORS' REPORT

To the Directors of
EARTHRENEW CORPORATION

We have audited the consolidated balance sheets of **EarthRenew Corporation (formerly EarthRenew Organics Ltd.)** as at December 31, 2009 and 2008 and the consolidated statements of loss, comprehensive loss and deficit, cash flows, and shareholders' equity for each of the years in the three-year period ended December 31, 2009. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and 2008 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2009 in accordance with Canadian generally accepted accounting principles.

Calgary, Canada
March 31, 2010 (except as to Note 23
which is as of ● , 2010)

Chartered Accountants

EarthRenew Corporation
Consolidated Financial Statements
December 31, 2009

CONSOLIDATED BALANCE SHEETS

See Note 1 — Nature of operations and going concern.

	As at December 31	
	2009	2008
	(thousands of Canadian dollars)	
	\$	\$
ASSETS		
Current		
Cash and cash equivalents <i>[note 3]</i>	2,404	9,836
Accounts receivable <i>[note 4]</i>	265	578
Inventory	1,217	256
Other current assets	82	167
Total current assets	3,968	10,837
Property, plant and equipment <i>[note 5]</i>	24,625	23,746
Intangible assets <i>[note 6]</i>	1,588	1,100
Total assets	30,181	35,683
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities <i>[note 7]</i>	3,042	5,463
Due to related parties <i>[note 8]</i>	104	-
Current portion capital lease obligations <i>[note 9]</i>	177	105
Total current liabilities	3,323	5,568
Capital lease obligations <i>[note 9]</i>	281	221
Deferred lease incentives <i>[note 10]</i>	600	-
Asset retirement obligations <i>[note 11]</i>	146	140
Unsecured convertible debentures <i>[note 12]</i>	16,895	15,604
Secured convertible debentures <i>[note 12]</i>	4,896	-
Secured convertible debenture conversion rights <i>[note 12]</i>	2,716	-
	28,857	21,533
Commitments and contingencies <i>[notes 9, 19 and 20]</i>		
SHAREHOLDERS' EQUITY		
Share capital	45,356	44,366
Contributed surplus	7,543	5,614
Deficit	(51,575)	(35,830)
Total shareholders' equity	1,324	14,150
Total liabilities and shareholders' equity	30,181	35,683

On behalf of the Board:

"CHRISTIANNE CARIN"
 Director

"DANIEL WISEMAN"
 Director

The accompanying notes are an integral part of these consolidated financial statements.

EarthRenew Corporation
Consolidated Financial Statements
December 31, 2009

CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

	Year ended December 31		
	2009	2008	2007
	(thousands of Canadian dollars, except per share amounts)		
	\$	\$	\$
Revenue from product and services	248	22	23
Cost of goods sold	1,594	1,162	411
Gross margin	(1,346)	(1,140)	(388)
Energy cost recovery from power sales	148	574	133
Gross margin after energy cost recovery	(1,198)	(566)	(255)
Selling, general and administrative expenses [note 14]	6,689	6,489	3,139
Research and development	3,591	3,829	3,787
Stock based compensation [note 13]	2,349	2,566	1,142
Depreciation, amortization and accretion	1,747	1,287	366
Foreign exchange (gain) loss	(376)	(1,373)	338
Interest on convertible debentures [note 12]	2,612	1,271	833
Net loss and comprehensive loss for the year before extraordinary items. . . .	(17,810)	(14,635)	(9,860)
Extraordinary items			
Insurable loss (recovery) [note 15]	(2,065)	1,715	-
Net loss and comprehensive loss after extraordinary items for the year	(15,745)	(16,350)	(9,860)
Deficit, beginning of year	(35,830)	(19,480)	(9,620)
Deficit, end of year	(51,575)	(35,830)	(19,480)
Basic and diluted loss per share before extraordinary items [note 17]	\$ 1.05	\$ 0.87	\$ 0.61
Basic and diluted loss per share after extraordinary items [note 17]	\$ 0.93	\$ 0.97	\$ 0.61

The accompanying notes are an integral part of these consolidated financial statements.

EarthRenew Corporation
Consolidated Financial Statements
December 31, 2009

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2009	2008	2007
	(thousands of Canadian dollars)		
	\$	\$	\$
Cash provided by (used in) operating activities			
Net loss after extraordinary items for the year	(15,745)	(16,350)	(9,860)
Items not requiring cash and other cash inputs			
Stock-based compensation [note 13]	2,349	2,566	1,142
Depreciation, amortization and accretion	1,747	1,287	366
Insurable loss [note 15]	106	1,715	-
Loss from disposal of assets [note 16]	-	822	-
Unrealized foreign exchange (gain) loss	(332)	(232)	385
Interest on convertible debentures [note 12]	2,612	1,271	833
Deferred lease incentives received [note 10]	600	-	-
Net change in non-cash working capital	(2,110)	(146)	1,036
Cash used in operating activities	(10,773)	(9,067)	(6,098)
Financing activities			
Issuance of secured convertible debentures [note 12]	6,424	-	5,000
Issuance of unsecured convertible subordinated debentures [note 12]	-	-	2,130
Issuance of common shares, net of issuance costs	207	1,089	1,001
Issuance of preferred shares, net of issuance costs	375	83	28,875
Repayments of capital leases	(207)	(107)	(30)
Cash provided by financing activities	6,799	1,065	36,976
Investing activities			
Expenditures on property, plant and equipment	(3,113)	(11,725)	(7,197)
Expenditures on intangible assets	(677)	(586)	(517)
Cash used in investing activities	(3,790)	(12,311)	(7,714)
Effect of translation on foreign currency cash and cash equivalents	332	232	(385)
Net increase (decrease) in cash and cash equivalents	(7,432)	(20,081)	22,779
Cash and cash equivalents, beginning of year	9,836	29,917	7,138
Cash and cash equivalents, end of year	2,404	9,836	29,917
SUPPLEMENTAL INFORMATION			
Cash paid for interest	46	36	28

The accompanying notes are an integral part of these consolidated financial statements.

EarthRenew Corporation
Consolidated Financial Statements
December 31, 2009

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Share Capital				Contributed Surplus	Deficit	Total
	Common shares		Preferred shares				
	(exact number of shares, thousands of Canadian dollars)						
	#	\$	#	\$	\$	\$	\$
Balance, December 31, 2006	16,171,866	13,251	-	-	1,564	(9,620)	5,195
Issued for cash	148,940	1,029	-	-	-	-	1,029
Exercise of options	49,250	345	-	-	(315)	-	30
Issued for service	5,433	23	-	-	-	-	23
Series "B" Preferred Shares — issued . . .	-	-	29,740,000	27,991	-	-	27,991
Broker Warrants — issued	-	-	-	-	927	-	927
Stock based compensation — stock options	-	-	-	-	1,127	-	1,127
Net loss	-	-	-	-	-	(9,860)	(9,860)
Balance, December 31, 2007	16,375,489	14,648	29,740,000	27,991	3,303	(19,480)	26,462
Exercise of options	5,000	35	-	-	(23)	-	12
Exercise of warrants — broker	458,494	1,298	-	-	(341)	-	957
Exercise of warrants — convertible note	16,150	39	-	-	-	-	39
Issued for service	8,039	66	-	-	-	-	66
Issued under employee share purchase plan	16,389	206	-	-	-	-	206
Series "B" Preferred Shares — issued . . .	-	-	125,000	83	-	-	83
Stock based compensation — stock options	-	-	-	-	2,487	-	2,487
Restricted share units — granted	-	-	-	-	188	-	188
Net loss	-	-	-	-	-	(16,350)	(16,350)
Balance, December 31, 2008	16,879,561	16,292	29,865,000	28,074	5,614	(35,830)	14,150
Issued for cash	10,000	125	-	-	-	-	125
Issued for services	10,000	125	-	-	-	-	125
Issued under employees share purchase plan	9,949	124	-	-	-	-	124
Exercised restricted share units	5,000	63	-	-	(63)	-	-
Exercised warrants — broker [note 13f]	-	-	375,000	553	(178)	-	375
Stock based compensation — stock options	-	-	-	-	2,170	-	2,170
Net loss	-	-	-	-	-	(15,745)	(15,745)
	34,949	437	375,000	553	1,929	(15,745)	(12,826)
Balance, December 31, 2009	16,914,510	16,729	30,240,000	28,627	7,543	(51,575)	1,324

The accompanying notes are an integral part of these consolidated financial statements.

EarthRenew Corporation
Consolidated Financial Statements
December 31, 2009

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(all tabular amounts in thousands of Canadian dollars except share and per share amounts)

1. NATURE OF OPERATIONS AND GOING CONCERN

EarthRenew Corporation ("EarthRenew" or the "Corporation") produces specialized, patented organic matter fertilizers for sale to target markets in: (i) high value vegetables, fruits and nuts; (ii) organic agriculture; (iii) land repair; and (iv) turf and golf courses. EarthRenew has developed, patented and commercialized energy-efficient heat processing technology, the initial application of which is the manufacture of our fertilizers from fresh animal manures. Our heat processing technology may also be applicable to other large markets including municipal biosolids, pulp and paper waste processing, tailings pond treatment and other heat processing applications.

These consolidated financial statements have been prepared on a going concern basis, which presumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The Corporation has \$30,181,000 in assets of which \$24,625,000 is in plant and equipment. It has incurred losses since its inception and has a deficit of \$51,575,000 at December 31, 2009. The Corporation's ability to continue as a going concern is dependent upon obtaining additional financing and achieving profitable operations. Management is actively pursuing sources of such financing, and while it has been successful in securing sufficient financing in the past, there can be no assurance that it will be able to do so in the future.

On January 1, 2010 the Corporation changed its name to EarthRenew Corporation, such change having been previously approved by shareholders. The Corporation incorporated under the laws of the Province of Alberta in 1999 and was continued under the Business Corporations Act (Alberta).

2. SIGNIFICANT ACCOUNTING POLICIES

a. Principles of consolidation and preparation of consolidated financial statements

The consolidated financial statements of the Corporation have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Amounts are stated in Canadian dollars unless otherwise indicated. Certain comparative figures have been reclassified to conform to the current period's presentation. The consolidated financial statements of the Corporation include the accounts of EarthRenew Corporation and its wholly-owned subsidiaries and limited partnerships. All inter-company transactions and balances have been eliminated.

b. Inventory

Inventory consists of organic matter fertilizers and plant consumable spare parts. Fertilizer inventory is recorded at the lower of standard cost, which approximates actual cost at normal production levels, and net realizable value. Plant consumables and spare parts are recorded at the lower of cost on a first-in, first-out basis, and net realizable value.

c. Property, plant and equipment

Property, plant, and equipment are recorded at cost and include the cost of replacements and betterments capitalized during construction. Construction in progress costs are capitalized and not amortized until the assets are available for use. Once a plant achieves production the costs are moved out of construction in progress and amortization begins. Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives. The amortization rates are as follows:

Computers and vehicles	30% declining balance method
Furniture and fixtures	20% declining balance method
Information system	5-10 years straight-line method
Leasehold improvements	5 years straight-line method
Manufacturing equipment	2-20 years straight-line method
Processing plant	8-20 years straight-line method
Promotional equipment	4 years straight-line method

d. Intangible assets

The Corporation capitalizes all technology rights, trademark and patent application costs and amortization is provided for on a straight-line basis over the expected life generally ranging from 14 to 18 years. The unamortized balance is charged to operations if the Corporation does not obtain approval or the technology rights, or the trademark or patent is abandoned.

e. Leases

A lease which transfers substantially the entire benefits and risks incidental to ownership of property is classified as a capital lease and recorded as the acquisition of an asset and the assumption of an obligation. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

Lease incentives include rent benefits and tenant inducements received in connection with original leases and are amortized to income on a straight-line basis over the term of the original leases. The unamortized portion is recorded as a deferred lease incentive on the balance sheet.

f. Impairment of long-lived assets

The Corporation reviews long-lived assets when events or changes in circumstances indicate impairment in the carrying value or if there is a change in the estimated useful life of the asset. If impairment has occurred, the excess of the carrying value over fair value is expensed. An impairment loss for a long-lived asset is recognized when its carrying amount exceeds the sum of the undiscounted cash flows expected from its use and eventual disposition. The impairment loss is measured as the amount by which its carrying amount exceeds its fair value.

g. Asset retirement obligations

The Corporation recognizes asset retirement obligations when they become a legal obligation, using a reasonable estimate of fair value. Fair value is determined using cash flows discounted at the Corporation's credit-adjusted risk-free interest rate. Obligations are adjusted to present value in subsequent periods through accretion recognized in income. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over the asset's estimated useful life. Annual accretion of the obligation is included in depreciation, amortization and accretion expense in the consolidated statements of loss and comprehensive loss and deficit.

h. Revenue recognition

Revenue from product sales and other services is recognized based on individual contract terms as title and risk of loss of the product and/or service transfers to the customer where all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, selling price is fixed or determinable and collection is reasonably assured. Power sales are recognized at market prices upon delivery, plus line credits for distributed power generation when applicable, and are treated as an energy cost recovery against natural gas expenses in the period.

i. Stock-based compensation

The Corporation uses the fair value based method of accounting for all stock-based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model. This method requires the recognition of the value of stock options issued in the consolidated financial statements over the vesting period based on their fair value at the date of grant. The Corporation calculates the value of stock options issued with consideration of factors specific to the Corporation. For options granted to employees and directors, the value is expensed over the period the options vest, with a corresponding increase recorded to contributed surplus. For shares granted to contractors and consultants, an expense is recognized as services are provided.

j. Net earnings (loss) per share

Earnings (loss) per share amounts are calculated by dividing net earnings (loss) by the weighted average number of shares outstanding. Diluted earnings (loss) per share amounts are calculated giving effect to the potential dilution that could occur if stock options were exercised in exchange for common shares.

The Corporation uses the treasury stock method to determine the dilutive impact of options. This method assumes that any proceeds from the exercise of options would be used to purchase common shares at the average market price during the period.

k. Foreign currency translation

Transactions denominated in foreign currencies and the consolidated financial statements of integrated foreign operations are translated into the Corporation's functional currency using the temporal method. Under this method monetary assets and liabilities are translated using the rate of exchange in effect at the balance sheet date, whereas other non-monetary assets and liabilities are translated at the rate of exchange in effect on the date of transaction.

Revenues and expenses are translated at monthly average rates prevailing throughout the period, except for amortization which is translated at exchange rate prevailing when the related assets were acquired. Exchange gains and losses resulting from translation are included in the statement of loss and comprehensive loss and deficit.

l. Financial instruments

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception. Subsequent measurement and recognition of changes in the fair value of financial instruments depends upon their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, investments held to maturity and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, impairment write-downs and foreign exchange translation adjustments are recognized immediately. For financial assets and financial liabilities classified as other than held for trading, the Corporation has elected to add the transaction cost to the fair value of the related financial instrument upon initial recognition.

The Corporation classifies its financial instruments as follows:

Cash and cash equivalents are classified as held-for-trading and any period change in fair value is recorded through income. Accounts receivable are classified as loans and receivables and are measured at amortized cost. Interest income is recorded in net income, as applicable. Accounts payable, accruals, long-term debt, capital lease obligations and convertible debentures are classified as other financial liabilities and are measured at amortized cost using the effective interest method. Interest expense is recorded in income, as applicable. Debenture conversion rights are classified as held-for trading. Changes in fair value of the conversion rights are recorded in income.

m. *Income taxes*

The Corporation follows the liability method of accounting for income taxes. Under this method, the Corporation records future income taxes for the effect of any differences between the accounting basis of an asset or liability and its respective tax basis. Future income tax assets and liabilities are recorded using substantively enacted income tax rates expected to apply in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in the period in which the tax rate is substantively enacted. A valuation allowance is recorded against future tax assets to the extent it is more likely than not that the future tax asset will not be realized.

n. *Investment tax credits*

The Corporation may be entitled to Canadian and U.S. investment tax credits ("ITCs") based on certain research and experimental development costs incurred. ITCs are subject to assessment and approval by the Canada Revenue Agency or the U.S. Internal Revenue Service. Adjustments, if any are required, are reflected in the year when such assessments are received. These credits are recognized using the cost reduction method and are applied against the related expenditure once there is a reasonable assurance that the claim will be realized.

o. *Use of estimates and measurement uncertainty*

The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Key areas of estimation, where management has made difficult, complex or subjective judgments, often as result of matters that are inherently uncertain, are the net realizable value of inventory, estimated useful lives and impairment of long-lived assets, asset retirement obligations, stock-based compensation, fair value of financial assets and liabilities and amounts, including classification and identification of embedded derivatives and likelihood of contingencies. Actual results could differ from these estimates.

p. *Comparative figures*

The comparative consolidated financial statements have been reclassified from consolidated financial statements previously presented to conform to the presentation of the current period consolidated financial statements.

Recent accounting pronouncements not yet adopted:

q. *Business Combinations, Consolidated Financial Statements and Non-controlling Interests*

In January 2009, the CICA issued Handbook Sections 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests. These new standards provide guidance, when a corporation acquires a new business, as to what an acquirer must measure, the basis of valuation and the basis of preparing consolidated statements and accounting for and disclosure of non-controlling interests. The majority of acquisition-related costs must be expensed in the periods they are incurred. These standards must be adopted concurrently and will be applicable for acquisitions that are completed on or after January 1, 2011. The Corporation currently does not expect adoption of these new standards will impact the financial statements as currently presented.

r. *Multiple Deliverable Revenue Arrangements (EIC-175)*

The CICA amended *Revenue Arrangements with Multiple Deliverables* EIC-142 to require a vendor to allocate arrangement consideration at the inception of an arrangement to all deliverables using the relative selling price method rather than the relative fair value method. The application of this standard which becomes effective January 1, 2011 will have no significant impact on the Corporation's current financial statements.

s. *International Financial Reporting Standards (IFRS)*

The Canadian Institute of Chartered Accountants Accounting Standards Board has published its strategic plan for convergence of Canadian generally accepted accounting principles with IFRS as issued by the International Accounting Standards Board. The changeover date for Canadian publicly accountable enterprises is January 1, 2011 and will require restatement of comparative figures. During 2009, the Corporation commenced its project of conversion to IFRS. Management anticipates there will be an increase in disclosure resulting from the adoption of IFRS. The Corporation is in the process of identifying and assessing the impact of this additional disclosure. The quantitative impact on future financial position and results of operations is not fully determinable or estimable at this time.

3. CASH AND CASH EQUIVALENTS

Cash held at banks earns interest at floating rates based on daily bank deposit rates. Cash equivalents consist of highly liquid investments in Alberta government guaranteed deposits. Cash and cash equivalents consist of:

	Year ended December 31	
	2009	2008
	\$	\$
Cash at banks and on hand	1,067	284
Cash equivalents	1,337	9,552
	<u>2,404</u>	<u>9,836</u>

4. ACCOUNTS RECEIVABLE

Trade receivables are non-interest bearing and are generally on 30-91 day terms. Accounts receivable consists of:

	Year ended December 31	
	2009	2008
	\$	\$
Trade receivables	106	21
GST, interest, and other receivable	159	557
	<u>265</u>	<u>578</u>

The Corporation has historically experienced minimal customer defaults and, as a result, it considers the credit quality of trade receivables at December 31, 2009 to be high. The Corporation does not have an allowance for doubtful accounts at December 31, 2009 or at December 31, 2008.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

	December 31, 2009		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Office, leasehold improvements and vehicles	2,393	789	1,604
Strathmore plant	16,047	2,012	14,035
Construction in progress	8,986	-	8,986
	<u>27,426</u>	<u>2,801</u>	<u>24,625</u>

	December 31, 2008		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Office, leasehold improvements and vehicles	1,213	185	1,028
Strathmore plant	15,356	992	14,364
Construction in progress	8,354	-	8,354
	<u>24,923</u>	<u>1,177</u>	<u>23,746</u>

The Corporation has construction in progress (\$8,986,000) and office, and leasehold improvements and vehicles (\$163,000) located in the United States having a total net book value of \$9,149,000 (2008: \$8,360,000) with the remainder located in Canada.

6. INTANGIBLE ASSETS

Intangible assets consist of patents and trademarks as follows:

	Year ended December 31	
	2009	2008
	\$	\$
Cost	2,027	1,413
Accumulated amortization	(439)	(313)
	<u>1,588</u>	<u>1,100</u>

7. ACCOUNTS PAYABLE

Trade payables are non-interest bearing and are normally settled in less than 60-days. Other payables are non-interest bearing and have an average term of six months. Accounts payable consist of:

	Year ended December 31	
	2009	2008
	\$	\$
Trade payables	2,726	4,515
Other payables	316	948
	<u>3,042</u>	<u>5,463</u>

Due to the short nature of accounts payable, the carrying value approximates the fair value as at the reporting date.

8. DUE TO RELATED PARTIES

The Corporation has \$104,000 in Director's fees payable owing to the independent members of the Board of Directors for 2009. (2008:nil)

9. CAPITAL LEASE OBLIGATIONS

Included in property, plant and equipment are furniture, fixtures, computers, software, and vehicles that the Corporation acquired through lease agreements that terminate March 1, 2013. Future lease payments are as follows:

	Year ended December 31	
	2009	2008
	\$	\$
2009	-	126
2010	199	85
2011	184	80
2012 and 2013	111	76
Total lease payments	494	367
Less imputed interest	(36)	(41)
Net minimum lease payments	458	326
Less current portion	(177)	(105)
Capital lease obligations — long term	<u>281</u>	<u>221</u>

10. DEFERRED LEASE INCENTIVES

Deferred lease incentives consist of reduced rent benefits of \$100,000 and tenant improvement incentives of \$650,000 for a total of \$750,000 on a new office lease in Calgary, Alberta, which is being amortized against occupancy costs on a straight line basis over the term of the lease. The deferred lease incentives of \$600,000 reflect the \$750,000 received less the amortization in the year of \$150,000.

11. ASSET RETIREMENT OBLIGATIONS

As of December 31, 2009, the estimated total undiscounted asset retirement obligation associated with the Strathmore plant is \$239,000 (December 31, 2008 — \$239,000). The obligation is expected to be settled in 2027 and has been discounted using a weighted average credit adjusted risk free rate of 3.86% (2008 — 3.86%). Total accretion for the year was \$6,000 (2008: \$6,000).

12. CONVERTIBLE DEBENTURES

Debentures	Year ended December 31			
	2009			2008
	Secured	Unsecured	Total	Unsecured
	\$	\$	\$	\$
Convertible Debenture value at amortized amount	4,792	15,695	20,487	14,941
Accrued interest payable	104	1,200	1,304	663
	4,896	16,895	21,791	15,604
Debenture conversion rights	2,716	-	2,716	-
	7,612	16,895	24,507	15,604
Interest expense for the year				
Accrued interest	104	539	643	831
Accreted value of debenture conversion	1,217	752	2,069	441
	1,321	1,291	2,612	1,271

a. Unsecured Convertible Debentures

The unsecured convertible subordinated debentures ("Unsecured Debentures") have an aggregate principal amount of \$17,200,000, mature on December 31, 2011 and carry an annual coupon rate of 3%, compounded semi-annually. The Unsecured Debentures convert automatically into a variable number of common shares upon the closing of a Qualifying Liquidity Event ("Qualifying Liquidity Event"), which includes, among other things, an initial public offering. The conversion price will be at a discount to the Qualifying Liquidity Event price. Accrued but unpaid interest will generally be converted to common shares on the same basis; however certain Unsecured Debentureholders have the right to receive payment of accrued interest in cash.

If a Qualifying Liquidity Event does not occur by the maturity date, the holders have the option to receive repayment of principal plus accrued interest from issuance at a rate of 6% compounded semi-annually, or to convert the Unsecured Debentures into a variable number of common shares at a rate of \$3,050 per \$1,000 face value based on the fair value of the common shares at that time as determined by an independent valuator.

In 2008 the Corporation's previous series of senior secured debentures with a principal value of \$6,000,000 were converted at the election of the holders into \$8,700,000 of unsecured convertible debentures. All security interests were released on conversion.

b. Secured Convertible Debentures

The secured convertible debentures (the "Secured Debentures") have an aggregate principal amount of US\$6,000,000, mature on September 30, 2011 and carry an annual coupon rate of 5%, compounded semi-annually. The Secured Debentures and accrued interest convert into common shares, at the option of the holder, after the earlier of: June 1, 2010, the occurrence of a Qualifying Liquidity Event or the occurrence of a Qualifying Financing ("Qualifying Financing"), being a private convertible debenture and/or equity financing with gross proceeds of at least US\$20 million. If a Qualifying Financing or Qualifying Liquidity Event occurs on or before June 1, 2010, the Secured Debentures convert into a variable number of common shares based on a discount to the Qualifying Financing or Qualifying Liquidity Event price. If a Qualifying Financing or Qualifying Liquidity Event does not occur on or before June 1, 2010, the conversion price is US\$1.50 per common share, however the Corporation has a first right to repurchase the Secured Debentures on payment in a cash amount equal to the face value and accrued interest multiplied by 1.75.

As security for the Secured Debentures, the Corporation granted a security interest in all of its present and after-acquired personal property and granted a floating charge on all present and future undertaking, real property and assets. This security ranks in priority to any other security interest except for indebtedness incurred in connection with the purchase of capital property secured by that property to an aggregate limit of US\$250,000 and future project debt financing of plants.

The proceeds raised from the Secured Debenture financing were allocated between the debentures (liability) and the embedded derivative represented by the variable conversion feature (liability) in accordance with Section 3863 and EIC-164. The Corporation allocated the proceeds from the Secured Debenture issuance between the debenture and the embedded derivative by fair valuing the embedded derivative and allocating the residual to the contract. As a result the Corporation determined that the value of the Secured Debentures and the debenture conversion rights were \$4,896,000 and \$2,716,000 respectively at December 31, 2009.

The carrying value of the Secured Debentures will be accreted to its face value through income over the period from September 2009 to the anticipated effective date of the conversion provisions.

c. Fair Value

In the event of a Qualifying Liquidity Event in 2010 the fair value of the Unsecured Debentures, including accrued interest, and the embedded conversion rights approximates \$38,222,000 and the fair value of the Secured Debentures including the embedded conversion rights approximates \$9,382,000.

13. SHARE CAPITAL

a. Authorized share capital

Unlimited, no par value	Common voting shares
Unlimited, no par value	Common non-voting shares
Unlimited	Preferred shares issuable in series
Unlimited	Series "A" Preferred shares
Limited to 41,375,000	Series "B" Preferred shares

b. Preferred shares

Every twelve and a half Class B Preferred Shares ("Preferred Shares") carries the same voting rights as one common share and bears no dividend and automatically convert into one common share at the occurrence of a Qualifying Liquidity Event as defined in *note 12*. As part of the issuance of Secured Debentures, EarthRenew entered into a repurchase agreement pursuant to which under certain conditions 25,375,000 Preferred Shares will be repurchased by the Corporation on December 31, 2017 at \$1.00 per share.

c. Special Warrants

As part of the issuance of Secured Debentures, EarthRenew granted special warrants to a holder of Preferred Shares providing that if there is a Qualifying Liquidity Event at an effective price of less than \$12.50, they will receive, on conversion of their Preferred Shares, an additional number of Common Shares such that the total Common Shares issued on conversion of the Preferred Shares is equal to the number of Common Shares the holder would have received if the effective price had been \$12.50. These special warrants relate to an aggregate of 25,375,000 Preferred Shares.

As the special warrants relate directly to the Preferred Shares, the Corporation assessed the likelihood of the occurrence of a Qualifying Liquidity Event at an effective price of less than \$12.50 based on conditions at the time of issuance of the special warrants. As, at the time, the occurrence of the triggering event was not considered highly likely, the Preferred Shares together with the related Special Warrants continue to be classified as equity in accordance with Section 3863 and no value has been ascribed to the special warrants.

d. Stock option plan and restricted share units

The summary of the Corporation's option plan is as follows:

	Year ended December 31, 2009		Year ended December 31, 2008		Year ended December 31, 2007	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	(exact amounts of options and Canadian dollars)					
	#	\$	#	\$	#	\$
Outstanding, beginning of period	1,979,576	0.59	1,979,576	0.59	1,979,576	0.59
Employees and directors	1,200,855	6.58	1,065,430	6.58	332,600	4.07
Total	3,180,431	2.85	3,045,006	2.65	2,312,176	1.09
Granted	42,790	12.50	179,340	12.47	812,760	7.00
Exercised	-	-	(5,000)	2.40	(49,250)	0.60
Forfeited	(55,875)	9.78	(38,915)	7.02	(30,680)	3.24
Outstanding, end of period	3,167,346	2.86	3,180,431	2.85	3,045,006	2.65
Exercisable, end of period	2,700,453	1.87	2,454,836	1.24	2,259,926	0.65

This estimated fair value at the date of grant for options granted during the year was \$453,000 (2008: \$910,000, 2007: \$4,860,000).

On December 31, 2009, the option ownership is as follows:

	Outstanding Options December 31, 2009		Exercisable Options December 31, 2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Founders	1,979,576	0.50	1,979,576	0.50
Employees	1,093,770	7.24	636,477	6.22
Directors and others	94,000	1.69	84,400	1.08
	3,167,346	2.86	2,700,453	1.87

Total options outstanding and exercisable at December 31, 2009 were as follows:

Exercise Price	Outstanding Options			Exercisable Options		
	Number Outstanding	Weighted Average Remaining Life (Years)	Weighted average exercise price \$	Number Exercisable	Weighted Average Remaining Life (Years)	Weighted average exercise price \$
Less than 1.00	2,044,576	4.29	0.49	2,044,576	4.29	0.49
1.01 to 2.40	180,100	4.19	2.40	180,100	4.19	2.40
7.00	754,560	5.20	7.00	425,760	5.09	7.00
12.50	188,110	6.41	12.50	50,017	6.33	12.50
Total	3,167,346	4.63	2.86	2,700,453	4.45	1.87

The founders' stock options were granted to provide compensation in lieu of remuneration for work performed over the five year period ended December 31, 2005. The employee and directors' stock options vest over varying time spans to a maximum of three years and have an expiry term of ten years. In 2008, 15,000 restricted share units valued at \$188,000 were issued to certain members of the board of directors and 5,000 units were exercised and an additional 5,000 units were issued in 2009. Each restricted share unit entitles the holder to one common share on the latest of the date the holder ceases to be a director or employee of the Corporation.

The Corporation records compensation costs on the granting of stock options using the fair value based method. The following table presents the weighted-average assumptions used to determine stock-based compensation expense using the Black-Scholes option pricing model:

	Year ended December 31		
	2009	2008	2007
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	100%	100%	100%
Risk-free rate	2.79%-3.36%	3.40-3.93%	3.89 - 4.67%
Expected life	7.5 years	7.5 years	7.5 years
Weighted-average exercise price	\$12.50	\$12.47	\$7.00

Stock-based compensation expense consists of:

	Year ended December 31		
	2009	2008	2007
	\$	\$	\$
Options	2,170	2,299	1,074
Services	137	22	68
Employee share purchase plan	42	57	-
Restricted share units	-	188	-
Balance, end of year	2,349	2,566	1,142

e. Employee share savings purchase plan

In 2008, the Corporation established employee and consultant share savings purchase plans to encourage employees and consultants to accumulate savings through ownership of Common Shares. Eligible employees and consultants may elect to receive between 2% and 35% of their salary in Common Shares.

The Corporation, subject to the terms of the plan, provides matching contributions on a graduated scale, based on the active service of the employee from less than one to over two years, of 50% to 100% of the employees contributions to a maximum of 4% to 8% of the employees regular earnings.

The employee share savings purchase plan was temporarily suspended in July 2009.

f. Broker warrants

In 2009, 30,000 broker warrants issued in connection with the preferred shares financing were exercised for 375,000 Series "B" Preferred Shares. There are an additional 80,000 broker warrants that expire on the earlier of 24 months from the close of a Qualifying Liquidity Event or at December 24, 2011. Each broker warrant entitles the holder to either one common share at an exercise price of \$12.50 or 12.5 preferred shares at an exercise price of \$1.00. The fair value of the 80,000 broker warrants outstanding at December 31, 2009 is estimated at \$707,000 using the Black-Scholes option-pricing model (assuming share price of \$12.50, exercise price of \$12.50, risk free rate of 3.92%, volatility of 100% and expected life of 4 years).

14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses consist of:

	Year ended December 31		
	2009	2008	2007
	\$	\$	\$
Selling, general and administrative	6,702	6,485	3,331
Loss from disposal of assets [note 16]	-	822	-
Interest on capital leases and other	46	36	28
Other income and expenses	(59)	(854)	(220)
	<u>6,689</u>	<u>6,489</u>	<u>3,139</u>

15. INSURABLE LOSS (RECOVERY)

In December 2008, the Corporation experienced a loss of \$1,715,000 related to product and equipment losses associated with a heating incident in a storage bin. As at December 31, 2008, total product loss was approximately 80% of the inventory on hand prior to the product damage event. Due to the nature of the event, the loss was recorded as an extraordinary item. In 2009 the Corporation received proceeds of \$2,171,000 from an insurance claim related to the December 2008 event. The Corporation also incurred additional related losses of \$106,000 during the year.

16. LOSS ON DISPOSAL OF ASSETS

In 2008, certain equipment was removed from the plant as part of an efficiency upgrade program which resulted in a loss on disposal of assets of \$822,000.

17. LOSS PER SHARE

Basic loss per share is calculated as follows (showing exact amounts of number of shares and stating values in thousands of Canadian dollars):

	Year ended December 31		
	2009	2008	2007
Weighted average number of shares outstanding	16,914,510	16,863,137	16,255,779
Net loss before extraordinary items for the year	(\$17,810)	(\$14,635)	(\$9,860)
Net loss after extraordinary items for the year	(\$15,745)	(\$16,350)	(\$9,860)
Basic and diluted net loss per share before extraordinary items	\$ 1.05	\$ 0.87	\$ 0.61
Basic and diluted net loss per share after extraordinary items	\$ 0.93	\$ 0.97	\$ 0.61

At December 31, 2009 a total of 2,700,453 exercisable stock options, 80,000 broker warrants and 15,000 restricted share units were outstanding. Conversion of the \$17,200,000 outstanding Unsecured Debentures and Secured Debentures of US \$6,000,000 and 30,240,000 preferred shares are contingent upon future events as described in notes 12 and 13. The exercise of any of these equity instruments would have an anti-dilutive effect on loss per share.

18. INCOME TAXES

The provision for income taxes differs from the amount computed by applying the statutory income tax rate to loss before income tax recovery. The sources and tax effects of the differences are as follows:

	Year ended December 31		
	2009	2008	2007
	\$	\$	\$
Loss before income tax recovery and extraordinary items	17,810	14,635	9,860
Insurable loss (recovery)	(2,065)	1,715	-
Loss before income tax recovery and after extraordinary items	15,745	16,350	9,860
Statutory income tax rate	29.00%	29.50%	32.12%
Expected income tax recovery before extraordinary item	5,165	4,317	3,167
Insurable loss (recovery)	(599)	506	-
Expected income tax recovery after extraordinary item	4,566	4,823	3,167
Permanent differences, increase in valuation allowance and other	(4,566)	(4,823)	(3,167)
Income tax recovery	-	-	-

Adjustments to the expected income tax recovery arising from permanent differences, increases in the valuation allowance and other cause the income tax recovery to be nil for all periods presented. The components of the Corporation's future income tax assets and liabilities are as follows:

	Year ended December 31		
	2009	2008	2007
Future income tax assets	\$	\$	\$
Non-capital income tax loss carry forward	6,665	3,436	1,986
Deferred compensation	15	254	139
Debenture discount	301	55	-
Share issuance costs	239	424	603
Capital assets	356	313	(218)
Deferred tax loss of limited partnerships	1,119	1,512	-
Other	156	-	29
	<u>8,851</u>	<u>5,994</u>	<u>2,539</u>
Future income tax liabilities			
Other	(155)	-	-
Net future income tax assets	<u>8,696</u>	<u>5,994</u>	<u>2,539</u>
Less valuation allowance	<u>(8,696)</u>	<u>(5,994)</u>	<u>(2,539)</u>
Future income tax assets recognized	<u>-</u>	<u>-</u>	<u>-</u>

Subject to preparing its income tax returns for 2008 and 2009, and amending its 2007 filings, the Corporation estimates its non-capital income tax losses from Canadian and US operations to be CAD \$26,076,000 and US \$2,804,000 respectively, as at December 31 2009. The estimated income tax losses expire on the following years ending December 31:

	Canadian dollars	U.S. dollars
	(in thousands)	
2010	109	-
2014 to 2015	1,321	-
2024 to 2030	<u>24,646</u>	<u>2,804</u>
	<u>26,076</u>	<u>2,804</u>

a. Scientific Research and Development Tax Credit (SRED)

In June 2008, the Corporation filed a SRED claim for \$1,719,000 on expenditures of \$7,095,000 for the 2006 tax year. The claim for the 2006 tax year has been denied by the Canada Revenue Agency ("CRA"). The Corporation is assessing its options regarding a further course of action. The Corporation also submitted a SRED claim for the 2007 tax year which, as of the date of this report, has not been assessed by the CRA.

19. COMMITMENTS AND CONTINGENCIES

The Corporation has entered into operating leases for the corporate offices through 2013 as well as operating leases for computers, furniture and vehicles. The minimum operating lease payments are as follows:

2010	2011	2012	2013	Total
<u>\$691</u>	<u>\$679</u>	<u>\$675</u>	<u>\$674</u>	<u>\$2,719</u>

20. LITIGATION AND ARBITRATION

From time to time the Corporation becomes involved in legal or administrative proceedings in the normal conduct of its business. The Corporation does not believe these matters in aggregate will have a material adverse effect on its consolidated financial position or results of operations. The Corporation is involved in a contractual dispute with the general contractor that provided construction services for the Strathmore plant. The outcome of these matters is not determinable at this time.

21. FINANCIAL INSTRUMENTS

The Corporation's financial instruments at December 31, 2009 include cash and cash equivalents, short term investments, accounts receivable, accounts payable and accrued liabilities, Secured Debentures and Unsecured Debentures, debenture conversion rights and capital lease obligations. The Corporation is exposed to financial risks arising from its financial instruments. The financial risks include currency risk, market risk related to interest rates, credit risk and liquidity risk.

a. *Currency risk*

The Corporation is exposed to foreign exchange risk as certain revenues and expenditures are denominated in the US dollar. At December 31 2009, balances are as follows:

	(thousands of US dollars) \$
Cash and cash equivalents	625
Accounts payable and accrued liabilities	1,186
Secured Debentures and accrued interest	6,099

With respect to US dollars, a significant weakening or strengthening of the US dollar against the Canadian dollar could impact earnings. As at December 31, 2009 we estimate that each 1% increase in the value of the US Dollar would increase the net loss by \$66,000. The Corporation will be exposed to further foreign currency exchange risk as it expands its operations in the United States.

b. *Interest rate risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation's exposure to floating interest rate is limited to cash and cash equivalents, whereas exposure to fixed interest rate is limited to the Corporation's convertible debentures. The Corporation's cash and cash equivalents include highly liquid investments that earn interest at market rates. The Corporation manages its interest rate risk on the investments by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day to day basis. Fluctuations in market rate of interest on cash and cash equivalents do not have a significant impact on the Corporation's results of operations.

c. *Credit risk*

The Corporation is exposed to credit risk with respect to accounts receivable. Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's trade accounts receivable.

d. *Liquidity risk*

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure, to the extent reasonably possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable costs or losses or risking harm to the Corporation's reputation. The Corporation manages its liquidity risk by preparing and monitoring detailed forecasts of cash flow from operations and anticipated investing and financing activities. The Corporation expects that cash flow from operations together with current financing initiatives will be sufficient to fund its requirements for investments in working capital and capital assets, however this is dependent upon obtaining additional financing and achieving profitable operations. Management is actively pursuing sources of such financing, and while it has been successful in securing sufficient financing in the past, there can be no assurance that it will be able to do so in the future.

e. *Fair value*

In the absence of an active market, the Corporation estimates fair value using valuation techniques such as option pricing models and discounted cash flow analysis, making maximum use of market-based inputs including gas and power prices, interest rates, and foreign exchanges rates, and makes assumptions about the amount and timing of estimated future cash flows. Fair value estimates are made at a point in time and may not be reflective of future values.

In June 2009, the CICA issued amendments to Section 3862 — Financial Instruments — Disclosures to expand the disclosures required in respect of fair value measurements recognized in financial statements. For the purpose of these expanded disclosures, a three-level hierarchy has been introduced as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices or indirectly (i.e. derived from prices);

Level 3 Inputs for the asset or liability that are not based on observable market data.

The financial instruments measured at fair value in the financial statements are limited to cash and cash equivalents, which are Level 1 and the Debenture conversion rights which are Level 3. The fair value of the Debenture conversion rights were estimated based on the value of the discount on conversion and the assessment of the likelihood of the Qualifying Liquidity Event and/or Qualifying Financing triggering event.

22. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are as follows: (i) to safeguard the Corporation's ability to continue as a going concern, (ii) to maintain on hand sufficient cash, and cash equivalents to service debt and lease payments as they come due, and (iii) to have sufficient capital on hand to fund the Corporation's business plan.

The Corporation's primary uses of capital are to finance new plant construction, working capital and operating activities. The Corporation manages the capital structure and makes adjustments in light of changes in economic conditions and risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Corporation may issue new shares, acquire or dispose of assets, and obtain or repay indebtedness.

The Corporation's capital consists of:

	Year ended December 31	
	2009	2008
	\$	\$
Unsecured Debentures	16,895	15,604
Secured Debentures	4,896	-
Convertible debenture conversion rights	2,716	-
Total debt	24,507	15,604
Shareholders' equity	1,324	14,150
Adjusted capital	25,831	29,754

To facilitate the management of its capital requirements, the Corporation prepares annual expenditure budgets that are updated as necessary and which are approved by the Board of Directors. Longer term financial models are utilized to schedule and forecast anticipated cash requirements. Excess cash is invested in accordance with an investment policy, which is reviewed periodically, thereby ensuring that cash is invested in highly liquid short-term interest-bearing investments, possessing pre-approved risk profiles and is available as required.

The Corporation is not subject to any externally imposed capital requirements.

23. SUBSEQUENT EVENTS

a. Proceeds from financing

In the first quarter of 2010, the Corporation issued 3% Unsecured Convertible Debentures with a principal amount of \$2,820,000 for total net proceeds of \$2,707,500. The debentures mature on December 31, 2011 and carry an annual coupon rate of 3%, compounded semi-annually. The debentures convert automatically into a variable number of common shares upon the closing of a Qualifying Liquidity Event, which includes, among other the things, an initial public offering. The conversion price will be at a discount to the Qualifying Liquidity Event price. Accrued but unpaid interest will be paid in cash at conversion or maturity.

b. Restricted share units and options exercised

On January 12, 2010 the Corporation issued 5,000 restricted share units to a new director. On February 17, 2010, a director exercised share options for 65,000 common shares for \$15,250.

c. Deferred Compensation

As of ●, 2010 executives and management of the Corporation were owed an aggregate \$ ● in deferred salaries.

d. Secured Debenture amendment

On April 12, 2010, the Secured Debenture agreement was modified to replace all references to June 1, 2010 with December 31, 2010, thus delaying certain conversion triggering events. The maturity date on the Secured Debentures was amended from September 30, 2011 to March 31, 2011 and the discount to the Qualifying Liquidity Event or Qualifying Financing price was increased from 35% to 40%. Refer also to note 12.

e. Initial Public Offering of the Corporation

Pursuant to the terms of an underwriting agreement dated ●, 2010, the Corporation is qualifying the sale and distribution of ● units at a price of ● per unit. Each unit is comprised of one common share of the Corporation and one-half of one common share purchase warrant with each whole warrant entitling the holder to acquire one common share at a price of \$ ● until the date that is 24 months following closing of the offering. Upon closing the net proceeds to the Corporation are estimated to be \$ ●, net of the estimated issue expenses and underwriters' fees in the aggregate totaling approximately \$ ●. In addition, the Corporation has granted to the underwriters an over-allotment option, exercisable, in whole or in part, at the sole discretion of the underwriters, for a period of 30 days from the closing of the initial public offering, to purchase from the Corporation's treasury up to ● common shares and ● warrants at a price of \$ ● per common share and \$ ● per warrant.

APPENDIX "C"
TERMS OF REFERENCE OF THE BOARD OF DIRECTORS

1. Introduction

- (a) The Board's primary responsibility is to foster the long-term success of the Corporation as consistent with the Board's fiduciary responsibility to the shareholders to maximize shareholder value.
- (b) The Board of Directors has plenary power. Any responsibility not delegated to management or a committee of the Board remains with the Board. This mandate is prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

2. Composition and Board Organization

- (a) Nominees for directors are initially considered and recommended by the Governance and Nomination Committee of the Board, if such a committee has been formed and approved by the entire Board and if such a committee has not been formed and approved by the entire Board, the Board shall consider nominees for directors.
- (b) The Board shall be composed of not fewer than three directors and not more than the maximum number of directors allowed by the articles of the Corporation. The specific number of directors shall be set by the Board each year.
- (c) The Board shall meet at least four times each year. The Chair may call additional meetings as required. In addition, a meeting may be called by the President or Chief Executive Officer, any member of the Board or as otherwise provided by law.
- (d) The independent directors will meet on a regularly scheduled basis at which non-independent directors and members of management are not in attendance [NP 58-201, s.3.3].
- (e) The Board shall have the right to determine who shall and who shall not be present at any time during a Board meeting. Senior management of the Corporation are expected to be available to attend the Board meetings or portions thereof.
- (f) Certain of the responsibilities of the Board referred to herein may be delegated to committees of the Board. The responsibilities of those committees will be as set forth in their mandates, as approved by the Board and amended from time to time.

3. Duties and Responsibilities

Managing the Affairs of the Board

- (a) The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. Certain of the legal obligations of the Board are described in detail in Section 4. Subject to these legal obligations and to the Articles and By-laws of the Corporation, the Board retains the responsibility for managing its own affairs, including:
 - (i) planning its composition and size [NP 58-201, s. 3.12];
 - (ii) nominating candidates for election to the Board;
 - (iii) appointing committees and approving their respective mandates and the limits of authority delegated to each committee;
 - (iv) determining director compensation;
 - (v) approving and directing the implementation of corporate governance practices and procedures aimed at having independent, informed oversight by Board members of management and management's conduct of the business of the Corporation and its subsidiaries, including the approval of the mandate for the Board and its committees [NP 58-201, s. 3.4(g)];

- (vi) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities *[NP 58-201, s. 3.18]*.

Management and Human Resources

- (b) The Board has the responsibility for:
 - (i) the appointment and succession of the Chief Executive Officer (CEO) and monitoring CEO performance, approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO's duties *[NP 58-201, s. 3.4(d)]*;
 - (ii) approving a position description for the CEO *[NP 58-201, s.3.5]*;
 - (iii) reviewing CEO performance at least annually, against agreed-upon written objectives;
 - (iv) monitoring compliance with EarthRenew's Code of Business Conduct, including the granting of waivers for the benefit of directors or officers of the Corporation *[NP 58-201, s. 3.9]*;
 - (v) to the extent possible, satisfying itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers evoke a culture of integrity throughout the organization *[NP 58-201, s. 3.4(a)]*;
 - (vi) acceptance of outside directorships or trusteeships on public and private companies or entities in the same or related businesses as the Corporation by directors (other than not-for-profit organizations);
 - (vii) approving decisions relating to senior management, including the:
 - (A) appointment and discharge of officers of the Corporation and members of the senior leadership team;
 - (B) compensation and benefits for the CEO and the President;
 - (C) acceptance by executive officers of outside directorships or trusteeships on public and private companies or entities (other than not-for-profit organizations);
 - (D) annual Corporation performance objectives utilized in determining incentive compensation or other awards to officers; and
 - (E) employment contracts, termination and other special arrangements with executive officers, or other employee groups if such action is likely to have a subsequent material¹ impact on the Corporation or its basic human resource and compensation policies.
 - (viii) taking all reasonable steps to ensure succession planning programs are in place, including programs to train and develop management *[NP 58-201, s. 3.4(d)]*;
 - (ix) approving certain matters relating to all employees, including:
 - (A) the annual salary policy/program for employees;
 - (B) new benefit programs or changes to existing programs that would create a change in cost to the Corporation annually; and
 - (C) material benefits granted to retiring employees outside of benefits received under approved benefit programs.

¹ For purposes of these Terms of Reference, the term "material" includes a transaction or a series of related transactions that would, using reasonable business judgment and assumptions, have a meaningful impact on the Corporation. The impact could be relative to EarthRenew's financial performance and liabilities as well as its reputation.

Strategy and Plans

- (c) The Board has the responsibility to:
- adopt a strategic planning process and, at least annually, approve EarthRenew's strategic plan which takes into account, among other things, the opportunities, risks and ethics of the business [NP58-201, s. 3.4(b)];
 - approve capital and expenditure budgets and related operating plans;
 - approve financial and operating objectives used in determining compensation;
 - approve material divestitures and acquisitions; and
 - monitor management's achievements in implementing EarthRenew's strategies and objectives, in light of changing circumstances.

Financial and Corporate Issues

- (d) The Board has the responsibility to:
- (i) take reasonable steps to ensure the implementation and integrity of EarthRenew's internal control and management information systems;
 - (ii) monitor operational and financial results;
 - (iii) review and approve the annual financial statements and management's discussion and analysis for the Corporation and to review and approve the unaudited interim financial statements and management's discussion and analysis for the Corporation;
 - (iv) approve the Management Proxy Circular, Annual Information Form and documents incorporated by reference therein;
 - (v) declare dividends to shareholders;
 - (vi) approve financings, changes in authorized capital, issue and repurchase of securities, issue of debt securities, listing of shares and other securities, issue of commercial paper, and related prospectuses and trust indentures;
 - (vii) recommend appointment of external auditors;
 - (viii) approve banking resolutions and significant changes in banking relationships;
 - (ix) approve appointments, or material changes in relationships with corporate trustees;
 - (x) approve contracts, leases and other arrangements or commitments that may have a material impact on the Corporation such materiality to be approved by the Board from time to time by resolution;
 - (xi) approve spending authority guidelines; and
 - (xii) approve the commencement or settlement of litigation that may have a material impact on the Corporation.

Business and Risk Management

- (e) The Board has the responsibility to:
- (i) take all reasonable steps to ensure that management has identified the principal risks of EarthRenew's business and implemented appropriate systems to manage these risks [NP 58-201, s. 3.4 (c)];
 - (ii) receive, at least annually, reports from management on matters relating to, among others, ethical conduct and employee health and safety; and
 - (iii) review insurance coverage of significant business risks and uncertainties.

Policies and Procedures

- (f) The Board has responsibility to:
 - (i) monitor compliance with all significant policies and procedures by which the Corporation is operated; and
 - (ii) review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).

Compliance Reporting and Corporate Communications

- (g) The Board has the responsibility to:
 - (i) take all reasonable steps to ensure the Corporation has in place effective communication processes with shareholders and other stakeholders and financial, regulatory and other recipients *[NP 58-201, s. 3.4 (e) and (i)]*;
 - (ii) approve interaction with shareholders on all items requiring shareholder approval;
 - (iii) take all reasonable steps to ensure that the financial performance of the Corporation is adequately reported to shareholders, other securities holders and regulators on a timely and regular basis;
 - (iv) take all reasonable steps to ensure that financial results are reported fairly and in accordance with generally accepted accounting principles;
 - (v) take all reasonable steps to ensure the timely reporting of any other developments that have significant and material impact on the Corporation; and
 - (vi) report annually to shareholders on the Board's stewardship for the preceding year (the Annual Report).

Orientation and Continuing Education

- (h) The Board has responsibility to:
 - (i) ensure that all new directors receive a comprehensive orientation respecting the nature and operation of EarthRenew's business as well as the role of the Board and its committees and the contribution which individual directors are expected to make *[NP 58-201, s. 3.6]*; and
 - (ii) ensure that directors are provided with continuing education opportunities so that directors may maintain or enhance their skills and abilities as directors as well as ensure that their knowledge and understanding of EarthRenew's business remains current *[NP 58-201, s. 3.7]*.

4. General Legal Obligations of the Board Of Directors

- (a) The Board is responsible for:
 - (i) directing management to ensure legal requirements have been met and documents and records have been properly prepared, approved and maintained;
 - (ii) approving changes in the By-laws and Articles of Incorporation, and any matters requiring shareholder approval and agendas for shareholder meetings;
 - (iii) approving EarthRenew's legal structure and vision statement;
 - (iv) taking all reasonable steps to ensure compliance with all material legal requirements applicable to the Corporation, including, but without limitation, corporate and securities law; and
 - (v) performing such functions as it reserves to itself or which cannot, by law, be delegated to Committees of the Board or to management.

5. Expectations of the Board Of Directors

- (a) Each Board member is expected to:
 - (i) allow sufficient time to review meeting materials;
 - (ii) be prepared for Board meetings;
 - (iii) attend most, if not all, Board meetings and applicable meetings of committees of the Board;
 - (iv) be a team member during important periods in EarthRenew's growth and transition;
 - (v) respect and adhere to EarthRenew's Code of Conduct and promote its corporate values including innovation, entrepreneurship, respect for others, risk-taking and being a team player;
 - (vi) have a deep interest in EarthRenew's business and demonstrate business savvy;
 - (vii) be clearly aligned with and represent and protect the interest of all shareholders;
 - (viii) have strong interpersonal skills;
 - (ix) have prudent financial judgment at all times;
 - (x) devote time to the position, both inside and outside the boardroom;
 - (xi) set aside his or her personal agenda and diligently seek to improve his or her own effectiveness through consideration for others on the Board, management, employees and associated business community;
 - (xii) be compatible but forthright and speak up regarding management's assumptions;
 - (xiii) demonstrate judgment and discretion that EarthRenew's CEO and Chair trusts and respects;
 - (xiv) make strong contributions to the Board;
 - (xv) aspire to be admired by fellow directors for courage, integrity and consensus building skills;
 - (xvi) serve to improve overall board performance by assisting to identify critical success indicators and create measurement tools; and
 - (xvii) invest in the Corporation as designated by the Board.

6. Review

The Board will review these terms of reference at least annually or, where circumstances warrant, at such shorter interval as is necessary, to determine if further additions, deletions or other amendments are required.

APPENDIX "D"
AUDIT COMMITTEE MANDATE

1 Overall Purpose/Objectives

- 1.1 The Audit Committee will assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities. The Audit Committee will review the financial reporting process, the system of internal and disclosure control and management of financial risks, the audit process, and the Corporation's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Audit Committee will maintain effective working relationships with the whole Board, officers, management, and the internal and external auditors.

2 Authority

- 2.1 The Board authorizes the Audit Committee, within the scope of its responsibilities, to:
- Communicate directly with the internal and external auditors.
 - Seek any information it requires from:
 - Any employee (and all employees are directed to co-operate with any request made by the Audit Committee).
 - External parties.
 - Obtain outside legal or financial professional advisers and set and pay their reasonable compensation. Such advisors shall be independent of the members. Members shall retain such advisors in a manner consistent with the Corporation's ability to pay, mindful of their fiduciary responsibilities to the Corporation.
 - Ensure the attendance of officers at meetings as appropriate.
 - Pre-authorize any non-audit services proposed by management to be provided by the Corporation's auditors to the Corporation or any of its subsidiary entities.

3 Organization

Membership

- 3.1 The Audit Committee will comprise at least three (3) members or such greater number as the Board may determine from time to time at least 25% of which must be a resident Canadian.
- 3.2 Each member will be financially literate and at least one member will have accounting or related financial expertise.
- 3.3 If the Corporation becomes a reporting issuer in Canada or is listed on a stock exchange in Canada or the United States, subject to any temporary exemptions provided for in Multilateral Instrument 52-110 — *Audit Committees*, all members will be independent of management.
- 3.4 The Chairman of the Audit Committee will be nominated by the Board from time to time.
- 3.5 The Board shall appoint members annually.
- 3.6 A quorum for any meeting will be two (2) members.

Attendance at Meetings

- 3.7 The Audit Committee may invite such other persons (e.g. the CEO and/or CFO) to its meetings, as it deems necessary.
- 3.8 The internal and external auditors may be invited to make presentations to the Audit Committee as appropriate.
- 3.9 Meetings shall be held not less than four (4) times a year. Special meetings may be convened as required. Internal auditors or the external auditors may convene a meeting of the Audit Committee if they consider it necessary.
- 3.10 The proceedings of all meetings will be recorded in minutes for approval by the Audit Committee and signature by the Chair of the Audit Committee and submitted to the Board.

4 Roles and Responsibilities

The Audit Committee will:

Internal Control

- 4.1 Evaluate whether management is communicating to employees the importance of internal controls and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities.
- 4.2 Consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.
- 4.3 Gain an understanding of whether internal control recommendations made by internal and external auditors have been implemented by management.

Financial Reporting

a) General

- 4.4 Gain an understanding of the current areas of greatest financial risk and how management is managing these effectively.
- 4.5 Consider with the internal and external auditors any fraud, illegal acts, deficiencies in internal control or other similar issues.
- 4.6 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 4.7 Ask management and the internal and external auditors about significant risks and exposures and the plans to minimize such risks.
- 4.8 Review any legal matters which could significantly impact the Consolidated Financial Statements.

b) Financial Statements

- 4.9 Review the annual and quarterly Consolidated Financial Statements, Management's Discussion and Analysis ("MD&A") and press releases relating to the filing of the annual and quarterly Consolidated Financial Statements and MD&A and any other disclosure of the Corporation containing financial information and determine whether they are complete and consistent with the information known to committee members; assess whether the Consolidated Financial Statements reflect appropriate accounting principles.
- 4.10 Review any future-oriented financial information and updates to future-oriented financial information.
- 4.11 Pay particular attention to complex and/or unusual transactions such as restructuring charges, derivative disclosure and other financial instruments being used or contemplated to be used by the Corporation.
- 4.12 Focus on judgemental areas, for example those involving valuation of assets and liabilities; warranty; product or environmental liability; litigation reserves; and other commitments and contingencies.
- 4.13 Meet with management and the external auditors to review the Consolidated Financial Statements and the MD&A and the results of the audit.
- 4.14 Review the other sections of the Annual Report before release and consider whether the information is understandable and consistent with members' knowledge about the Corporation and its operations.
- 4.15 The Audit Committee shall recommend for approval to the Board the Corporation's annual Consolidated Financial Statements and quarterly Consolidated Financial Statements, related management's discussion and analysis and related press releases.

c) Preliminary Announcements, Interim Financial Statements and Analysts Briefings

- 4.16 Be briefed on how management develops preliminary financial related press releases, interim financial information and analysts briefings; the extent of internal audit involvement; and the extent to which the external auditors review such information.
- 4.17 Assess the fairness of the preliminary financial related press releases and interim statements and disclosures, and obtain explanations from management and internal and external auditors on whether:
 - actual financial results for the interim period varied significantly from budgeted or projected results.

- changes in financial ratios and relationships in the interim financial statements are consistent with changes in the Corporation's operations and financing practices.
- generally accepted accounting principles have been consistently applied.
- there are any actual or proposed changes in accounting or financial reporting practices.
- there are significant or unusual events or transactions.
- the Corporation's financial and operating controls are functioning effectively.
- the preliminary announcements and interim financial statements contain adequate and appropriate disclosures.

Internal Audit (when applicable)

- 4.18 Review the activities and organizational structure of the internal audit function and ensure no unjustified restrictions or limitations are made.
- 4.19 Review the qualifications of internal audit personnel and concur in the appointment, replacement, reassignment or dismissal of the director of internal audit.
- 4.20 Review the effectiveness of the internal audit function.
- 4.21 Meet separately with the director of internal audit to discuss any matters that the committee or auditors believe should be discussed privately.
- 4.22 Ensure that significant findings and recommendations made by the internal auditors are received and discussed on a timely basis.
- 4.23 Ensure that management responds to recommendations by the internal auditors.

Budget

- 4.24 Review the Corporation's budget prior to submission to the Board.

External Audit

- 4.25 Review the external auditors proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope.
- 4.26 Oversee the work of the external auditors.
- 4.27 Review the performance of the external auditors.
- 4.28 Consider the independence of the external auditor, including reviewing the range of services provided in the context of all consulting services bought by the Corporation.
- 4.29 Make recommendations to the Board regarding the reappointment of the external auditors and the compensation thereof.
- 4.30 Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- 4.31 Ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis.
- 4.32 Resolve disagreements between management and the external auditors and ensure that management responds to recommendations by the external auditors.
- 4.33 Review with the external auditors any management letters, if any, outlining the external auditors' findings and recommendations, together with management's response, with respect to internal controls and accounting procedures.
- 4.34 Ensure compliance by the external auditors with the requirements set forth in National Instrument 52-108 Auditor Oversight.

Compliance with laws and regulations

- 4.35 Review the effectiveness of the financial reporting and accounting systems for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.
- 4.36 Obtain regular updates from management and Corporation's legal counsel regarding compliance matters.
- 4.37 Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements.
- 4.38 Review the findings of any examinations by regulatory agencies.

Compliance with the Corporation's Code of Conduct

- 4.39 Ensure that the code of conduct is in writing and that arrangements are made for all employees to be aware of it.
- 4.40 Evaluate whether management is communicating the importance of the code of conduct and the guidelines for acceptable behavior to employees.
- 4.41 Review the process for monitoring compliance with the code of conduct.
- 4.42 Obtain regular updates from management regarding compliance.
- 4.43 Be responsible for:
 - Establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters.
 - Establishing procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Reporting Responsibilities

- 4.44 Regularly update the Board about Audit Committee activities and make appropriate recommendations.
- 4.45 Ensure the Board is aware of matters which may significantly impact the financial condition or affairs of the Corporation.
- 4.46 Review any disclosure made by the Corporation pursuant to Form 52-110F1 Audit Committee Information Required in an AIF attached to MI 52-110.

Other Responsibilities

- 4.47 Perform other oversight functions as requested by the full Board.
- 4.48 Where necessary, review and update the Audit Committee Charter; receive approval of changes from the Board.
- 4.49 Evaluate the Audit Committee's own performance on a regular basis and make a report to the Board annually.

CERTIFICATE OF EARTHRENEW CORPORATION

Dated: June 4, 2010

This amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated prospectus as required by the securities legislation of each of the Provinces of Canada other than Québec.

EARTHRENEW CORPORATION

"CHRISTIANNE CARIN"
Chief Executive Officer

"MARK A. KENNEDY"
Chief Financial Officer

On behalf of the Board of Directors

"RONALD A. McINTOSH"
Director

"JOHN GUNN"
Director

CERTIFICATE OF THE PROMOTER

Dated: June 4, 2010

This amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated prospectus as required by the securities legislation of each of the Provinces of Canada other than Québec.

"CHRISTIANNE CARIN"
Christianne Carin

CERTIFICATE OF THE UNDERWRITERS

Dated: June 4, 2010

To the best of our knowledge, information and belief, this amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated prospectus as required by the securities legislation of each of the Provinces of Canada other than Québec.

RBC Dominion Securities Inc.

"TREVOR GARDNER"

BMO Nesbitt Burns Inc.

"STEPHEN SHAPIRO"

Canaccord Genuity Corp.

"STEVEN L. WINOKUR"

Jacob Securities Inc.

"SASHA JACOB"

Thomas Weisel Partners Canada Inc.

"TERRIS N. CHORNEY"



EarthRenew®
Power to Renew the Earth



EarthRenew®
Power to Renew the Earth

Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after the later of (i) May 31, 2008, and (ii) the date the issuer became a reporting issuer in any province or territory.

EARTHRENEW CORPORATION

(A corporation incorporated under the laws of the Province of Alberta)

THIS IS EXHIBIT "J"

referred to in the Affidavit

Sworn before me this

Day of Sept A.D. 2010

A COMMISSIONER FOR OATHS

AND FOR THE PROVINCE OF ALBERTA

HOWARD A. GORMAN

BARRISTER & SOLICITOR

3% CONVERTIBLE SUBORDINATED UNSECURED DEBENTURE

IN FAVOUR OF

Nile Capital I S.à.r.l.

JANUARY 4, 2010

Certificate Number: CSUD - 5

\$3,480,000

DUE: DECEMBER 31, 2011

EARTHRENEW CORPORATION (the "Corporation"), for value received, hereby promises to pay to or to the order of Nile Capital I S.à.r.l., the registered holder hereof on December 31, 2011, or on such earlier or later date as the principal amount hereof may become payable in accordance with the conditions herein set out on presentation and surrender of this Debenture, the sum set out above in lawful money of Canada, at the registered office of the Corporation in Calgary, Alberta, and, subject to the terms and conditions herein contained, to pay interest thereon in the manner and at the rate set forth in Section 2.2 hereof.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Debenture (including the recitals hereto), unless there is something in the subject matter or context inconsistent therewith:

"ABCA" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"Additional Amounts" shall have the meaning attributed thereto in Section 5.1 hereof;

"Affiliate" has the meaning ascribed thereto under the ABCA;

"Aggregate Principal Amount" means, from time to time, the aggregate principal amount of Debentures outstanding and unconverted;

"Business Day" means any day except Saturdays, Sundays, statutory holidays and days when the principal office of the Corporation in the City of Calgary is not generally open to the public for the transaction of business;

"Capital Reorganization" shall have the meaning attributed thereto in Section 3.4 hereof;

"Common Shares" means common shares in the capital of the Corporation;

"Corporation" means EarthRenew Corporation, a corporation incorporated pursuant to the ABCA with an office in the City of Calgary, in the Province of Alberta, and includes any Successor Corporation to or of the Corporation;

"Counsel" means a barrister or solicitor or firm of barristers or solicitors, who may be counsel for the Corporation;

"Conversion Date" shall have the meaning attributed thereto in Section 3.1 hereof;

"Conversion Ratio" shall have the meaning attributed thereto in Section 3.4 hereof;

"Corporate Sale" means a sale of substantially all of the Corporation or its assets whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Debentureholders" means the several Persons for the time being entered in the Register as holders of the Debentures and Debentureholder means any of them;

"Debentures" means, collectively, the aggregate principal amount of \$10,000,000 of convertible subordinated unsecured debentures of the Corporation, bearing interest at the Interest Rate and maturing on the Maturity Date and which entitle the holders thereof to the same benefits hereunder;

"Director" means a member of the board of directors of the Corporation for the time being and **"Directors"**, **"Board of Directors"** or **"Board"** means the board of directors of the Corporation as duly constituted and elected or empowered, from time to time, and reference to **"action by the Directors"** means action by the directors of the Corporation as a board;

"Event of Default" means any of the events of default referred to in Section 6.1;

"Holder" means the Person who is registered as the holder of this Debenture in the Register maintained by the Corporation from time to time being entered in the Register hereinafter referred to as a Holder of Debentures;

"IPO" means an initial public offering or similar "going public" transaction, with concurrent listing on one or more Recognized Exchanges;

"Instrument of Debentureholders" or **"consent of the Debentureholders"** means a written document signed by the Debentureholders, or their duly authorized attorneys, of more than fifty percent (50%) in principal value of the Debentures then outstanding to perform, execute or cease any act, procedure or action therein stipulated or giving any direction, authorization or consent which may be appropriate or required in connection with the Debentures;

"Interest Payment Date" means the Conversion Date or the Maturity Date, whichever is earlier;

"Interest Rate" means the interest rate of 3% per annum, compounded semi-annually, unless Section 3.3(b) is applicable;

"Maturity Date" means December 31, 2011;

"Maturity Valuation Price" means the valuation per Common Share to be determined at the Maturity Date, at the expense of the Corporation, by an independent investment bank selected by

the majority of the remaining Debentureholders by an Instrument of Debentureholders and acceptable to the Board of Directors of the Corporation, acting reasonably;

"Merger" means a business combination including, without limitation, a merger, amalgamation, arrangement, share exchange, or any similar transaction whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Merger Consideration" shall have the meaning attributed thereto in Section 3.2(b) hereof;

"Person" means an individual, firm, trust, syndicate, corporation, partnership, association, government or governmental agency;

"Private Equity Conversion Amount" means that amount of Common Shares into which each \$1,000 principal amount of Debentures may be converted pursuant to subsection 3.2(a)(i);

"Private Equity Funding" means any transaction or series of transactions pursuant to which the Corporation raises a minimum \$10,000,000 through the distribution of Common Shares in any consecutive six month period following the date of issuance of the Debentures and ending on the earlier of the Maturity Date or the closing of a Qualifying Liquidity Event and includes the issuance of convertible preferred shares of the Corporation for \$1.00 per convertible preferred share on or about December 21, 2007;

"Private Equity Funding Price" means the lowest price per Common Share at which the Corporation distributes Common Shares pursuant to a Private Equity Funding;

"Qualified Price" means the price per Common Share of Common Shares sold in an IPO or the fair market value of any combination of cash, securities and other consideration received by the holders of Common Shares in a Merger or Corporate Sale;

"Qualifying Liquidity Event" means the closing of an IPO, Merger or a Corporate Sale;

"Recognized Exchange" means the London Stock Exchange (main market or AIM), the New York Stock Exchange, the NASDAQ, the Toronto Stock Exchange, the TSX Venture Exchange or the American Stock Exchange;

"Register" means the register to be kept by the Corporation, in which will be entered the names and addresses of the Debentureholders, from time to time, and particulars of the Debentures held by them respectively and of all transfers of Debentures;

"Representative" shall have the meaning attributed thereto in Section 6.7 hereof;

"SEC" shall have the meaning attributed thereto in Section 5.7(c) hereof;

"Senior Indebtedness" means all present or future indebtedness, obligations and liabilities of the Corporation in respect of borrowed money (including principal, interest, interest on amounts in default, penalties, fees, indemnifications, reimbursements, damages and the deferred purchase price of property) and any guarantees thereof, including, without limitation, existing debt and all other direct or contingent obligations of the Corporation other than:

- (a) indebtedness evidenced by the Debentures;
- (b) indebtedness which is convertible by its terms or pursuant to an agreement with the Corporation into any class of equity securities of the Corporation; and

- (c) indebtedness which, by the terms of the instrument creating or evidencing the same, is expressed to rank in right of payment equally with or subordinate to the indebtedness evidenced by the Debentures;

"Share Reorganization" shall have the meaning attributed thereto in Subsection 3.4(a) hereof;

"Share Reorganization Ratio" means the ratio of Common Shares outstanding prior to and following a Share Reorganization as calculated in accordance with Subsection 3.4(a) hereof;

"Subsidiary" means any corporation of which more than 50% of the outstanding Voting Shares are owned, directly or indirectly, by or for the Corporation, provided that the ownership of such shares confers the right to elect at least a majority of the board of directors of such corporation and includes any corporation in like relation to a Subsidiary;

"Successor Corporation" shall have the meaning attributed thereto in Section 7.1 hereof;

"Tax" means all present or future taxes, levies, withholdings, fiscal charges, imports, duties, assessments, surcharges, or other charges of whatsoever nature and however arising which are imposed, assessed, charged, levied, withheld or demanded pursuant to the laws of Canada or a Province thereof at any time together with all interest thereon and penalties or similar liabilities with respect thereto but does not include any taxes charged in respect of or by reference to the overall net income or gains of the Holder of this Debenture or any interest thereon or penalties or similar liabilities with respect thereto;

"Time of Expiry" means 4:30 p.m. (Calgary time) on the Maturity Date;

"Voting Shares" means shares of any class in the capital of any corporation carrying voting rights under all circumstances, provided that, for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares unless such event has occurred and is continuing, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of any such event;

"Withholding Taxes" shall have the meaning attributed thereto in Section 5.1 hereof; and

"1933 Act" shall have the meaning attributed thereto in Section 5.7(c) hereof.

1.2 Interpretation

Words importing the singular number only shall include the plural and *vice versa* and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms, associations and corporations and *vice versa*.

1.3 Currency

All payments contemplated herein shall be paid in Canadian funds, by cheque or other transfer of funds considered appropriate by the Corporation and all references herein to dollar amounts are references to dollars in the lawful currency of Canada.

1.4 Governing Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

1.5 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

ARTICLE 2 **THE DEBENTURE**

2.1 Series of Debentures

This Debenture is one of a series of debentures issued as of the date hereof.

2.2 Terms of the Debenture

- (a) This Debenture matures at the Time of Expiry and bears interest from and including the date of this Debenture at the Interest Rate, payable after as well as before maturity and after as well as before default and judgment, with interest on amounts in default at the same rate, payable on an accrued basis on the Interest Payment Date.
- (b) Subject to Article 4, the Corporation shall, no later than ten Business Days following the Interest Payment Date, cause to be sent by prepaid ordinary mail a cheque for such interest (less any Tax required by law to be withheld therefrom) payable to the order of the Holder and addressed to it at its last address or account, as the case may be, appearing on the Register, unless the Holder otherwise directs. In the case of joint Holders, the cheque shall be payable to the order of all such joint Holders and addressed to them at the last address or account appearing on the Register, as the case may be, unless such joint Holders otherwise direct. If more than one address or account appears on the Register in respect of such joint Holders, the cheque shall be mailed or delivered, as the case may be, to the first address or account so appearing. In the event of non-receipt or destruction of any cheque or funds delivered pursuant to this Section, the Corporation will cause to be issued to the Holder a replacement cheque for like amount upon being furnished with such evidence of non-receipt or destruction as it reasonably requires and upon being indemnified to its satisfaction, acting reasonably.
- (c) Notwithstanding anything contained herein, the Corporation may enter into an agreement with the Holder providing for the payment to such Holder of the principal of and interest on this Debenture at a place or places or in a manner other than the place or places or manner specified herein for payment.

2.3 Debentures to Rank Pari Passu

This Debenture is a general unsecured obligation of the Corporation. This Debenture ranks *pari passu* with all other Debentures and with all existing and future indebtedness of the Corporation other than (i) existing and future Senior Indebtedness, and will be subordinate in right of payment to all existing and future Senior Indebtedness of the Corporation; and (ii) indebtedness which by its terms ranks junior to the Debentures.

2.4 Mutilation, Loss, Theft or Destruction

In case this Debenture is mutilated, lost, stolen or destroyed, the Corporation, in its discretion, may create a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost,

stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Corporation and shall be entitled to the same benefits as all other Debentures without preference or priority one over another. In case of loss, theft or destruction the Holder shall furnish to the Corporation evidence of such loss, theft or destruction as is satisfactory to the Corporation in its discretion, acting reasonably, and shall also furnish an indemnity satisfactory to the Corporation in its discretion, acting reasonably. The Holder shall pay all expenses incidental to the issuance of any substituted Debenture.

2.5 Transfer

This Debenture may not be resold, distributed or transferred by the Holder, other than to an Affiliate of the Holder or to a Person under common management with the Holder, at any time prior to the Maturity Date without the prior written consent of the Board or Directors, subject always to any applicable laws and required regulatory approvals, including, without limitation, applicable securities laws which restrict the sale and distribution of the Debenture. The Holder shall pay all expenses incidental to the transfer of any Debenture.

2.6 Effect of Instrument of Debentureholders

Any Instrument of Debentureholders duly signed by Debentureholders holding more than 50% in principal value of the Debentures then outstanding or by their duly authorized attorneys will be binding on all Debentureholders, whether or not such Debentureholder or its duly authorized attorney signed such Instrument of Debentureholders.

ARTICLE 3 CONVERSION OF DEBENTURE

3.1 Conversion Date

For the purposes of this Article, this Debenture shall be deemed to be surrendered for conversion:

- (a) in the case of automatic conversion pursuant to Section 3.2 hereof, on the date of completion of a Qualifying Liquidity Event, and
- (b) in the case of voluntary conversion pursuant to section 3.3 hereof, on the date on which it is received by the Corporation in accordance with the provisions of this Article 3 (the "Conversion Date").

3.2 Automatic Conversion

- (a) On the occurrence of a Qualifying Liquidity Event, each \$1,000 principal amount of Debentures shall convert into that number of Common Shares equal to the greater of:
 - (i) \$1,250 divided by the Private Equity Funding Price and rounded to the nearest whole number; or
 - (ii) (A) if the Qualifying Liquidity Event occurs between the Closing Time and December 31, 2008, \$1,500 divided by the Qualified Price and rounded to the nearest whole number;
 - (B) if the Qualifying Liquidity Event occurs after December 31, 2008 and on or before December 31, 2009, \$1,818 divided by the Qualified Price and rounded to the nearest whole number;

- (C) if the Qualifying Liquidity Event occurs after December 31, 2009 and on or before December 31, 2010, \$2,222 divided by the Qualified Price and rounded to the nearest whole number; and
 - (D) if the Qualifying Liquidity Event occurs after December 31, 2010 and on or before the Maturity Date, \$2,703 divided by the Qualified Price and rounded to the nearest whole number.
- (b) If the Qualifying Liquidity Event is a Merger or Corporate Sale which results in holders of Common Shares receiving Common Shares or securities, cash, debt instruments or other property in addition to or in lieu of Common Shares (collectively, the "**Merger Consideration**"), then the conversion referred to in this section 3.2 shall be deemed to have occurred immediately prior to the Merger or Corporate Sale, as the case may be, such that the Holder shall be considered to be the registered Holder of Common Shares immediately prior to the Merger or Corporate Sale, as the case may be, and shall receive the Merger Consideration upon conversion of the Debentures.
- (c) In the event that this Debenture is converted into Common Shares pursuant to this Section 3.2, the Corporation shall deliver notice of conversion to the Holder and shall within thirty (30) days of the Conversion Date deliver to the transfer agent and registrar of the Corporation at its offices a certificate dated the Conversion Date and registered in the name of the Holder for the number of Common Shares into which this Debenture is convertible in accordance with the provisions of this Article together with a cheque payable to the Holder for any amount payable under Section 3.5 and such transfer agent and registrar shall deliver such certificate and cheque to the Holder upon the surrender of this Debenture to the transfer agent and registrar.
- (d) In the event that this Debenture is converted into Common Shares pursuant to this Section 3.2, then provided that the Corporation has delivered to the transfer agent and registrar of the Corporation the certificate and cheque required to be delivered pursuant to subsection 3.2(c), then this Debenture shall thereafter only represent the right of the Holder to receive such certificate and cheque upon surrender of this Debenture and also to receive any amount to which the Holder is entitled under subsection 3.2(e).
- (e) Upon the conversion of this Debenture in accordance with this Section 3.2, any accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, shall be converted into that number of Common Shares equal to the total amount of interest owing divided by (i) the Private Equity Funding Price, if conversion as to the principal amount of this Debenture occurs pursuant to subsection 3.2(a)(i), or (ii) the Qualified Price, if conversion of the principal amount of this Debenture occurs pursuant to subsection 3.2(a)(ii), and the Common Shares issued upon such conversion shall be entitled to receive dividends declared in favour of shareholders of record on and after the Conversion Date, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares. In the event of a Merger or Corporate Sale described in paragraph 3.2(b), any accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, shall be converted into an equal amount of the Merger Consideration.

3.3 Voluntary Conversion

- (a) Upon and subject to the provisions and conditions of this Article, the Holder shall have the right, at its option at any time, and from time to time, prior to the earlier of (i) the completion of a Qualifying Liquidity Event or (ii) the Time of Expiry, to convert such Debentures into that number of fully paid and non-assessable Common Shares at the Conversion Ratio set out in paragraph 3.2(a)(i).
- (b) if a Qualifying Liquidity Event does not occur on or prior to the Maturity Date and if a Holder has not otherwise converted the Debentures on or prior to the Maturity Date, a Holder shall notify the Corporation in writing within 30 (thirty) days of determination of the Maturity Valuation Price of its election to:
 - (i) receive repayment of the aggregate principal amount of Debentures held by such Holder together with interest accrued at a rate of 6% per annum since the date of issuance of the Debentures, compounded semi-annually, payable on an accrued basis at the Maturity Date; or
 - (ii) convert each \$1,000 principal amount of Debentures held by such Holder into that number of Common Shares equal to \$3,050 divided by the Maturity Valuation Price;
- (c) If the Holder desires to convert this Debenture in whole or in part into Common Shares in accordance with this Section 3.3, the Holder shall prior to the Time of Expiry surrender this Debenture to the Corporation at its offices together with written notice, substantially in the form of Appendix I hereto, duly executed by the Holder or its successors and assigns or other legal representatives or its or their attorney duly appointed by an instrument in writing and executed in a manner satisfactory to the Corporation, exercising its right to convert this Debenture into Common Shares in accordance with the provisions of this Article. Thereupon, the Holder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges, the Holder's nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Corporation shall deliver to the Holder or, subject as aforesaid, its nominee(s), or assignee(s), a certificate or certificates for such Common Shares and, if applicable, a cheque for any amount payable under Section 3.5.
- (d) Any part of this Debenture may be converted into Common Shares as provided in this Section 3.3 and all references in this Debenture to conversion of this Debenture shall be deemed to include conversion of such parts.
- (e) If this Debenture is converted as to a part only, the Holder shall, upon the exercise of its right of conversion, surrender this Debenture to the Corporation. The Corporation shall cancel the same and shall without charge forthwith deliver to the Holder a new Debenture in an aggregate principal amount equal to the unconverted part of the principal amount of this Debenture so surrendered.
- (f) Upon the surrender of this Debenture for conversion in accordance with this Section 3.3 any accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, shall be converted into that number of Common Shares equal to the total amount of interest owing divided by the Private Equity Funding Price,

and the Common Shares issued upon such conversion shall only be entitled to receive dividends declared in favour of shareholders of record on and after the Conversion Date, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

3.4 Adjustment of Conversion Ratio

The number of Common Shares into which each \$1,000 principal amount of Debentures is convertible pursuant to subsection 3.2(a) (the "**Conversion Ratio**") in effect on any date shall be subject to adjustment from time to time as follows:

- (a) If, and whenever at any time and from time to time following the completion of a Private Equity Funding but prior to the completion of a Qualifying Liquidity Event, the Corporation shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine, consolidate or change its then outstanding Common Shares into a lesser number of Common Shares, or (iii) issue Common Shares (or securities exchangeable or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of stock dividend or other distribution (other than a dividend in the ordinary course paid in Common Shares or securities exchangeable or convertible into Common Shares) (any of such events being herein called a "**Share Reorganization**"), the Share Reorganization Ratio shall be calculated effective immediately after the effective date or record date for the Share Reorganization as the quotient obtained when:
 - (i) the number of Common Shares outstanding immediately after the completion of such Share Reorganization (but before giving effect to the issue of any Common Shares issued after such record date otherwise than as part of such Share Reorganization) including, in the case where securities exchangeable or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date,

is divided by
 - (ii) the number of Common Shares outstanding on such effective date or record date before giving effect to the Share Reorganization;

and the Private Equity Conversion Amount shall be thereafter calculated as \$1,250 divided by the quotient obtained when the Private Equity Funding Price is divided by the Share Reorganization Ratio.

- (b) If and whenever at any time and from time to time following the completion of a Private Equity Funding but prior to the completion of a Qualifying Liquidity Event, there is a capital reorganization of the Corporation not otherwise provided for in this Section 3.4 other than a Merger or a Corporate Sale (any such event being called a "**Capital Reorganization**"), if the Holder has not exercised its right of conversion prior to the effective date or record date for such Capital Reorganization then it shall be entitled to receive and shall accept, upon the exercise of such right any time after the effective date or record date for such Capital Reorganization, in lieu of the number of Common Shares to which it was theretofore entitled upon conversion, the aggregate number of Common Shares or other securities of the Corporation or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization that the Holder would

have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date, such Holder had been the registered holder of the number of Common Shares to which he or she was theretofore entitled upon the conversion of Common Shares; provided that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken so that the Holder shall thereafter be entitled to receive such number of Common Shares or other securities of the Corporation, or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization.

- (c) In the case of any reclassification of, or other change in, the outstanding Common Shares other than a Share Reorganization or a Capital Reorganization following the completion of a Private Equity Funding but prior to the completion of a Qualifying Liquidity Event, the right of conversion shall be adjusted immediately after the effective date or record date for such reclassification or other change so that Holder shall be entitled to receive, upon the exercise of such right at any time after the effective date or record date of such reclassification or other change, such shares, securities or rights as they would have received had this Debenture been converted into Common Shares immediately prior to such effective date or record date, subject to adjustment thereafter in accordance with provisions the same as nearly may be possible as those contained in subsection 3.4(a) and (b).
- (d) The following rules and procedures shall be applicable to the adjustments of the Conversion Ratio made pursuant to this Section 3.4:
 - (i) forthwith after any adjustment in the Conversion Ratio, the Corporation shall mail, by prepaid first class mail to the Holder, a copy of a certificate of an officer of the Corporation setting out the nature of such adjustment and describing in reasonable detail the event requiring and the manner of computing such adjustment; and

any question that at any time or from time to time arises with respect to the Conversion Ratio or any adjustment in the amount of the Conversion Ratio shall be conclusively determined by the auditors from time to time of the Corporation and shall be binding up the Corporation and the Holder.

3.5 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of this Debenture into Common Shares pursuant to this Article. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal of this Debenture, the Corporation shall, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Holder an amount in lawful money of Canada equal (computed to the nearest cent) to the appropriate fraction of the value (being, the last reported sale price or, if none, the mean between the closing bid and ask quotations on a Recognized Exchange, or, if the Common Shares are not listed on a Recognized Exchange, the last reported sale price or, if none, the mean between the closing bid and ask quotations on any stock exchange on which the Common Shares are listed, or if the Common Shares are not listed on any stock exchange, a value determined by the directors) of a Common Share on the business day next preceding the Conversion Date.

3.6 Corporation to Reserve Shares

The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of this Debenture into Common Shares as in this Article provided, and conditionally allot to the Holder, such number of Common Shares as shall then be issued upon the full conversion of this Debenture. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

3.7 Cancellation of Converted Debenture

Upon conversion of this Debenture, in whole or in part, under the provisions of this Article, the portion of this Debenture so converted shall be forthwith delivered to and cancelled by the Corporation and no Debenture shall be issued in substitution for the portion so converted; however, a new or supplemental Debenture shall be executed and delivered by the Corporation and the Holder, in respect of any portion of this Debenture not so converted.

3.8 Certificate as to Adjustment

The Corporation shall from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 3.4, deliver an Officers' Certificate to the Holder specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts which such calculation is based provided, however, that in the event the Holder does not agree with the adjustment as set forth in the Officers' Certificate provided as aforesaid, the Corporation may obtain the certificate or opinion of a firm of independent chartered accountants appointed by the Corporation (who may be the auditors of the Corporation), which certificate or opinion shall be conclusive and binding on all parties in interest hereto. When so approved, the Corporation shall, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Common Shares, forthwith give notice to the holder in the manner provided in Section 10.1 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Ratio provided that, if the Corporation has given notice under Section 3.9 covering all the relevant facts in respect of such event, including the amount of the adjustment, no such notice be given under this Section 3.8.

3.9 Notice of Special Matters

The Corporation covenants with the Holder that, so long as this Debenture remains outstanding, it will give notice to the Holder in the manner provided in Section 10.1, of its intention to fix a record date or an effective date for any event referred to in Section 3.4 (other than the subdivision, redivision, change in number, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Ratio, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; and, if prepared or available as at the date that such notice is required to be given pursuant to this Section 3.9, such notice shall be accompanied by the material (i.e. proxy circulars, information booklets, etc.) sent to the holders of Common Shares in respect of the event in question provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date or effective date.

ARTICLE 4
SUBORDINATION OF THE DEBENTURES

4.1 Agreement to Subordinate

The Corporation covenants and agrees, and the Holder of this Debenture, by such Holder's acceptance hereof, likewise agrees, that the payment of the principal of, and interest on the Debentures is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all existing and future Senior Indebtedness.

4.2 Distribution on Insolvency or Winding-up

In the event that proceedings are commenced by or against the Corporation as a result of its insolvency or in the event of the liquidation or winding up of the Corporation or if proceedings are commenced which effect a reorganization, arrangement, or compromise of debt of the Corporation:

- (a) the holders of all Senior Indebtedness remaining unpaid shall be entitled to receive payment thereof in full (including interest accruing after the commencement of any such proceeding at the rate specified in the instrument or agreement evidencing the Senior Indebtedness, whether or not such interest is an allowable claim in any such proceeding) before the Debentureholders are entitled to receive any payment upon the principal of, and interest on indebtedness evidenced by the Debentures;
- (b) any payment or distribution of assets of the Corporation of any kind or character, whether in cash, property or securities, to which the Debentureholders would be entitled except for the provisions of this Article shall be paid by the Person making such payment or distribution, whether the liquidator, agent or a trustee in bankruptcy or a receiver or otherwise, directly to the holders of all Senior Indebtedness or their representative(s), or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear, to the extent necessary to pay in full all Senior Indebtedness remaining unpaid after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness in respect thereof;
- (c) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Corporation of any kind or character, whether in cash, property or securities, shall be received by the Debentureholders before all Senior Indebtedness is paid in full, such payment or distribution shall be held in trust for the benefit of, and shall be paid over to, the holders of such Senior Indebtedness or their representative(s) or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear, for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness in respect thereof; and
- (d) any payments or distributions paid over to the holders of Senior Indebtedness pursuant to subsection 4.2(c) and not applied in reduction of the amounts owing to the Debentureholders hereunder shall be deemed not to have discharged any of the obligations of the Corporation hereunder (and, to the extent that by operation of applicable law they are treated as doing so, the Corporation covenants to indemnify the Debentureholders on demand from and against any loss suffered or incurred by them in consequence thereof).

Upon any payment or distribution of assets of the Corporation referred to in this Article, the Debentureholders shall be entitled to call for and to act and rely upon a certificate, addressed to the Debentureholders, of the Person making any such payment or distribution for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Corporation, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article.

4.3 Subrogation of Debentures

Subject to the payment in full of all Senior Indebtedness, the rights of the Debentureholders shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Corporation made in respect of and on account of Senior Indebtedness, to the extent of the application thereto of moneys or other assets which would have been received by the Debentureholders but for the provisions of this Article, until the principal amount of, and interest on the Debentures shall be paid in full. No payment or distribution of assets of the Corporation to the Debentureholders which otherwise would be payable or distributable to the holders of Senior Indebtedness pursuant to this Article shall, as between the Corporation, its creditors (other than the holders of Senior Indebtedness) and the Debentureholders, be deemed to be a payment by the Corporation to or on account of the Debentureholders, it being understood that the provisions of this Article are, and are intended, solely for the purpose of defining the relative rights of the Debentureholders, on the one hand, and the holders of the Senior Indebtedness, on the other hand. Nothing contained in this Article or elsewhere in this Debenture is intended to or shall impair, as between the Corporation and its creditors (other than the holders of Senior Indebtedness and the Debentureholders), the obligation of the Corporation, which is unconditional and absolute, to pay to the Debentureholders the principal amount of, and interest on the Debentures, as and when the same shall become due and payable in accordance with their terms, or to affect the relative rights of the Debentureholders and creditors of the Corporation other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Corporation or the holder of any Debenture from exercising all remedies otherwise permitted by applicable law upon default under the Debentures, subject to the rights, if any, under this Article, of the holders of Senior Indebtedness upon the exercise of any such remedy.

4.4 No Payment to Holders if Senior Indebtedness Due or in Default

- (a) Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, then, except as hereinafter otherwise provided, all principal of, and interest on all such matured Senior Indebtedness shall first be paid in full, or shall first have been duly provided for, before any payment on account of principal of, and interest on the Debentures is made.
- (b) The fact that any payment which is required to be made pursuant to this Debenture is not made as permitted by this Section 4.4 shall not prevent the failure to make such payment from being an Event of Default hereunder.
- (c) The Corporation shall not grant and the Debentureholders shall not be entitled to receive any mortgage, charge, hypothec, assignment, pledge or other security interest (collectively, a "security interest") against any of the property, assets or undertaking of the Corporation or any of its respective Subsidiaries or Affiliates unless holders of Senior Indebtedness are given a prior ranking security interest.
- (d) Upon any default by the Corporation under this Debenture or the occurrence of any Event of Default, no Debentureholder shall be entitled to take or commence any action, suit, remedy or proceedings (whether judicial or extrajudicial) against the Corporation or any

of its property, assets or undertaking to collect or enforce payment of the principal and interest on the Debentures or any other amounts owing under this Debenture or to enforce the performance of any other covenant or obligation of the Corporation under this Debenture (including, without limitation, any action or proceeding for the payment of the Debenture(s), the appointment of a liquidator or receiver of the Corporation or any of its property, assets or undertaking or for the winding up of the Corporation) without giving prior notice to the holders of Senior Indebtedness; provided however that the foregoing shall in no way prohibit, restrict or prevent the Corporation from taking such action as may be necessary to preserve the claims of the Debentureholders under the Debentures in any bankruptcy, reorganization or insolvency proceeding (including, without limitation, the filing of proofs of claim in any bankruptcy, reorganization or insolvency proceedings commenced by or against the Corporation and exercising its rights (including to vote) as an unsecured creditor in connection with or under any bankruptcy, reorganization or insolvency proceedings commenced by or against the Corporation).

4.5 Payment of Debentures Permitted

- (a) Nothing contained in this Debenture shall, subject always to Section 4.1, prevent the Corporation at any time, except under the conditions described in Section 4.4 or pending any insolvency or winding-up as referred to in subsection 4.2, from making payments at any time of the principal of, or interest on the Debenture.
- (b) Until written notice is given to the Debentureholders by the Corporation or on behalf of any holder of any Senior Indebtedness of the occurrence of any default or an event of default with respect to such Senior Indebtedness or of the existence of any other facts which would have the result that any payment with respect to the Debentures would be in contravention of the provisions of this Article, the Corporation is entitled to assume that no such default or an event of default has occurred, or that no such facts exist; and nothing in this Debenture will prevent the Corporation from applying any moneys received by it, prior to the receipt by it of such written notice, to the purposes for which the same were received, notwithstanding the occurrence or continuance of a default with respect to, or the existence of such facts with respect to, such Senior Indebtedness.

4.6 Subordination Not to be Impaired

No right of any holder of any Senior Indebtedness of the Corporation to enforce the subordination as herein provided for in this Article shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Corporation with the terms, provisions and covenants of this Debenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

4.7 Obligations Created by Article 4

The Corporation and each Holder, by its acceptance of this Debenture, agree, that:

- (a) the provisions of this Article are an inducement and consideration to each holder of Senior Indebtedness to give or continue credit to the Corporation or to acquire Senior Indebtedness;
- (b) each holder of Senior Indebtedness may accept the benefit of this Article on the terms and conditions set forth in this Article by giving or continuing credit to the Corporation

or by acquiring Senior Indebtedness, in each case without notice to the Corporation and without establishing actual reliance on this Article;

- (c) each obligation created by this Article is created for the benefit of the holders of Senior Indebtedness and is hereby declared to be created in trust for those holders by the Corporation and each holder of a Debenture and shall be binding on the Corporation and each Debentureholder whether or not the confirmation described in Section 4.10 is requested, executed or delivered; and
- (d) in the event of any creditor proceedings, the indebtedness represented by the Debentures is not to be classified with any Senior Indebtedness for voting or distribution, which means that holders of Senior Indebtedness will vote separately from the Debentureholders in respect of any restructuring or arrangement proposal regarding the Corporation.

4.8 No Set-Off

The Corporation and each Debentureholder, by its acceptance thereof, agree, that the Corporation shall have no rights of set-off or counterclaim with respect to the principal of, and interest on the Debentures at any time when any payment of, or in respect of, such amounts to the Debentureholders is prohibited by this Article or is otherwise required to be paid to the holders of Senior Indebtedness or their representative(s) or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear.

4.9 Amendments to Debentures

The Corporation and each Debentureholder, by acceptance hereof, agree not to make any changes to the Debentures, including this Article and the definition of Senior Indebtedness, which prejudice the rights of the holders of Senior Indebtedness under this Article without the consent of each holder of Senior Indebtedness, or their representative(s) or the Corporation under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been created.

4.10 Authorization of Holders to Corporation to Effect Subordination

Each Debentureholder, by acceptance hereof, authorizes and directs the Corporation on such Debentureholder's behalf to take such action as may be necessary or appropriate to effect the subordination provided for in this Article and appoints the Corporation his attorney-in-fact for any and all such purposes, including the execution and delivery by the Corporation of confirmations that the holder or holders of any Senior Indebtedness are entitled to all the rights and benefits of this Article and of subordination agreements in favour of the holders of any Senior Indebtedness on such terms as are reasonably required by the holders of such Senior Indebtedness (or the representative thereof or trustee thereof). Forthwith upon the request of any holder of Senior Indebtedness or its representative or the trustee under any indenture under which any instruments evidencing any Senior Indebtedness may have been created, the Corporation shall execute and deliver to the Person making that request a form of such confirmation or, with the advice of counsel, any such subordination agreement, on its own behalf and on behalf of all Debentureholders.

ARTICLE 5 **COVENANTS**

The Corporation hereby covenants and agrees with the Holder as follows:

5.1 Payment of Principal and Interest

That the Corporation will duly and punctually pay or cause to be paid to the Holder the principal of and interest accrued on this Debenture on the dates, at the places, in the currency, and in the manner mentioned in this Debenture. All payments made by the Corporation with respect to this Debenture whether on account of interest, principal or other obligation, shall be made free and clear of and without deduction for or on account of any tax, levy or other assessment imposed or levied by or on behalf of the Government of Canada ("**Withholding Taxes**"), unless the Corporation is required to withhold or deduct Withholding Taxes by law. If the Corporation is required by such laws to withhold or deduct any amount from any payment of interest, principal or other obligation for or on account of Withholding Taxes, the Corporation will pay to the Holder such additional amounts ("**Additional Amounts**") as may be necessary so that every net payment of any amount due in respect of the Debenture (including Additional Amounts) after withholding or deduction for or on account of any such taxes will not be less than the amount that the Holder would have received if such Withholding Taxes had not been withheld or deducted. The Corporation's obligation in respect of Additional Amounts shall survive the termination or conversion of this Debenture and repayment of all obligations under the terms of the Debenture.

5.2 Carrying on Business

That, subject to the express provisions hereof, the Corporation will carry on and conduct its business in a proper and efficient manner and, subject to the express provisions hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and rights.

5.3 Maintenance of Corporate Existence

That the Corporation will preserve and maintain its corporate existence and its rights to do business where such rights are necessary for the purposes thereof under the laws of its jurisdiction of incorporation, and to register and qualify and to maintain the registration and qualification of the Corporation as a corporation authorized to carry on business under the laws of each jurisdiction in which the nature of any material business conducted by it or the character of any material properties and assets owned or leased by it requires such registration and qualification, and to diligently preserve and at all times renew or cause to be preserved and renewed all of the Corporation's rights, powers, privileges, franchises and goodwill.

5.4 Amendment of Articles

That the Corporation will not take any steps to amend its articles except if such amendment is necessary or desirable to complete, effect or enter into any agreement or arrangement in respect of a Qualifying Liquidity Event.

5.5 Maintenance of Accurate Books and Records

That the Corporation will keep and maintain proper books of account and records accurately covering all aspects of the business affairs of the Corporation.

5.6 Provision of Information

That the Corporation will furnish to the Holder:

- (a) as soon as available and in any event from 140 days after each fiscal year of the Corporation (or such later date as may be allowed by applicable securities legislation), the consolidated audited financial statements for the Corporation and the reports, if any, of the Corporation's auditors thereon; and

- (b) as soon as available and in any event within 60 days after the end of each quarter of each fiscal year of the Corporation (or such later date as such statements are mailed to shareholders of the Corporation) consolidated unaudited financial statements of the Corporation prepared for the shareholders.

5.7 Securities Qualification Requirements

- (a) That if, in the opinion of counsel to the Corporation, any prospectus, registration statement or other instrument is required to be filed with or any permission is required to be obtained from any securities regulatory authority of any jurisdiction where the Common Shares or any other securities or property which the Holder is entitled to receive upon the conversion of this Debenture may be issued or delivered, or any other step is required under any federal, provincial, state or local law, including any applicable securities legislation, of such jurisdiction before the Common Shares or any other securities or property which the Holder is entitled to receive upon the conversion of this Debenture may properly and legally be delivered or issued upon the due exercise of such right of conversion, the Corporation covenants that it will take all such action, at its expense, as is required or appropriate in the circumstances. This Section 5.7 shall not be interpreted to require the Corporation to take any action, including the filing of a prospectus or application for a discretionary prospectus exemption, with respect to hold periods that may be applicable to the Common Shares issued pursuant to Article 3;
- (b) That, in the event the Corporation completes an IPO in Canada or the United Kingdom, the Corporation will in connection therewith take all steps as may be necessary to qualify or register the distribution of the Common Shares issuable upon conversion of the Debentures in the jurisdictions in which Common Shares are qualified or registered for distribution pursuant to the IPO, so that the holders of Debentures who are not "control persons" in respect of the Corporation are able to trade the Common Shares acquired upon the conversion of the Debentures, to the extent permitted by the applicable securities laws without the requirement of filing a prospectus or registration statement or utilizing or seeking an exemption from such requirement under the applicable securities laws, provided that the holders of such Common Shares comply with the applicable securities laws with respect to such trade;
- (c) That, in the event the Corporation completes an IPO in the United States, (A) to ensure that the Common Shares issuable upon conversion of the Debentures have available the same opportunity to be registered under the United States Securities Act of 1933, as amended (the "1933 Act") as the Common Shares currently held by other investors in the Corporation; and (B) with a view to making available the benefits of certain rules and regulations of the United States Securities and Exchange Commission (the "SEC") that may permit the sale of the Restricted Securities to the public without registration, the Corporation agrees to use its reasonable best efforts to: Make and keep public information regarding the Corporation available as those terms are understood and defined in Rule 144 under the Securities Act, at all times from and after ninety (90) days following the effective date of the Initial Public Offering;
 - (ii) File with the Commission in a timely manner all reports and other documents required of the Corporation under the Securities Act and the United States Securities Exchange Act of 1934, as amended, at any time after it has become subject to such reporting requirements; and

- (iii) So long as a Holder owns any Restricted Securities, furnish to the Holder forthwith upon written request a written statement by the Corporation as to its compliance with the reporting requirements of Rule 144 (at any time from and after ninety (90) days following the effective date of the first registration statement filed by the Corporation for an offering of its securities to the general public), a copy of the most recent annual or quarterly report of the Corporation, and such other reports and documents so filed as a Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing a Holder to sell any such securities without registration.
- (d) That the Corporation will give written notice of the issue of Common Shares upon the conversion of this Debenture, in such detail as may be required, to each securities commission, stock exchange, or similar regulatory authority in each jurisdiction in Canada in which there is legislation requiring the giving of any such notice in order that the subsequent disposition of the Common Shares so issued will not, as a result solely of the failure to give such notice, be subject to the prospectus requirements of such legislation.

5.8 Maintenance of Insurance

That the Corporation shall use its reasonable commercial efforts to cause its current insurance policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

5.9 Transactions with Affiliates

That the Corporation will not enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any holder of its securities or with any affiliate or with any of its directors, officers or partners, as applicable, except a transaction or agreement or arrangement which is in the ordinary course of business of the Corporation and which is upon fair and reasonable terms not materially less favourable to the Corporation than it would obtain in a comparable arm's length transaction.

5.10 Notice of Event of Default

That the Corporation will give notice in writing forthwith to the Holder of the occurrence of any Event of Default or other event which with lapse of time and/or giving of notice or otherwise would be an Event of Default forthwith upon becoming aware thereof and specifying the nature of such default and/or Event of Default and the steps taken to remedy the same.

5.11 Officers' Certificates

That each and every officers' certificate given pursuant to this Debenture shall be complete and accurate in all material respects and shall not be misleading in any manner.

5.12 Dividends

The Corporation will not declare or pay any dividends on any of its preferred shares or Common Shares unless all interest and principal payments under this Debenture are current.

ARTICLE 6

DEFAULT

6.1 Events of Default

It is an "Event of Default" if:

- (a) the Corporation makes default in repayment of the principal amount of the Debentures or of any Debenture on the Maturity Date;
- (b) the Corporation makes default on the Interest Payment Date of any interest due on the Debentures and such default continues for a period of sixty (60) days;
- (c) a decree or order of a court having jurisdiction is entered adjudging the Corporation or any of its Subsidiaries a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of the property of, the Corporation or any of its Subsidiaries, or appointing a receiver of, or of any substantial part of the property of, the Corporation or any of its Subsidiaries or ordering the winding-up or liquidation of its affairs, and any such decree or order continues un-stayed and in effect for a period of sixty (60) days;
- (d) a resolution is passed for the winding-up or liquidation of the Corporation or any of its Subsidiaries or if the Corporation or any of its Subsidiaries institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of or of any substantial part of the property of the Corporation or such Subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (e) the Corporation shall cease to carry on in the ordinary course its business or a substantial part thereof; and
- (f) the Corporation fails to comply with any of its covenants hereunder, which failure is not cured for a period of sixty (60) days.

6.2 Occurrence of Default

If an Event of Default occurs, the Debentureholders may in their discretion, subject to the provisions of Section 6.3, by an Instrument of Debentureholders delivered to the Corporation declare the principal of and interest on all Debentures then outstanding and all other moneys outstanding under the Debentures to be due and payable and the same shall forthwith become immediately due and payable, anything in the Debentures to the contrary notwithstanding, and the Corporation shall forthwith pay such amounts to the holders. Any moneys so received by the each of the Debentureholders shall be applied in the manner provided in Section 6.6.

6.3 Waiver of Default

The Debentureholders have the power, by an Instrument of Debentureholders, to waive any Event of Default and/or to cancel any declaration made by the Debentureholders pursuant to Section 6.2 in which

case such Event of Default shall be deemed not to have occurred or such declaration shall be deemed not to have been made, as the case may be; provided that no such waiver of an Event of Default shall extend to, or be taken in any manner whatsoever to affect, any subsequent Event of Default or the rights resulting therefrom and no such cancellation of a declaration prevents a subsequent declaration under Section 6.2 in respect of the Event of Default to which the cancellation related (unless the Event of Default was also waived) or in respect of any other Event of Default.

6.4 Enforcement

Subject to the provisions of Section 6.3 and to the provisions of any Instrument of Debentureholders, if the Corporation fails to pay to the Debentureholders, forthwith after the same is declared to be due and payable under Section 6.2, the principal of and interest on all Debentures then outstanding, together with any other amounts due under the Debentures, the Debentureholders may enforce their rights under the Debentures by any of the following remedies which are approved by an Instrument of Debentureholders:

- (a) proceedings in any court of competent jurisdiction for the appointment of a receiver (which term as used in this Debenture includes a receiver and manager) of all or any part of the property of the Corporation;
- (b) filing of proofs of claim and other documents to establish its claims in any proceedings relative to the Corporation;
- (c) appointment by instrument in writing of a receiver of all or any part of the property of the Corporation in accordance with Section 6.8 and removal or replacement from time to time of any such receiver; and
- (d) any other remedy or proceeding authorized or permitted hereby or by law or equity.

Such remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any rights of the Debentureholders however created.

6.5 No Suits by Debentureholders

No Debentureholder has any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, except as provided in Section 6.4 hereof.

6.6 Application of Moneys

Except as herein otherwise expressly provided, any moneys paid on account of the Debentures following a declaration pursuant to Section 6.2, whether paid by the Corporation or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Corporation shall be applied as follows:

- (a) first, in payment or in reimbursement to the Debentureholders of their costs, charges and expenses as required by Section 6.9 with interest thereon as herein provided;
- (b) second, in payment, rateably and proportionately, to the Debentureholders, of the principal of and accrued and unpaid interest and interest on amounts in default on the Debentures which are then outstanding in the priority of principal first and then accrued and unpaid interest and interest on amounts in default; and

(c) third, in payment of the surplus, if any, of such moneys to the Corporation or its assigns;

provided, however, that no payment shall be made pursuant to Subsection 6.6(b) in respect of the principal or interest of any Debenture held, directly or indirectly, by or for the benefit of the Corporation or any Subsidiary, except subject to the prior payment in full of the principal and interest of all Debentures which are not so held.

6.7 Appointment of Representative by Debentureholders

A Person (the "**Representative**") may be appointed by an Instrument of Debentureholders to represent the Debentureholders in respect of the enforcement of the Debentures. The Representative may be a Debentureholder. The powers and duties of the Representative shall be specified by one or more Instruments of Debentureholders. Such powers and duties may be expanded, reduced or restricted by subsequent Instruments of Debentureholders. The Representative shall not have any powers beyond the powers which the Debentureholders have hereunder or at law in respect of the enforcement of the Debentures. All acts of the Representative within the scope of his powers shall be binding upon all Debentureholders. A copy of each Instrument of Debentureholders appointing, removing or replacing a Representative or specifying, expanding, reducing or restricting the Representative's powers shall be provided to the Corporation and the Representative by the Debentureholders promptly following its execution. The Representative shall be entitled to access to the Register maintained by the Corporation.

6.8 Receiver

If an Event of Default occurs, as a result of which, pursuant to Section 6.2, the principal of the Debentures then outstanding are declared due and payable and if such declaration has not been cancelled pursuant to Section 6.3, then the Debentureholders (by an Instrument of Debentureholders) may appoint a receiver of the Corporation. Any receiver so appointed shall have the power to do all such acts and things as the Debentureholders are required or permitted to do pursuant to the terms of the Debentures or otherwise at law.

The receiver may be vested with such other rights and powers of the Holder hereunder and such other discretions and powers as are granted in the instrument of appointment and any supplement thereto. The receiver shall for all purposes be deemed to be the agent of the Corporation and not of the Debentureholders; and the Corporation shall be solely responsible for his acts or defaults and for his remuneration. All moneys from time to time received by the receiver may be applied as follows: first, in discharge of all operating expenses and other outgoings affecting the property of the Corporation; second, in payment of the remuneration and disbursements of the receiver; and thereafter in accordance with Section 6.6.

6.9 Expenses

The Corporation agrees to pay to the Debentureholders forthwith on demand all costs, charges and expenses, including all legal fees (on a solicitor and his own client basis), incurred by the Debentureholders (including the reasonable fees and expenses of the Representative, if one is appointed) in connection with the recovery or enforcement of payment of the principal amount of and interest on the Debentures and any other moneys payable hereunder whether by realization or otherwise. All such sums shall bear interest at the rate set forth above.

6.10 Production of Debentures Upon Payment

The Corporation shall have the right at the time it makes any payment required by Section 6.2 hereof to demand of the Person claiming such payment the production of the actual Debenture under which it

claims such payment be made, and shall cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Corporation may in its discretion dispense with such production and endorsement in any special case, upon such indemnity being given as it shall deem sufficient.

6.11 Remedies Cumulative

No remedy herein conferred upon or reserved to the Debentureholders, is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Debentures or now existing or hereafter to exist by law or by statute.

6.12 Judgment for Amounts Remaining Due

The Corporation covenants and agrees to and with the Holder that in case of any other proceedings to enforce the Debentures, judgment may be rendered against it in favour of the Debentureholders for any amount which may remain due in respect of the Debentures and the interest thereon.

6.13 Delay or Omission Not Construed as Waiver

No delay or omission of any Debentureholder, to exercise any right or power accruing upon any default continuing as aforesaid, shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein and every power and remedy given to the Debentureholders in the Debentures may be exercised from time to time.

ARTICLE 7 SUCCESSOR CORPORATIONS

7.1 Permitted Corporate Reorganizations

The Corporation shall not, directly or indirectly, sell, lease, transfer or otherwise dispose of all or substantially all of its property and assets as an entirety to any other corporation, and shall not amalgamate or merge with or into any other corporation (any such other corporation being herein referred to as a "Successor Corporation") unless:

- (a) the Successor Corporation shall execute, prior to or contemporaneously with the consummation of any such transaction, such instruments as in the opinion of Counsel to the Corporation are necessary or advisable to evidence the assumption by the Successor Corporation of the due and punctual payment of the Debentures and the interest thereon and all other moneys payable thereunder and the covenant of the Successor Corporation to pay the same and its agreement to observe and perform all the covenants and obligations of the Corporation thereunder;
- (b) such transaction shall be upon terms which substantially preserve and do not to impair any of the rights or powers of the Debentureholders under the Debentures and upon terms which are in no way prejudicial to the interests of the Debentureholders; and
- (c) no condition or event exists either at the time of or immediately after the consummation of any such transaction and after giving full effect thereto or immediately after the Successor Corporation complies with the provisions of Subsection 7.1(a) which constitutes or would constitute, after notice or lapse of time or both, an Event of Default.

7.2 Status of Successor Corporation

Whenever the conditions of Section 7.1 have been duly observed and performed the successor corporation shall possess and from time to time may exercise each and every right and power of the Corporation under this Debenture in the name of the Corporation or otherwise and any act or proceeding by any provision of this Debenture required to be done or performed by any directors or officers of the Corporation may be done and performed with like force and effect by the directors or officers of such successor corporation and thereupon the Corporation shall be released and discharged from liability under this Debenture and the Holder shall execute any document or documents which it may be advised is or are necessary or advisable for effecting or evidencing such release and discharge.

ARTICLE 8 DEFEASANCE

8.1 Defeasance

These presents and the rights hereby granted shall cease, determine and be void, if the Corporation shall have first satisfied the Holder that it has paid or made due provisions satisfactory to the Holder for the payment of all the principal moneys and interest due or to become due hereunder, at the time and in the manner herein provided, and also all other moneys payable hereunder by the Corporation or shall surrender or cause to be surrendered this Debenture to the Corporation for cancellation and shall in any case pay all sums due or accruing due to the Holder of this Debenture hereunder.

ARTICLE 9 AMENDMENT

9.1 Amendment

The provisions of this Debenture may, subject to Section 4.9, be amended at any time or times by written agreement between the Corporation and the Holder.

ARTICLE 10 NOTICES

10.1 Notice

Any notice required or permitted to be given hereunder shall be in writing and given by delivering, by post or courier, or by transmitting by facsimile:

- (a) to the Corporation at:

EarthRenew Corporation
201, 1925 18 Avenue NE
Calgary, AB T2E 7T8

Attention: Chief Financial Officer
Fax: (403) 228-4748

with a copy to:

Bennett Jones LLP
4500 Bankers Hall East
855-2nd Street SW
Calgary, Alberta
T2P 4K7

Attention: Brad Markel
Fax: (403) 265-7219

- (b) to the Holder at the address appearing on the Register, and if, in the case of joint Holders, more than one address appears in the Register in respect of such joint holding, notice shall be addressed to the first address so appearing and any notices so given shall be sufficient notice to all Holders or any other Persons interested in this Debenture.

Any notice given as aforesaid shall be deemed to have been given at the time delivered or faxed (provided complete transmission is confirmed) if delivered or faxed to the recipient on a Business Day (in the city in which the addressee is located) and before 4:30 p.m. (local time in the city in which the addressee is located) on such Business Day, and otherwise shall be deemed to be given at 9:00 a.m. (local time in the city in which the addressee is located) on the next following Business Day (in the city in which the addressee is located) or, in the case of notice being given by post on the day that is five (5) Business Days after the date of mailing. Any party may change its address for notice by notice to the other parties hereto given in the manner herein provided.

ARTICLE 11 **EXECUTION**

11.1 Execution

This Debenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

11.2 Successors and Assigns

The provisions of this Debenture shall enure to the benefit of, and be binding upon, the parties and any of their heirs, executors, administrators, personal representatives, successors and assigns.

IN WITNESS WHEREOF this Debenture has been executed with effect from the date first written above.

EARTHRENEW CORPORATION

Per: 

Christianne Carin
Chief Executive Officer

APPENDIX I
CONVERSION FORM

CONVERSION FORM

TO: EARTHRENEW CORPORATION

The undersigned registered holder of the within Debentures hereby irrevocably exercises the right to acquire Common Shares of EarthRenew Corporation (the "Corporation") (or such number of other securities or property to which the Debentures entitle the undersigned in lieu thereof or in addition thereto) in accordance with and subject to the provisions of the annexed Debenture Certificate.

DATED this ____ day of _____, 20__.

Signature Guaranteed

Signature (Signature of Debentureholder to be the same as appears on the face of the Special Debenture Certificate)

(Name in Full – Please Print)

Notes:

- (1) Common Shares received on the conversion of the Debentures may be subject to a "hold period" under applicable securities laws if the Debentures are converted prior to the date that is four months and a day after the later of (a) **May 31, 2008**; and (b) the date the issuer became a reporting issuer in any province or territory.
- (2) Common Shares will be issued in the name of the registered holder and delivered to the address of the registered holder as it appears on the Debenture register unless otherwise directed.

Instructions: The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Debenture Certificate representing the Debentures being converted to the Corporation at the head office of the Corporation, at 201, 1925 18 Avenue NE, Calgary, AB T2E 7T8, Attention: Christianne Carin. Certificates for Common Shares will be made available for pick-up or, at the request of the holder, delivered or mailed within three (3) business days after the conversion of the Debentures. If the Conversion Form is signed by a corporation, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

The above signed hereby directs that the said Common Shares be issued and registered as follows:

Name(s) in Full: _____

Address(es) in Full: _____

(including postal code) _____

No. of Common Shares _____

Note: If further nominees are intended, please attach (and initial) schedule giving these particulars.

Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after the later of (i) December 27, 2006, and (ii) the date the issuer became a reporting issuer in any province or territory.

EARTHRENEW CORPORATION

(A corporation incorporated under the laws of the Province of Alberta)

3% CONVERTIBLE SUBORDINATED UNSECURED DEBENTURE

IN FAVOUR OF

Nile Capital I S.à.r.l.

JANUARY 4, 2010

THIS IS EXHIBIT "K"

Signed and sworn to before me by

Michael Corbett

Sworn before me this

Day of Sept A.D. 2010

A COMMISSIONER FOR OATHS

IN AND FOR THE PROVINCE OF ALBERTA

HOWARD A. GORMAN
BARRISTER & SOLICITOR

Certificate Number: CSUD - 6

\$2,000,000

DUE: DECEMBER 31, 2011

EARTHRENEW CORPORATION (the "Corporation"), for value received, hereby promises to pay to or to the order of Nile Capital I S.à.r.l., the registered holder hereof on December 31, 2011, or on such earlier or later date as the principal amount hereof may become payable in accordance with the conditions herein set out on presentation and surrender of this Debenture, the sum set out above in lawful money of Canada, at the registered office of the Corporation in Calgary, Alberta, and, subject to the terms and conditions herein contained, to pay interest thereon in the manner and at the rate set forth in Section 2.2 hereof.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Debenture (including the recitals hereto), unless there is something in the subject matter or context inconsistent therewith:

"ABCA" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"Additional Amounts" shall have the meaning attributed thereto in Section 5.1 hereof;

"Affiliate" has the meaning ascribed thereto under the ABCA;

"Aggregate Principal Amount" means, from time to time, the aggregate principal amount of Debentures outstanding and unconverted;

"Business Day" means any day except Saturdays, Sundays, statutory holidays and days when the principal office of the Corporation in the City of Calgary is not generally open to the public for the transaction of business;

"Capital Reorganization" shall have the meaning attributed thereto in Section 3.4 hereof;

"Common Shares" means common shares in the capital of the Corporation;

"Corporation" means EarthRenew Corporation, a corporation incorporated pursuant to the ABCA with an office in the City of Calgary, in the Province of Alberta, and includes any Successor Corporation to or of the Corporation;

"Counsel" means a barrister or solicitor or firm of barristers or solicitors, who may be counsel for the Corporation;

"Conversion Date" shall have the meaning attributed thereto in Section 3.1 hereof;

"Conversion Ratio" shall have the meaning attributed thereto in Section 3.4 hereof;

"Corporate Sale" means a sale of substantially all of the Corporation or its assets whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Debentureholders" means the several Persons for the time being entered in the Register as holders of the Debentures and Debentureholder means any of them;

"Debentures" means, collectively, the aggregate principal amount of \$10,000,000 of convertible subordinated unsecured debentures of the Corporation, bearing interest at the Interest Rate and maturing on the Maturity Date and which entitle the holders thereof to the same benefits hereunder;

"Director" means a member of the board of directors of the Corporation for the time being and **"Directors"**, **"Board of Directors"** or **"Board"** means the board of directors of the Corporation as duly constituted and elected or empowered, from time to time, and reference to **"action by the Directors"** means action by the directors of the Corporation as a board;

"Event of Default" means any of the events of default referred to in Section 6.1;

"Holder" means the Person who is registered as the holder of this Debenture in the Register maintained by the Corporation from time to time being entered in the Register hereinafter referred to as a Holder of Debentures;

"IPO" means an initial public offering or similar "going public" transaction, with concurrent listing on one or more Recognized Exchanges;

"Instrument of Debentureholders" or **"consent of the Debentureholders"** means a written document signed by the Debentureholders, or their duly authorized attorneys, of more than fifty percent (50%) in principal value of the Debentures then outstanding to perform, execute or cease any act, procedure or action therein stipulated or giving any direction, authorization or consent which may be appropriate or required in connection with the Debentures;

"Interest Payment Date" means the Conversion Date or the Maturity Date, whichever is earlier;

"Interest Rate" means the interest rate of 3% per annum, compounded semi-annually, unless Section 3.3(b) is applicable;

"Maturity Date" means December 31, 2011;

"Maturity Valuation Price" means the valuation per Common Share to be determined at the Maturity Date, at the expense of the Corporation, by an independent investment bank selected by

the majority of the remaining Debentureholders by an Instrument of Debentureholders and acceptable to the Board of Directors of the Corporation, acting reasonably;

"Merger" means a business combination including, without limitation, a merger, amalgamation, arrangement, share exchange, or any similar transaction whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Merger Consideration" shall have the meaning attributed thereto in Section 3.2(b) hereof;

"Person" means an individual, firm, trust, syndicate, corporation, partnership, association, government or governmental agency;

"Private Equity Conversion Amount" means that amount of Common Shares into which each \$1,000 principal amount of Debentures may be converted pursuant to subsection 3.2(a)(i);

"Private Equity Funding" means any transaction or series of transactions pursuant to which the Corporation raises a minimum \$10,000,000 through the distribution of Common Shares in any consecutive six month period following the date of issuance of the Debentures and ending on the earlier of the Maturity Date or the closing of a Qualifying Liquidity Event;

"Private Equity Funding Price" means the lowest price per Common Share at which the Corporation distributes Common Shares pursuant to a Private Equity Funding;

"Qualified Price" means the price per Common Share of Common Shares sold in an IPO or the fair market value of any combination of cash, securities and other consideration received by the holders of Common Shares in a Merger or Corporate Sale;

"Qualifying Liquidity Event" means the closing of an IPO, Merger or a Corporate Sale;

"Recognized Exchange" means the London Stock Exchange (main market or AIM), the New York Stock Exchange, the NASDAQ, the Toronto Stock Exchange, the TSX Venture Exchange or the American Stock Exchange;

"Register" means the register to be kept by the Corporation, in which will be entered the names and addresses of the Debentureholders, from time to time, and particulars of the Debentures held by them respectively and of all transfers of Debentures;

"Representative" shall have the meaning attributed thereto in Section 6.7 hereof;

"SEC" shall have the meaning attributed thereto in Section 5.7(c) hereof;

"Senior Indebtedness" means all present or future indebtedness, obligations and liabilities of the Corporation in respect of borrowed money (including principal, interest, interest on amounts in default, penalties, fees, indemnifications, reimbursements, damages and the deferred purchase price of property) and any guarantees thereof, including, without limitation, existing debt and all other direct or contingent obligations of the Corporation other than:

- (a) indebtedness evidenced by the Debentures;
- (b) indebtedness which is convertible by its terms or pursuant to an agreement with the Corporation into any class of equity securities of the Corporation; and

- (c) indebtedness which, by the terms of the instrument creating or evidencing the same, is expressed to rank in right of payment equally with or subordinate to the indebtedness evidenced by the Debentures;

"Share Reorganization" shall have the meaning attributed thereto in Subsection 3.4(a) hereof;

"Share Reorganization Ratio" means the ratio of Common Shares outstanding prior to and following a Share Reorganization as calculated in accordance with Subsection 3.4(a) hereof;

"Subsidiary" means any corporation of which more than 50% of the outstanding Voting Shares are owned, directly or indirectly, by or for the Corporation, provided that the ownership of such shares confers the right to elect at least a majority of the board of directors of such corporation and includes any corporation in like relation to a Subsidiary;

"Successor Corporation" shall have the meaning attributed thereto in Section 7.1 hereof;

"Tax" means all present or future taxes, levies, withholdings, fiscal charges, imports, duties, assessments, surcharges, or other charges of whatsoever nature and however arising which are imposed, assessed, charged, levied, withheld or demanded pursuant to the laws of Canada or a Province thereof at any time together with all interest thereon and penalties or similar liabilities with respect thereto but does not include any taxes charged in respect of or by reference to the overall net income or gains of the Holder of this Debenture or any interest thereon or penalties or similar liabilities with respect thereto;

"Time of Expiry" means 4:30 p.m. (Calgary time) on the Maturity Date;

"Voting Shares" means shares of any class in the capital of any corporation carrying voting rights under all circumstances, provided that, for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares unless such event has occurred and is continuing, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of any such event;

"Withholding Taxes" shall have the meaning attributed thereto in Section 5.1 hereof; and

"1933 Act" shall have the meaning attributed thereto in Section 5.7(c) hereof.

1.2 Interpretation

Words importing the singular number only shall include the plural and *vice versa* and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms, associations and corporations and *vice versa*.

1.3 Currency

All payments contemplated herein shall be paid in Canadian funds, by cheque or other transfer of funds considered appropriate by the Corporation and all references herein to dollar amounts are references to dollars in the lawful currency of Canada.

1.4 Governing Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

1.5 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

ARTICLE 2 **THE DEBENTURE**

2.1 Series of Debentures

This Debenture is one of a series of debentures issued as of the date hereof.

2.2 Terms of the Debenture

- (a) This Debenture matures at the Time of Expiry and bears interest from and including the date of this Debenture at the Interest Rate, payable after as well as before maturity and after as well as before default and judgment, with interest on amounts in default at the same rate, payable on an accrued basis on the Interest Payment Date.
- (b) Subject to Article 4, the Corporation shall, no later than ten Business Days following the Interest Payment Date, cause to be sent by prepaid ordinary mail a cheque for such interest (less any Tax required by law to be withheld therefrom) payable to the order of the Holder and addressed to it at its last address or account, as the case may be, appearing on the Register, unless the Holder otherwise directs. In the case of joint Holders, the cheque shall be payable to the order of all such joint Holders and addressed to them at the last address or account appearing on the Register, as the case may be, unless such joint Holders otherwise direct. If more than one address or account appears on the Register in respect of such joint Holders, the cheque shall be mailed or delivered, as the case may be, to the first address or account so appearing. In the event of non-receipt or destruction of any cheque or funds delivered pursuant to this Section, the Corporation will cause to be issued to the Holder a replacement cheque for like amount upon being furnished with such evidence of non-receipt or destruction as it reasonably requires and upon being indemnified to its satisfaction, acting reasonably.
- (c) Notwithstanding anything contained herein, the Corporation may enter into an agreement with the Holder providing for the payment to such Holder of the principal of and interest on this Debenture at a place or places or in a manner other than the place or places or manner specified herein for payment.

2.3 Debentures to Rank Pari Passu

This Debenture is a general unsecured obligation of the Corporation. This Debenture ranks *pari passu* with all other Debentures and with all existing and future indebtedness of the Corporation other than (i) existing and future Senior Indebtedness, and will be subordinate in right of payment to all existing and future Senior Indebtedness of the Corporation; and (ii) indebtedness which by its terms ranks junior to the Debentures.

2.4 Mutilation, Loss, Theft or Destruction

In case this Debenture is mutilated, lost, stolen or destroyed, the Corporation, in its discretion, may create a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost,

stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Corporation and shall be entitled to the same benefits as all other Debentures without preference or priority one over another. In case of loss, theft or destruction the Holder shall furnish to the Corporation evidence of such loss, theft or destruction as is satisfactory to the Corporation in its discretion, acting reasonably, and shall also furnish an indemnity satisfactory to the Corporation in its discretion, acting reasonably. The Holder shall pay all expenses incidental to the issuance of any substituted Debenture.

2.5 Transfer

This Debenture may not be resold, distributed or transferred by the Holder, other than to an Affiliate of the Holder or to a Person under common management with the Holder, at any time prior to the Maturity Date without the prior written consent of the Board or Directors, subject always to any applicable laws and required regulatory approvals, including, without limitation, applicable securities laws which restrict the sale and distribution of the Debenture. The Holder shall pay all expenses incidental to the transfer of any Debenture.

2.6 Effect of Instrument of Debentureholders

Any Instrument of Debentureholders duly signed by Debentureholders holding more than 50% in principal value of the Debentures then outstanding or by their duly authorized attorneys will be binding on all Debentureholders, whether or not such Debentureholder or its duly authorized attorney signed such Instrument of Debentureholders.

ARTICLE 3

CONVERSION OF DEBENTURE

3.1 Conversion Date

For the purposes of this Article, this Debenture shall be deemed to be surrendered for conversion:

- (a) in the case of automatic conversion pursuant to Section 3.2 hereof, on the date of completion of a Qualifying Liquidity Event, and
- (b) in the case of voluntary conversion pursuant to section 3.3 hereof, on the date on which it is received by the Corporation in accordance with the provisions of this Article 3 (the "Conversion Date").

3.2 Automatic Conversion

- (a) On the occurrence of a Qualifying Liquidity Event, each \$1,000 principal amount of Debentures shall convert into that number of Common Shares equal to the greater of:
 - (i) \$1,250 divided by the Private Equity Funding Price and rounded to the nearest whole number; or
 - (ii) (A) if the Qualifying Liquidity Event occurs between the Closing Time and December 31, 2008, \$1,500 divided by the Qualified Price and rounded to the nearest whole number;
 - (B) if the Qualifying Liquidity Event occurs after December 31, 2008 and on or before December 31, 2009, \$1,818 divided by the Qualified Price and rounded to the nearest whole number;

- (C) if the Qualifying Liquidity Event occurs after December 31, 2009 and on or before December 31, 2010, \$2,222 divided by the Qualified Price and rounded to the nearest whole number; and
 - (D) if the Qualifying Liquidity Event occurs after December 31, 2010 and on or before the Maturity Date, \$2,703 divided by the Qualified Price and rounded to the nearest whole number.
- (b) If the Qualifying Liquidity Event is a Merger or Corporate Sale which results in holders of Common Shares receiving Common Shares or securities, cash, debt instruments or other property in addition to or in lieu of Common Shares (collectively, the "**Merger Consideration**"), then the conversion referred to in this section 3.2 shall be deemed to have occurred immediately prior to the Merger or Corporate Sale, as the case may be, such that the Holder shall be considered to be the registered Holder of Common Shares immediately prior to the Merger or Corporate Sale, as the case may be, and shall receive the Merger Consideration upon conversion of the Debentures.
- (c) In the event that this Debenture is converted into Common Shares pursuant to this Section 3.2, the Corporation shall deliver notice of conversion to the Holder and shall within thirty (30) days of the Conversion Date deliver to the transfer agent and registrar of the Corporation at its offices a certificate dated the Conversion Date and registered in the name of the Holder for the number of Common Shares into which this Debenture is convertible in accordance with the provisions of this Article together with a cheque payable to the Holder for any amount payable under Section 3.5 and such transfer agent and registrar shall deliver such certificate and cheque to the Holder upon the surrender of this Debenture to the transfer agent and registrar.
- (d) In the event that this Debenture is converted into Common Shares pursuant to this Section 3.2, then provided that the Corporation has delivered to the transfer agent and registrar of the Corporation the certificate and cheque required to be delivered pursuant to subsection 3.2(c), then this Debenture shall thereafter only represent the right of the Holder to receive such certificate and cheque upon surrender of this Debenture and also to receive any amount to which the Holder is entitled under subsection 3.2(e).
- (e) Upon the conversion of this Debenture in accordance with this Section 3.2, any accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, shall be converted into that number of Common Shares equal to the total amount of interest owing divided by (i) the Private Equity Funding Price, if conversion as to the principal amount of this Debenture occurs pursuant to subsection 3.2(a)(i), or (ii) the Qualified Price, if conversion of the principal amount of this Debenture occurs pursuant to subsection 3.2(a)(ii), and the Common Shares issued upon such conversion shall be entitled to receive dividends declared in favour of shareholders of record on and after the Conversion Date, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares. In the event of a Merger or Corporate Sale described in paragraph 3.2(b), any accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, shall be converted into an equal amount of the Merger Consideration.

3.3 Voluntary Conversion

- (a) Upon and subject to the provisions and conditions of this Article, the Holder shall have the right, at its option at any time, and from time to time, prior to the earlier of (i) the completion of a Qualifying Liquidity Event or (ii) the Time of Expiry, to convert such Debentures into that number of fully paid and non-assessable Common Shares at the Conversion Ratio set out in paragraph 3.2(a)(i).
- (b) if a Qualifying Liquidity Event does not occur on or prior to the Maturity Date and if a Holder has not otherwise converted the Debentures on or prior to the Maturity Date, a Holder shall notify the Corporation in writing within 30 (thirty) days of determination of the Maturity Valuation Price of its election to:
 - (i) receive repayment of the aggregate principal amount of Debentures held by such Holder together with interest accrued at a rate of 6% per annum since the date of issuance of the Debentures, compounded semi-annually, payable on an accrued basis at the Maturity Date; or
 - (ii) convert each \$1,000 principal amount of Debentures held by such Holder into that number of Common Shares equal to \$3,050 divided by the Maturity Valuation Price;
- (c) If the Holder desires to convert this Debenture in whole or in part into Common Shares in accordance with this Section 3.3, the Holder shall prior to the Time of Expiry surrender this Debenture to the Corporation at its offices together with written notice, substantially in the form of Appendix I hereto, duly executed by the Holder or its successors and assigns or other legal representatives or its or their attorney duly appointed by an instrument in writing and executed in a manner satisfactory to the Corporation, exercising its right to convert this Debenture into Common Shares in accordance with the provisions of this Article. Thereupon, the Holder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges, the Holder's nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Corporation shall deliver to the Holder or, subject as aforesaid, its nominee(s), or assignee(s), a certificate or certificates for such Common Shares and, if applicable, a cheque for any amount payable under Section 3.5.
- (d) Any part of this Debenture may be converted into Common Shares as provided in this Section 3.3 and all references in this Debenture to conversion of this Debenture shall be deemed to include conversion of such parts.
- (e) If this Debenture is converted as to a part only, the Holder shall, upon the exercise of its right of conversion, surrender this Debenture to the Corporation. The Corporation shall cancel the same and shall without charge forthwith deliver to the Holder a new Debenture in an aggregate principal amount equal to the unconverted part of the principal amount of this Debenture so surrendered.
- (f) Upon the surrender of this Debenture for conversion in accordance with this Section 3.3 any accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, shall be converted into that number of Common Shares equal to the total amount of interest owing divided by the Private Equity Funding Price,

and the Common Shares issued upon such conversion shall only be entitled to receive dividends declared in favour of shareholders of record on and after the Conversion Date, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

3.4 Adjustment of Conversion Ratio

The number of Common Shares into which each \$1,000 principal amount of Debentures is convertible pursuant to subsection 3.2(a) (the "**Conversion Ratio**") in effect on any date shall be subject to adjustment from time to time as follows:

- (a) If, and whenever at any time and from time to time following the completion of a Private Equity Funding but prior to the completion of a Qualifying Liquidity Event, the Corporation shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine, consolidate or change its then outstanding Common Shares into a lesser number of Common Shares, or (iii) issue Common Shares (or securities exchangeable or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of stock dividend or other distribution (other than a dividend in the ordinary course paid in Common Shares or securities exchangeable or convertible into Common Shares) (any of such events being herein called a "**Share Reorganization**"), the Share Reorganization Ratio shall be calculated effective immediately after the effective date or record date for the Share Reorganization as the quotient obtained when:
 - (i) the number of Common Shares outstanding immediately after the completion of such Share Reorganization (but before giving effect to the issue of any Common Shares issued after such record date otherwise than as part of such Share Reorganization) including, in the case where securities exchangeable or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date,
 - is divided by
 - (ii) the number of Common Shares outstanding on such effective date or record date before giving effect to the Share Reorganization;

and the Private Equity Conversion Amount shall be thereafter calculated as \$1,250 divided by the quotient obtained when the Private Equity Funding Price is divided by the Share Reorganization Ratio.

- (b) If and whenever at any time and from time to time following the completion of a Private Equity Funding but prior to the completion of a Qualifying Liquidity Event, there is a capital reorganization of the Corporation not otherwise provided for in this Section 3.4 other than a Merger or a Corporate Sale (any such event being called a "**Capital Reorganization**"), if the Holder has not exercised its right of conversion prior to the effective date or record date for such Capital Reorganization then it shall be entitled to receive and shall accept, upon the exercise of such right any time after the effective date or record date for such Capital Reorganization, in lieu of the number of Common Shares to which it was theretofore entitled upon conversion, the aggregate number of Common Shares or other securities of the Corporation or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization that the Holder would

have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date, such Holder had been the registered holder of the number of Common Shares to which he or she was theretofore entitled upon the conversion of Common Shares; provided that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken so that the Holder shall thereafter be entitled to receive such number of Common Shares or other securities of the Corporation, or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization.

- (c) In the case of any reclassification of, or other change in, the outstanding Common Shares other than a Share Reorganization or a Capital Reorganization following the completion of a Private Equity Funding but prior to the completion of a Qualifying Liquidity Event, the right of conversion shall be adjusted immediately after the effective date or record date for such reclassification or other change so that Holder shall be entitled to receive, upon the exercise of such right at any time after the effective date or record date of such reclassification or other change, such shares, securities or rights as they would have received had this Debenture been converted into Common Shares immediately prior to such effective date or record date, subject to adjustment thereafter in accordance with provisions the same as nearly may be possible as those contained in subsection 3.4(a) and (b).
- (d) The following rules and procedures shall be applicable to the adjustments of the Conversion Ratio made pursuant to this Section 3.4:
 - (i) forthwith after any adjustment in the Conversion Ratio, the Corporation shall mail, by prepaid first class mail to the Holder, a copy of a certificate of an officer of the Corporation setting out the nature of such adjustment and describing in reasonable detail the event requiring and the manner of computing such adjustment; and

any question that at any time or from time to time arises with respect to the Conversion Ratio or any adjustment in the amount of the Conversion Ratio shall be conclusively determined by the auditors from time to time of the Corporation and shall be binding up the Corporation and the Holder.

3.5 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of this Debenture into Common Shares pursuant to this Article. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal of this Debenture, the Corporation shall, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Holder an amount in lawful money of Canada equal (computed to the nearest cent) to the appropriate fraction of the value (being, the last reported sale price or, if none, the mean between the closing bid and ask quotations on a Recognized Exchange, or, if the Common Shares are not listed on a Recognized Exchange, the last reported sale price or, if none, the mean between the closing bid and ask quotations on any stock exchange on which the Common Shares are listed, or if the Common Shares are not listed on any stock exchange, a value determined by the directors) of a Common Share on the business day next preceding the Conversion Date.

3.6 Corporation to Reserve Shares

The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of this Debenture into Common Shares as in this Article provided, and conditionally allot to the Holder, such number of Common Shares as shall then be issued upon the full conversion of this Debenture. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

3.7 Cancellation of Converted Debenture

Upon conversion of this Debenture, in whole or in part, under the provisions of this Article, the portion of this Debenture so converted shall be forthwith delivered to and cancelled by the Corporation and no Debenture shall be issued in substitution for the portion so converted; however, a new or supplemental Debenture shall be executed and delivered by the Corporation and the Holder, in respect of any portion of this Debenture not so converted.

3.8 Certificate as to Adjustment

The Corporation shall from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 3.4, deliver an Officers' Certificate to the Holder specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts which such calculation is based provided, however, that in the event the Holder does not agree with the adjustment as set forth in the Officers' Certificate provided as aforesaid, the Corporation may obtain the certificate or opinion of a firm of independent chartered accountants appointed by the Corporation (who may be the auditors of the Corporation), which certificate or opinion shall be conclusive and binding on all parties in interest hereto. When so approved, the Corporation shall, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Common Shares, forthwith give notice to the holder in the manner provided in Section 10.1 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Ratio provided that, if the Corporation has given notice under Section 3.9 covering all the relevant facts in respect of such event, including the amount of the adjustment, no such notice be given under this Section 3.8.

3.9 Notice of Special Matters

The Corporation covenants with the Holder that, so long as this Debenture remains outstanding, it will give notice to the Holder in the manner provided in Section 10.1, of its intention to fix a record date or an effective date for any event referred to in Section 3.4 (other than the subdivision, redivision, change in number, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Ratio, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; and, if prepared or available as at the date that such notice is required to be given pursuant to this Section 3.9, such notice shall be accompanied by the material (i.e. proxy circulars, information booklets, etc.) sent to the holders of Common Shares in respect of the event in question provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date or effective date.

ARTICLE 4
SUBORDINATION OF THE DEBENTURES

4.1 Agreement to Subordinate

The Corporation covenants and agrees, and the Holder of this Debenture, by such Holder's acceptance hereof, likewise agrees, that the payment of the principal of, and interest on the Debentures is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all existing and future Senior Indebtedness.

4.2 Distribution on Insolvency or Winding-up

In the event that proceedings are commenced by or against the Corporation as a result of its insolvency or in the event of the liquidation or winding up of the Corporation or if proceedings are commenced which effect a reorganization, arrangement, or compromise of debt of the Corporation:

- (a) the holders of all Senior Indebtedness remaining unpaid shall be entitled to receive payment thereof in full (including interest accruing after the commencement of any such proceeding at the rate specified in the instrument or agreement evidencing the Senior Indebtedness, whether or not such interest is an allowable claim in any such proceeding) before the Debentureholders are entitled to receive any payment upon the principal of, and interest on indebtedness evidenced by the Debentures;
- (b) any payment or distribution of assets of the Corporation of any kind or character, whether in cash, property or securities, to which the Debentureholders would be entitled except for the provisions of this Article shall be paid by the Person making such payment or distribution, whether the liquidator, agent or a trustee in bankruptcy or a receiver or otherwise, directly to the holders of all Senior Indebtedness or their representative(s), or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear, to the extent necessary to pay in full all Senior Indebtedness remaining unpaid after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness in respect thereof;
- (c) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Corporation of any kind or character, whether in cash, property or securities, shall be received by the Debentureholders before all Senior Indebtedness is paid in full, such payment or distribution shall be held in trust for the benefit of, and shall be paid over to, the holders of such Senior Indebtedness or their representative(s) or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear, for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness in respect thereof; and
- (d) any payments or distributions paid over to the holders of Senior Indebtedness pursuant to subsection 4.2(c) and not applied in reduction of the amounts owing to the Debentureholders hereunder shall be deemed not to have discharged any of the obligations of the Corporation hereunder (and, to the extent that by operation of applicable law they are treated as doing so, the Corporation covenants to indemnify the Debentureholders on demand from and against any loss suffered or incurred by them in consequence thereof).

Upon any payment or distribution of assets of the Corporation referred to in this Article, the Debentureholders shall be entitled to call for and to act and rely upon a certificate, addressed to the Debentureholders, of the Person making any such payment or distribution for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Corporation, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article.

4.3 Subrogation of Debentures

Subject to the payment in full of all Senior Indebtedness, the rights of the Debentureholders shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Corporation made in respect of and on account of Senior Indebtedness, to the extent of the application thereto of moneys or other assets which would have been received by the Debentureholders but for the provisions of this Article, until the principal amount of, and interest on the Debentures shall be paid in full. No payment or distribution of assets of the Corporation to the Debentureholders which otherwise would be payable or distributable to the holders of Senior Indebtedness pursuant to this Article shall, as between the Corporation, its creditors (other than the holders of Senior Indebtedness) and the Debentureholders, be deemed to be a payment by the Corporation to or on account of the Debentureholders, it being understood that the provisions of this Article are, and are intended, solely for the purpose of defining the relative rights of the Debentureholders, on the one hand, and the holders of the Senior Indebtedness, on the other hand. Nothing contained in this Article or elsewhere in this Debenture is intended to or shall impair, as between the Corporation and its creditors (other than the holders of Senior Indebtedness and the Debentureholders), the obligation of the Corporation, which is unconditional and absolute, to pay to the Debentureholders the principal amount of, and interest on the Debentures, as and when the same shall become due and payable in accordance with their terms, or to affect the relative rights of the Debentureholders and creditors of the Corporation other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Corporation or the holder of any Debenture from exercising all remedies otherwise permitted by applicable law upon default under the Debentures, subject to the rights, if any, under this Article, of the holders of Senior Indebtedness upon the exercise of any such remedy.

4.4 No Payment to Holders if Senior Indebtedness Due or in Default

- (a) Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, then, except as hereinafter otherwise provided, all principal of, and interest on all such matured Senior Indebtedness shall first be paid in full, or shall first have been duly provided for, before any payment on account of principal of, and interest on the Debentures is made.
- (b) The fact that any payment which is required to be made pursuant to this Debenture is not made as permitted by this Section 4.4 shall not prevent the failure to make such payment from being an Event of Default hereunder.
- (c) The Corporation shall not grant and the Debentureholders shall not be entitled to receive any mortgage, charge, hypothec, assignment, pledge or other security interest (collectively, a "security interest") against any of the property, assets or undertaking of the Corporation or any of its respective Subsidiaries or Affiliates unless holders of Senior Indebtedness are given a prior ranking security interest.
- (d) Upon any default by the Corporation under this Debenture or the occurrence of any Event of Default, no Debentureholder shall be entitled to take or commence any action, suit, remedy or proceedings (whether judicial or extrajudicial) against the Corporation or any

of its property, assets or undertaking to collect or enforce payment of the principal and interest on the Debentures or any other amounts owing under this Debenture or to enforce the performance of any other covenant or obligation of the Corporation under this Debenture (including, without limitation, any action or proceeding for the payment of the Debenture(s), the appointment of a liquidator or receiver of the Corporation or any of its property, assets or undertaking or for the winding up of the Corporation) without giving prior notice to the holders of Senior Indebtedness; provided however that the foregoing shall in no way prohibit, restrict or prevent the Corporation from taking such action as may be necessary to preserve the claims of the Debentureholders under the Debentures in any bankruptcy, reorganization or insolvency proceeding (including, without limitation, the filing of proofs of claim in any bankruptcy, reorganization or insolvency proceedings commenced by or against the Corporation and exercising its rights (including to vote) as an unsecured creditor in connection with or under any bankruptcy, reorganization or insolvency proceedings commenced by or against the Corporation).

4.5 Payment of Debentures Permitted

- (a) Nothing contained in this Debenture shall, subject always to Section 4.1, prevent the Corporation at any time, except under the conditions described in Section 4.4 or pending any insolvency or winding-up as referred to in subsection 4.2, from making payments at any time of the principal of, or interest on the Debenture.
- (b) Until written notice is given to the Debentureholders by the Corporation or on behalf of any holder of any Senior Indebtedness of the occurrence of any default or an event of default with respect to such Senior Indebtedness or of the existence of any other facts which would have the result that any payment with respect to the Debentures would be in contravention of the provisions of this Article, the Corporation is entitled to assume that no such default or an event of default has occurred, or that no such facts exist; and nothing in this Debenture will prevent the Corporation from applying any moneys received by it, prior to the receipt by it of such written notice, to the purposes for which the same were received, notwithstanding the occurrence or continuance of a default with respect to, or the existence of such facts with respect to, such Senior Indebtedness.

4.6 Subordination Not to be Impaired

No right of any holder of any Senior Indebtedness of the Corporation to enforce the subordination as herein provided for in this Article shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Corporation with the terms, provisions and covenants of this Debenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

4.7 Obligations Created by Article 4

The Corporation and each Holder, by its acceptance of this Debenture, agree, that:

- (a) the provisions of this Article are an inducement and consideration to each holder of Senior Indebtedness to give or continue credit to the Corporation or to acquire Senior Indebtedness;
- (b) each holder of Senior Indebtedness may accept the benefit of this Article on the terms and conditions set forth in this Article by giving or continuing credit to the Corporation

or by acquiring Senior Indebtedness, in each case without notice to the Corporation and without establishing actual reliance on this Article;

- (c) each obligation created by this Article is created for the benefit of the holders of Senior Indebtedness and is hereby declared to be created in trust for those holders by the Corporation and each holder of a Debenture and shall be binding on the Corporation and each Debentureholder whether or not the confirmation described in Section 4.10 is requested, executed or delivered; and
- (d) in the event of any creditor proceedings, the indebtedness represented by the Debentures is not to be classified with any Senior Indebtedness for voting or distribution, which means that holders of Senior Indebtedness will vote separately from the Debentureholders in respect of any restructuring or arrangement proposal regarding the Corporation.

4.8 No Set-Off

The Corporation and each Debentureholder, by its acceptance thereof, agree, that the Corporation shall have no rights of set-off or counterclaim with respect to the principal of, and interest on the Debentures at any time when any payment of, or in respect of, such amounts to the Debentureholders is prohibited by this Article or is otherwise required to be paid to the holders of Senior Indebtedness or their representative(s) or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear.

4.9 Amendments to Debentures

The Corporation and each Debentureholder, by acceptance hereof, agree not to make any changes to the Debentures, including this Article and the definition of Senior Indebtedness, which prejudice the rights of the holders of Senior Indebtedness under this Article without the consent of each holder of Senior Indebtedness, or their representative(s) or the Corporation under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been created.

4.10 Authorization of Holders to Corporation to Effect Subordination

Each Debentureholder, by acceptance hereof, authorizes and directs the Corporation on such Debentureholder's behalf to take such action as may be necessary or appropriate to effect the subordination provided for in this Article and appoints the Corporation his attorney-in-fact for any and all such purposes, including the execution and delivery by the Corporation of confirmations that the holder or holders of any Senior Indebtedness are entitled to all the rights and benefits of this Article and of subordination agreements in favour of the holders of any Senior Indebtedness on such terms as are reasonably required by the holders of such Senior Indebtedness (or the representative thereof or trustee thereof). Forthwith upon the request of any holder of Senior Indebtedness or its representative or the trustee under any indenture under which any instruments evidencing any Senior Indebtedness may have been created, the Corporation shall execute and deliver to the Person making that request a form of such confirmation or, with the advice of counsel, any such subordination agreement, on its own behalf and on behalf of all Debentureholders.

ARTICLE 5 **COVENANTS**

The Corporation hereby covenants and agrees with the Holder as follows:

5.1 Payment of Principal and Interest

That the Corporation will duly and punctually pay or cause to be paid to the Holder the principal of and interest accrued on this Debenture on the dates, at the places, in the currency, and in the manner mentioned in this Debenture. All payments made by the Corporation with respect to this Debenture whether on account of interest, principal or other obligation, shall be made free and clear of and without deduction for or on account of any tax, levy or other assessment imposed or levied by or on behalf of the Government of Canada ("**Withholding Taxes**"), unless the Corporation is required to withhold or deduct Withholding Taxes by law. If the Corporation is required by such laws to withhold or deduct any amount from any payment of interest, principal or other obligation for or on account of Withholding Taxes, the Corporation will pay to the Holder such additional amounts ("**Additional Amounts**") as may be necessary so that every net payment of any amount due in respect of the Debenture (including Additional Amounts) after withholding or deduction for or on account of any such taxes will not be less than the amount that the Holder would have received if such Withholding Taxes had not been withheld or deducted. The Corporation's obligation in respect of Additional Amounts shall survive the termination or conversion of this Debenture and repayment of all obligations under the terms of the Debenture.

5.2 Carrying on Business

That, subject to the express provisions hereof, the Corporation will carry on and conduct its business in a proper and efficient manner and, subject to the express provisions hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and rights.

5.3 Maintenance of Corporate Existence

That the Corporation will preserve and maintain its corporate existence and its rights to do business where such rights are necessary for the purposes thereof under the laws of its jurisdiction of incorporation, and to register and qualify and to maintain the registration and qualification of the Corporation as a corporation authorized to carry on business under the laws of each jurisdiction in which the nature of any material business conducted by it or the character of any material properties and assets owned or leased by it requires such registration and qualification, and to diligently preserve and at all times renew or cause to be preserved and renewed all of the Corporation's rights, powers, privileges, franchises and goodwill.

5.4 Amendment of Articles

That the Corporation will not take any steps to amend its articles except if such amendment is necessary or desirable to complete, effect or enter into any agreement or arrangement in respect of a Qualifying Liquidity Event.

5.5 Maintenance of Accurate Books and Records

That the Corporation will keep and maintain proper books of account and records accurately covering all aspects of the business affairs of the Corporation.

5.6 Provision of Information

That the Corporation will furnish to the Holder:

- (a) as soon as available and in any event from 140 days after each fiscal year of the Corporation (or such later date as may be allowed by applicable securities legislation), the consolidated audited financial statements for the Corporation and the reports, if any, of the Corporation's auditors thereon; and

- (b) as soon as available and in any event within 60 days after the end of each quarter of each fiscal year of the Corporation (or such later date as such statements are mailed to shareholders of the Corporation) consolidated unaudited financial statements of the Corporation prepared for the shareholders.

5.7 Securities Qualification Requirements

- (a) That if, in the opinion of counsel to the Corporation, any prospectus, registration statement or other instrument is required to be filed with or any permission is required to be obtained from any securities regulatory authority of any jurisdiction where the Common Shares or any other securities or property which the Holder is entitled to receive upon the conversion of this Debenture may be issued or delivered, or any other step is required under any federal, provincial, state or local law, including any applicable securities legislation, of such jurisdiction before the Common Shares or any other securities or property which the Holder is entitled to receive upon the conversion of this Debenture may properly and legally be delivered or issued upon the due exercise of such right of conversion, the Corporation covenants that it will take all such action, at its expense, as is required or appropriate in the circumstances. This Section 5.7 shall not be interpreted to require the Corporation to take any action, including the filing of a prospectus or application for a discretionary prospectus exemption, with respect to hold periods that may be applicable to the Common Shares issued pursuant to Article 3;
- (b) That, in the event the Corporation completes an IPO in Canada or the United Kingdom, the Corporation will in connection therewith take all steps as may be necessary to qualify or register the distribution of the Common Shares issuable upon conversion of the Debentures in the jurisdictions in which Common Shares are qualified or registered for distribution pursuant to the IPO, so that the holders of Debentures who are not "control persons" in respect of the Corporation are able to trade the Common Shares acquired upon the conversion of the Debentures, to the extent permitted by the applicable securities laws without the requirement of filing a prospectus or registration statement or utilizing or seeking an exemption from such requirement under the applicable securities laws, provided that the holders of such Common Shares comply with the applicable securities laws with respect to such trade;
- (c) That, in the event the Corporation completes an IPO in the United States, (A) to ensure that the Common Shares issuable upon conversion of the Debentures have available the same opportunity to be registered under the United States Securities Act of 1933, as amended (the "1933 Act") as the Common Shares currently held by other investors in the Corporation; and (B) with a view to making available the benefits of certain rules and regulations of the United States Securities and Exchange Commission (the "SEC") that may permit the sale of the Restricted Securities to the public without registration, the Corporation agrees to use its reasonable best efforts to: Make and keep public information regarding the Corporation available as those terms are understood and defined in Rule 144 under the Securities Act, at all times from and after ninety (90) days following the effective date of the Initial Public Offering;
 - (ii) File with the Commission in a timely manner all reports and other documents required of the Corporation under the Securities Act and the United States Securities Exchange Act of 1934, as amended, at any time after it has become subject to such reporting requirements; and

- (iii) So long as a Holder owns any Restricted Securities, furnish to the Holder forthwith upon written request a written statement by the Corporation as to its compliance with the reporting requirements of Rule 144 (at any time from and after ninety (90) days following the effective date of the first registration statement filed by the Corporation for an offering of its securities to the general public), a copy of the most recent annual or quarterly report of the Corporation, and such other reports and documents so filed as a Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing a Holder to sell any such securities without registration.
- (d) That the Corporation will give written notice of the issue of Common Shares upon the conversion of this Debenture, in such detail as may be required, to each securities commission, stock exchange, or similar regulatory authority in each jurisdiction in Canada in which there is legislation requiring the giving of any such notice in order that the subsequent disposition of the Common Shares so issued will not, as a result solely of the failure to give such notice, be subject to the prospectus requirements of such legislation.

5.8 Maintenance of Insurance

That the Corporation shall use its reasonable commercial efforts to cause its current insurance policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

5.9 Transactions with Affiliates

That the Corporation will not enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any holder of its securities or with any affiliate or with any of its directors, officers or partners, as applicable, except a transaction or agreement or arrangement which is in the ordinary course of business of the Corporation and which is upon fair and reasonable terms not materially less favourable to the Corporation than it would obtain in a comparable arm's length transaction.

5.10 Notice of Event of Default

That the Corporation will give notice in writing forthwith to the Holder of the occurrence of any Event of Default or other event which with lapse of time and/or giving of notice or otherwise would be an Event of Default forthwith upon becoming aware thereof and specifying the nature of such default and/or Event of Default and the steps taken to remedy the same.

5.11 Officers' Certificates

That each and every officers' certificate given pursuant to this Debenture shall be complete and accurate in all material respects and shall not be misleading in any manner.

5.12 Dividends

The Corporation will not declare or pay any dividends on any of its preferred shares or Common Shares unless all interest and principal payments under this Debenture are current.

ARTICLE 6

DEFAULT

6.1 Events of Default

It is an "Event of Default" if:

- (a) the Corporation makes default in repayment of the principal amount of the Debentures or of any Debenture on the Maturity Date;
- (b) the Corporation makes default on the Interest Payment Date of any interest due on the Debentures and such default continues for a period of sixty (60) days;
- (c) a decree or order of a court having jurisdiction is entered adjudging the Corporation or any of its Subsidiaries a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of the property of, the Corporation or any of its Subsidiaries, or appointing a receiver of, or of any substantial part of the property of, the Corporation or any of its Subsidiaries or ordering the winding-up or liquidation of its affairs, and any such decree or order continues un-stayed and in effect for a period of sixty (60) days;
- (d) a resolution is passed for the winding-up or liquidation of the Corporation or any of its Subsidiaries or if the Corporation or any of its Subsidiaries institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of or of any substantial part of the property of the Corporation or such Subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (e) the Corporation shall cease to carry on in the ordinary course its business or a substantial part thereof; and
- (f) the Corporation fails to comply with any of its covenants hereunder, which failure is not cured for a period of sixty (60) days.

6.2 Occurrence of Default

If an Event of Default occurs, the Debentureholders may in their discretion, subject to the provisions of Section 6.3, by an Instrument of Debentureholders delivered to the Corporation declare the principal of and interest on all Debentures then outstanding and all other moneys outstanding under the Debentures to be due and payable and the same shall forthwith become immediately due and payable, anything in the Debentures to the contrary notwithstanding, and the Corporation shall forthwith pay such amounts to the holders. Any moneys so received by the each of the Debentureholders shall be applied in the manner provided in Section 6.6.

6.3 Waiver of Default

The Debentureholders have the power, by an Instrument of Debentureholders, to waive any Event of Default and/or to cancel any declaration made by the Debentureholders pursuant to Section 6.2 in which

case such Event of Default shall be deemed not to have occurred or such declaration shall be deemed not to have been made, as the case may be; provided that no such waiver of an Event of Default shall extend to, or be taken in any manner whatsoever to affect, any subsequent Event of Default or the rights resulting therefrom and no such cancellation of a declaration prevents a subsequent declaration under Section 6.2 in respect of the Event of Default to which the cancellation related (unless the Event of Default was also waived) or in respect of any other Event of Default.

6.4 Enforcement

Subject to the provisions of Section 6.3 and to the provisions of any Instrument of Debentureholders, if the Corporation fails to pay to the Debentureholders, forthwith after the same is declared to be due and payable under Section 6.2, the principal of and interest on all Debentures then outstanding, together with any other amounts due under the Debentures, the Debentureholders may enforce their rights under the Debentures by any of the following remedies which are approved by an Instrument of Debentureholders:

- (a) proceedings in any court of competent jurisdiction for the appointment of a receiver (which term as used in this Debenture includes a receiver and manager) of all or any part of the property of the Corporation;
- (b) filing of proofs of claim and other documents to establish its claims in any proceedings relative to the Corporation;
- (c) appointment by instrument in writing of a receiver of all or any part of the property of the Corporation in accordance with Section 6.8 and removal or replacement from time to time of any such receiver; and
- (d) any other remedy or proceeding authorized or permitted hereby or by law or equity.

Such remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any rights of the Debentureholders however created.

6.5 No Suits by Debentureholders

No Debentureholder has any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, except as provided in Section 6.4 hereof.

6.6 Application of Moneys

Except as herein otherwise expressly provided, any moneys paid on account of the Debentures following a declaration pursuant to Section 6.2, whether paid by the Corporation or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Corporation shall be applied as follows:

- (a) first, in payment or in reimbursement to the Debentureholders of their costs, charges and expenses as required by Section 6.9 with interest thereon as herein provided;
- (b) second, in payment, rateably and proportionately, to the Debentureholders, of the principal of and accrued and unpaid interest and interest on amounts in default on the Debentures which are then outstanding in the priority of principal first and then accrued and unpaid interest and interest on amounts in default; and

(c) third, in payment of the surplus, if any, of such moneys to the Corporation or its assigns;

provided, however, that no payment shall be made pursuant to Subsection 6.6(b) in respect of the principal or interest of any Debenture held, directly or indirectly, by or for the benefit of the Corporation or any Subsidiary, except subject to the prior payment in full of the principal and interest of all Debentures which are not so held.

6.7 Appointment of Representative by Debentureholders

A Person (the "**Representative**") may be appointed by an Instrument of Debentureholders to represent the Debentureholders in respect of the enforcement of the Debentures. The Representative may be a Debentureholder. The powers and duties of the Representative shall be specified by one or more Instruments of Debentureholders. Such powers and duties may be expanded, reduced or restricted by subsequent Instruments of Debentureholders. The Representative shall not have any powers beyond the powers which the Debentureholders have hereunder or at law in respect of the enforcement of the Debentures. All acts of the Representative within the scope of his powers shall be binding upon all Debentureholders. A copy of each Instrument of Debentureholders appointing, removing or replacing a Representative or specifying, expanding, reducing or restricting the Representative's powers shall be provided to the Corporation and the Representative by the Debentureholders promptly following its execution. The Representative shall be entitled to access to the Register maintained by the Corporation.

6.8 Receiver

If an Event of Default occurs, as a result of which, pursuant to Section 6.2, the principal of the Debentures then outstanding are declared due and payable and if such declaration has not been cancelled pursuant to Section 6.3, then the Debentureholders (by an Instrument of Debentureholders) may appoint a receiver of the Corporation. Any receiver so appointed shall have the power to do all such acts and things as the Debentureholders are required or permitted to do pursuant to the terms of the Debentures or otherwise at law.

The receiver may be vested with such other rights and powers of the Holder hereunder and such other discretions and powers as are granted in the instrument of appointment and any supplement thereto. The receiver shall for all purposes be deemed to be the agent of the Corporation and not of the Debentureholders; and the Corporation shall be solely responsible for his acts or defaults and for his remuneration. All moneys from time to time received by the receiver may be applied as follows: first, in discharge of all operating expenses and other outgoings affecting the property of the Corporation; second, in payment of the remuneration and disbursements of the receiver; and thereafter in accordance with Section 6.6.

6.9 Expenses

The Corporation agrees to pay to the Debentureholders forthwith on demand all costs, charges and expenses, including all legal fees (on a solicitor and his own client basis), incurred by the Debentureholders (including the reasonable fees and expenses of the Representative, if one is appointed) in connection with the recovery or enforcement of payment of the principal amount of and interest on the Debentures and any other moneys payable hereunder whether by realization or otherwise. All such sums shall bear interest at the rate set forth above.

6.10 Production of Debentures Upon Payment

The Corporation shall have the right at the time it makes any payment required by Section 6.2 hereof to demand of the Person claiming such payment the production of the actual Debenture under which it

claims such payment be made, and shall cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Corporation may in its discretion dispense with such production and endorsement in any special case, upon such indemnity being given as it shall deem sufficient.

6.11 Remedies Cumulative

No remedy herein conferred upon or reserved to the Debentureholders, is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Debentures or now existing or hereafter to exist by law or by statute.

6.12 Judgment for Amounts Remaining Due

The Corporation covenants and agrees to and with the Holder that in case of any other proceedings to enforce the Debentures, judgment may be rendered against it in favour of the Debentureholders for any amount which may remain due in respect of the Debentures and the interest thereon.

6.13 Delay or Omission Not Construed as Waiver

No delay or omission of any Debentureholder, to exercise any right or power accruing upon any default continuing as aforesaid, shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein and every power and remedy given to the Debentureholders in the Debentures may be exercised from time to time.

ARTICLE 7 **SUCCESSOR CORPORATIONS**

7.1 Permitted Corporate Reorganizations

The Corporation shall not, directly or indirectly, sell, lease, transfer or otherwise dispose of all or substantially all of its property and assets as an entirety to any other corporation, and shall not amalgamate or merge with or into any other corporation (any such other corporation being herein referred to as a "Successor Corporation") unless:

- (a) the Successor Corporation shall execute, prior to or contemporaneously with the consummation of any such transaction, such instruments as in the opinion of Counsel to the Corporation are necessary or advisable to evidence the assumption by the Successor Corporation of the due and punctual payment of the Debentures and the interest thereon and all other moneys payable thereunder and the covenant of the Successor Corporation to pay the same and its agreement to observe and perform all the covenants and obligations of the Corporation thereunder;
- (b) such transaction shall be upon terms which substantially preserve and do not to impair any of the rights or powers of the Debentureholders under the Debentures and upon terms which are in no way prejudicial to the interests of the Debentureholders; and
- (c) no condition or event exists either at the time of or immediately after the consummation of any such transaction and after giving full effect thereto or immediately after the Successor Corporation complies with the provisions of Subsection 7.1(a) which constitutes or would constitute, after notice or lapse of time or both, an Event of Default.

7.2 Status of Successor Corporation

Whenever the conditions of Section 7.1 have been duly observed and performed the successor corporation shall possess and from time to time may exercise each and every right and power of the Corporation under this Debenture in the name of the Corporation or otherwise and any act or proceeding by any provision of this Debenture required to be done or performed by any directors or officers of the Corporation may be done and performed with like force and effect by the directors or officers of such successor corporation and thereupon the Corporation shall be released and discharged from liability under this Debenture and the Holder shall execute any document or documents which it may be advised is or are necessary or advisable for effecting or evidencing such release and discharge.

ARTICLE 8 **DEFEASANCE**

8.1 Defeasance

These presents and the rights hereby granted shall cease, determine and be void, if the Corporation shall have first satisfied the Holder that it has paid or made due provisions satisfactory to the Holder for the payment of all the principal moneys and interest due or to become due hereunder, at the time and in the manner herein provided, and also all other moneys payable hereunder by the Corporation or shall surrender or cause to be surrendered this Debenture to the Corporation for cancellation and shall in any case pay all sums due or accruing due to the Holder of this Debenture hereunder.

ARTICLE 9 **AMENDMENT**

9.1 Amendment

The provisions of this Debenture may, subject to Section 4.9, be amended at any time or times by written agreement between the Corporation and the Holder.

ARTICLE 10 **NOTICES**

10.1 Notice

Any notice required or permitted to be given hereunder shall be in writing and given by delivering, by post or courier, or by transmitting by facsimile:

- (a) to the Corporation at:

EarthRenew Corporation
201, 1925 18 Avenue N.E.
Calgary, AB T2E 7T8

Attention: Chief Financial Officer
Fax: (403) 228-4748

with a copy to:

Bennett Jones LLP
4500 Bankers Hall East
855-2nd Street SW
Calgary, Alberta
T2P 4K7

Attention: Brad Markel
Fax: (403) 265-7219

- (b) to the Holder at the address appearing on the Register, and if, in the case of joint Holders, more than one address appears in the Register in respect of such joint holding, notice shall be addressed to the first address so appearing and any notices so given shall be sufficient notice to all Holders or any other Persons interested in this Debenture.

Any notice given as aforesaid shall be deemed to have been given at the time delivered or faxed (provided complete transmission is confirmed) if delivered or faxed to the recipient on a Business Day (in the city in which the addressee is located) and before 4:30 p.m. (local time in the city in which the addressee is located) on such Business Day, and otherwise shall be deemed to be given at 9:00 a.m. (local time in the city in which the addressee is located) on the next following Business Day (in the city in which the addressee is located) or, in the case of notice being given by post on the day that is five (5) Business Days after the date of mailing. Any party may change its address for notice by notice to the other parties hereto given in the manner herein provided.

ARTICLE 11 **EXECUTION**

11.1 Execution

This Debenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

11.2 Successors and Assigns

The provisions of this Debenture shall enure to the benefit of, and be binding upon, the parties and any of their heirs, executors, administrators, personal representatives, successors and assigns.

IN WITNESS WHEREOF this Debenture has been executed with effect from the date first written above.

EARTHRENEW CORPORATION

Per: 

Christianne Carin
Chief Executive Officer

APPENDIX I
CONVERSION FORM

CONVERSION FORM

TO: EARTHRENEW CORPORATION

The undersigned registered holder of the within Debentures hereby irrevocably exercises the right to acquire Common Shares of EarthRenew Corporation (the "Corporation") (or such number of other securities or property to which the Debentures entitle the undersigned in lieu thereof or in addition thereto) in accordance with and subject to the provisions of the annexed Debenture Certificate.

DATED this ____ day of _____, 20__.

Signature Guaranteed

Signature (Signature of Debentureholder to be the same as appears on the face of the Special Debenture Certificate)

(Name in Full – Please Print)

Notes:

- (1) Common Shares received on the conversion of the Debentures may be subject to a "hold period" under applicable securities laws if the Debentures are converted prior to the date that is four months and a day after the later of (a) **December 27, 2006**; and (b) the date the issuer became a reporting issuer in any province or territory.
- (2) Common Shares will be issued in the name of the registered holder and delivered to the address of the registered holder as it appears on the Debenture register unless otherwise directed.

Instructions: The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Debenture Certificate representing the Debentures being converted to the Corporation at the head office of the Corporation, at 201, 1925 18 Avenue N.E., Calgary, AB T2E 7T8, Attention: Christianne Carin. Certificates for Common Shares will be made available for pick-up or, at the request of the holder, delivered or mailed within three (3) business days after the conversion of the Debentures. If the Conversion Form is signed by a corporation, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

The above signed hereby directs that the said Common Shares be issued and registered as follows:

Name(s) in Full: _____

Address(es) in Full: _____

(including postal code) _____

No. of Common Shares _____

Note: If further nominees are intended, please attach (and initial) schedule giving these particulars.

Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after the later of (i) May 31, 2008, and (ii) the date the issuer became a reporting issuer in any province or territory.

EARTHRENEW CORPORATION

(A corporation incorporated under the laws of the Province of Alberta)

3% CONVERTIBLE SUBORDINATED UNSECURED DEBENTURE

IN FAVOUR OF

NILE CAPITAL II S.À.R.L.

MAY 18, 2010

THIS IS EXHIBIT "L"
referred to in the Affidavit of
Sworn before me this 15th
Day of Sept. A.D. 2010

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

HOWARD A. GORMAN
BARRISTER & SOLICITOR

Certificate Number: CSUD - 10

\$5,220,000

DUE: DECEMBER 31, 2011

EARTHRENEW CORPORATION (the "Corporation"), for value received, hereby promises to pay to or to the order of Nile Capital II S.à.r.l., the registered holder hereof on December 31, 2011, or on such earlier or later date as the principal amount hereof may become payable in accordance with the conditions herein set out on presentation and surrender of this Debenture, the sum set out above in lawful money of Canada, at the registered office of the Corporation in Calgary, Alberta, and, subject to the terms and conditions herein contained, to pay interest thereon in the manner and at the rate set forth in Section 2.2 hereof.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Debenture (including the recitals hereto), unless there is something in the subject matter or context inconsistent therewith:

"ABCA" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"Additional Amounts" shall have the meaning attributed thereto in Section 5.1 hereof;

"Affiliate" has the meaning ascribed thereto under the ABCA;

"Aggregate Principal Amount" means, from time to time, the aggregate principal amount of Debentures outstanding and unconverted;

"Business Day" means any day except Saturdays, Sundays, statutory holidays and days when the principal office of the Corporation in the City of Calgary is not generally open to the public for the transaction of business;

"Capital Reorganization" shall have the meaning attributed thereto in Section 3.4 hereof;

"Common Shares" means common shares in the capital of the Corporation;

"Corporation" means EarthRenew Corporation, a corporation incorporated pursuant to the ABCA with an office in the City of Calgary, in the Province of Alberta, and includes any Successor Corporation to or of the Corporation;

"Counsel" means a barrister or solicitor or firm of barristers or solicitors, who may be counsel for the Corporation;

"Conversion Date" shall have the meaning attributed thereto in Section 3.1 hereof;

"Conversion Ratio" shall have the meaning attributed thereto in Section 3.4 hereof;

"Corporate Sale" means a sale of substantially all of the Corporation or its assets whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Debentureholders" means the several Persons for the time being entered in the Register as holders of the Debentures and Debentureholder means any of them;

"Debentures" means, collectively, the aggregate principal amount of \$10,000,000 of convertible subordinated unsecured debentures of the Corporation, bearing interest at the Interest Rate and maturing on the Maturity Date and which entitle the holders thereof to the same benefits hereunder;

"Director" means a member of the board of directors of the Corporation for the time being and **"Directors"**, **"Board of Directors"** or **"Board"** means the board of directors of the Corporation as duly constituted and elected or empowered, from time to time, and reference to **"action by the Directors"** means action by the directors of the Corporation as a board;

"Event of Default" means any of the events of default referred to in Section 6.1;

"Holder" means the Person who is registered as the holder of this Debenture in the Register maintained by the Corporation from time to time being entered in the Register hereinafter referred to as a Holder of Debentures;

"IPO" means an initial public offering or similar "going public" transaction, with concurrent listing on one or more Recognized Exchanges;

"Instrument of Debentureholders" or **"consent of the Debentureholders"** means a written document signed by the Debentureholders, or their duly authorized attorneys, of more than fifty percent (50%) in principal value of the Debentures then outstanding to perform, execute or cease any act, procedure or action therein stipulated or giving any direction, authorization or consent which may be appropriate or required in connection with the Debentures;

"Interest Payment Date" means the Conversion Date or the Maturity Date, whichever is earlier;

"Interest Rate" means the interest rate of 3% per annum, compounded semi-annually, unless Section 3.3(b) is applicable;

"Maturity Date" means December 31, 2011;

"Maturity Valuation Price" means the valuation per Common Share to be determined at the Maturity Date, at the expense of the Corporation, by an independent investment bank selected by

the majority of the remaining Debentureholders by an Instrument of Debentureholders and acceptable to the Board of Directors of the Corporation, acting reasonably;

"Merger" means a business combination including, without limitation, a merger, amalgamation, arrangement, share exchange, or any similar transaction whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Merger Consideration" shall have the meaning attributed thereto in Section 3.2(b) hereof;

"Person" means an individual, firm, trust, syndicate, corporation, partnership, association, government or governmental agency;

"Private Equity Conversion Amount" means that amount of Common Shares into which each \$1,000 principal amount of Debentures may be converted pursuant to subsection 3.2(a)(i);

"Private Equity Funding" means any transaction or series of transactions pursuant to which the Corporation raises a minimum \$10,000,000 through the distribution of Common Shares in any consecutive six month period following the date of issuance of the Debentures and ending on the earlier of the Maturity Date or the closing of a Qualifying Liquidity Event and includes the issuance of convertible preferred shares of the Corporation for \$1.00 per convertible preferred share on or about December 21, 2007;

"Private Equity Funding Price" means the lowest price per Common Share at which the Corporation distributes Common Shares pursuant to a Private Equity Funding;

"Qualified Price" means the price per Common Share of Common Shares sold in an IPO or the fair market value of any combination of cash, securities and other consideration received by the holders of Common Shares in a Merger or Corporate Sale;

"Qualifying Liquidity Event" means the closing of an IPO, Merger or a Corporate Sale;

"Recognized Exchange" means the London Stock Exchange (main market or AIM), the New York Stock Exchange, the NASDAQ, the Toronto Stock Exchange, the TSX Venture Exchange or the American Stock Exchange;

"Register" means the register to be kept by the Corporation, in which will be entered the names and addresses of the Debentureholders, from time to time, and particulars of the Debentures held by them respectively and of all transfers of Debentures;

"Representative" shall have the meaning attributed thereto in Section 6.7 hereof;

"SEC" shall have the meaning attributed thereto in Section 5.7(c) hereof;

"Senior Indebtedness" means all present or future indebtedness, obligations and liabilities of the Corporation in respect of borrowed money (including principal, interest, interest on amounts in default, penalties, fees, indemnifications, reimbursements, damages and the deferred purchase price of property) and any guarantees thereof, including, without limitation, existing debt and all other direct or contingent obligations of the Corporation other than:

- (a) indebtedness evidenced by the Debentures;
- (b) indebtedness which is convertible by its terms or pursuant to an agreement with the Corporation into any class of equity securities of the Corporation; and

- (c) indebtedness which, by the terms of the instrument creating or evidencing the same, is expressed to rank in right of payment equally with or subordinate to the indebtedness evidenced by the Debentures;

"Share Reorganization" shall have the meaning attributed thereto in Subsection 3.4(a) hereof;

"Share Reorganization Ratio" means the ratio of Common Shares outstanding prior to and following a Share Reorganization as calculated in accordance with Subsection 3.4(a) hereof;

"Subsidiary" means any corporation of which more than 50% of the outstanding Voting Shares are owned, directly or indirectly, by or for the Corporation, provided that the ownership of such shares confers the right to elect at least a majority of the board of directors of such corporation and includes any corporation in like relation to a Subsidiary;

"Successor Corporation" shall have the meaning attributed thereto in Section 7.1 hereof;

"Tax" means all present or future taxes, levies, withholdings, fiscal charges, imports, duties, assessments, surcharges, or other charges of whatsoever nature and however arising which are imposed, assessed, charged, levied, withheld or demanded pursuant to the laws of Canada or a Province thereof at any time together with all interest thereon and penalties or similar liabilities with respect thereto but does not include any taxes charged in respect of or by reference to the overall net income or gains of the Holder of this Debenture or any interest thereon or penalties or similar liabilities with respect thereto;

"Time of Expiry" means 4:30 p.m. (Calgary time) on the Maturity Date;

"Voting Shares" means shares of any class in the capital of any corporation carrying voting rights under all circumstances, provided that, for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares unless such event has occurred and is continuing, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of any such event;

"Withholding Taxes" shall have the meaning attributed thereto in Section 5.1 hereof; and

"1933 Act" shall have the meaning attributed thereto in Section 5.7(c) hereof.

1.2 Interpretation

Words importing the singular number only shall include the plural and *vice versa* and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms, associations and corporations and *vice versa*.

1.3 Currency

All payments contemplated herein shall be paid in Canadian funds, by cheque or other transfer of funds considered appropriate by the Corporation and all references herein to dollar amounts are references to dollars in the lawful currency of Canada.

1.4 Governing Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

1.5 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

ARTICLE 2 **THE DEBENTURE**

2.1 Series of Debentures

This Debenture is one of a series of debentures issued as of the date hereof.

2.2 Terms of the Debenture

- (a) This Debenture matures at the Time of Expiry and bears interest from and including the date of this Debenture at the Interest Rate, payable after as well as before maturity and after as well as before default and judgment, with interest on amounts in default at the same rate, payable on an accrued basis on the Interest Payment Date.
- (b) Subject to Article 4, the Corporation shall, no later than ten Business Days following the Interest Payment Date, cause to be sent by prepaid ordinary mail a cheque for such interest (less any Tax required by law to be withheld therefrom) payable to the order of the Holder and addressed to it at its last address or account, as the case may be, appearing on the Register, unless the Holder otherwise directs. In the case of joint Holders, the cheque shall be payable to the order of all such joint Holders and addressed to them at the last address or account appearing on the Register, as the case may be, unless such joint Holders otherwise direct. If more than one address or account appears on the Register in respect of such joint Holders, the cheque shall be mailed or delivered, as the case may be, to the first address or account so appearing. In the event of non-receipt or destruction of any cheque or funds delivered pursuant to this Section, the Corporation will cause to be issued to the Holder a replacement cheque for like amount upon being furnished with such evidence of non-receipt or destruction as it reasonably requires and upon being indemnified to its satisfaction, acting reasonably.
- (c) Notwithstanding anything contained herein, the Corporation may enter into an agreement with the Holder providing for the payment to such Holder of the principal of and interest on this Debenture at a place or places or in a manner other than the place or places or manner specified herein for payment.

2.3 Debentures to Rank Pari Passu

This Debenture is a general unsecured obligation of the Corporation. This Debenture ranks *pari passu* with all other Debentures and with all existing and future indebtedness of the Corporation other than (i) existing and future Senior Indebtedness, and will be subordinate in right of payment to all existing and future Senior Indebtedness of the Corporation; and (ii) indebtedness which by its terms ranks junior to the Debentures.

2.4 Mutilation, Loss, Theft or Destruction

In case this Debenture is mutilated, lost, stolen or destroyed, the Corporation, in its discretion, may create a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost,

stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Corporation and shall be entitled to the same benefits as all other Debentures without preference or priority one over another. In case of loss, theft or destruction the Holder shall furnish to the Corporation evidence of such loss, theft or destruction as is satisfactory to the Corporation in its discretion, acting reasonably, and shall also furnish an indemnity satisfactory to the Corporation in its discretion, acting reasonably. The Holder shall pay all expenses incidental to the issuance of any substituted Debenture.

2.5 Transfer

This Debenture may not be resold, distributed or transferred by the Holder, other than to an Affiliate of the Holder or to a Person under common management with the Holder, at any time prior to the Maturity Date without the prior written consent of the Board or Directors, subject always to any applicable laws and required regulatory approvals, including, without limitation, applicable securities laws which restrict the sale and distribution of the Debenture. The Holder shall pay all expenses incidental to the transfer of any Debenture.

2.6 Effect of Instrument of Debentureholders

Any Instrument of Debentureholders duly signed by Debentureholders holding more than 50% in principal value of the Debentures then outstanding or by their duly authorized attorneys will be binding on all Debentureholders, whether or not such Debentureholder or its duly authorized attorney signed such Instrument of Debentureholders.

ARTICLE 3

CONVERSION OF DEBENTURE

3.1 Conversion Date

For the purposes of this Article, this Debenture shall be deemed to be surrendered for conversion:

- (a) in the case of automatic conversion pursuant to Section 3.2 hereof, on the date of completion of a Qualifying Liquidity Event, and
- (b) in the case of voluntary conversion pursuant to section 3.3 hereof, on the date on which it is received by the Corporation in accordance with the provisions of this Article 3 (the "Conversion Date").

3.2 Automatic Conversion

- (a) On the occurrence of a Qualifying Liquidity Event, each \$1,000 principal amount of Debentures shall convert into that number of Common Shares equal to the greater of:
 - (i) \$1,250 divided by the Private Equity Funding Price and rounded to the nearest whole number; or
 - (ii) (A) if the Qualifying Liquidity Event occurs between the Closing Time and December 31, 2008, \$1,500 divided by the Qualified Price and rounded to the nearest whole number;
 - (B) if the Qualifying Liquidity Event occurs after December 31, 2008 and on or before December 31, 2009, \$1,818 divided by the Qualified Price and rounded to the nearest whole number;

- (C) if the Qualifying Liquidity Event occurs after December 31, 2009 and on or before December 31, 2010, \$2,222 divided by the Qualified Price and rounded to the nearest whole number; and
 - (D) if the Qualifying Liquidity Event occurs after December 31, 2010 and on or before the Maturity Date, \$2,703 divided by the Qualified Price and rounded to the nearest whole number.
- (b) If the Qualifying Liquidity Event is a Merger or Corporate Sale which results in holders of Common Shares receiving Common Shares or securities, cash, debt instruments or other property in addition to or in lieu of Common Shares (collectively, the "**Merger Consideration**"), then the conversion referred to in this section 3.2 shall be deemed to have occurred immediately prior to the Merger or Corporate Sale, as the case may be, such that the Holder shall be considered to be the registered Holder of Common Shares immediately prior to the Merger or Corporate Sale, as the case may be, and shall receive the Merger Consideration upon conversion of the Debentures.
- (c) In the event that this Debenture is converted into Common Shares pursuant to this Section 3.2, the Corporation shall deliver notice of conversion to the Holder and shall within thirty (30) days of the Conversion Date deliver to the transfer agent and registrar of the Corporation at its offices a certificate dated the Conversion Date and registered in the name of the Holder for the number of Common Shares into which this Debenture is convertible in accordance with the provisions of this Article together with a cheque payable to the Holder for any amount payable under Section 3.5 and such transfer agent and registrar shall deliver such certificate and cheque to the Holder upon the surrender of this Debenture to the transfer agent and registrar.
- (d) In the event that this Debenture is converted into Common Shares pursuant to this Section 3.2, then provided that the Corporation has delivered to the transfer agent and registrar of the Corporation the certificate and cheque required to be delivered pursuant to subsection 3.2(c), then this Debenture shall thereafter only represent the right of the Holder to receive such certificate and cheque upon surrender of this Debenture and also to receive any amount to which the Holder is entitled under subsection 3.2(e).
- (e) Upon the conversion of this Debenture in accordance with this Section 3.2, any accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, shall be converted into that number of Common Shares equal to the total amount of interest owing divided by (i) the Private Equity Funding Price, if conversion as to the principal amount of this Debenture occurs pursuant to subsection 3.2(a)(i), or (ii) the Qualified Price, if conversion of the principal amount of this Debenture occurs pursuant to subsection 3.2(a)(ii), and the Common Shares issued upon such conversion shall be entitled to receive dividends declared in favour of shareholders of record on and after the Conversion Date, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares. In the event of a Merger or Corporate Sale described in paragraph 3.2(b), any accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, shall be converted into an equal amount of the Merger Consideration.

3.3 Voluntary Conversion

- (a) Upon and subject to the provisions and conditions of this Article, the Holder shall have the right, at its option at any time, and from time to time, prior to the earlier of (i) the completion of a Qualifying Liquidity Event or (ii) the Time of Expiry, to convert such Debentures into that number of fully paid and non-assessable Common Shares at the Conversion Ratio set out in paragraph 3.2(a)(i).
- (b) if a Qualifying Liquidity Event does not occur on or prior to the Maturity Date and if a Holder has not otherwise converted the Debentures on or prior to the Maturity Date, a Holder shall notify the Corporation in writing within 30 (thirty) days of determination of the Maturity Valuation Price of its election to:
 - (i) receive repayment of the aggregate principal amount of Debentures held by such Holder together with interest accrued at a rate of 6% per annum since the date of issuance of the Debentures, compounded semi-annually, payable on an accrued basis at the Maturity Date; or
 - (ii) convert each \$1,000 principal amount of Debentures held by such Holder into that number of Common Shares equal to \$3,050 divided by the Maturity Valuation Price;
- (c) If the Holder desires to convert this Debenture in whole or in part into Common Shares in accordance with this Section 3.3, the Holder shall prior to the Time of Expiry surrender this Debenture to the Corporation at its offices together with written notice, substantially in the form of Appendix I hereto, duly executed by the Holder or its successors and assigns or other legal representatives or its or their attorney duly appointed by an instrument in writing and executed in a manner satisfactory to the Corporation, exercising its right to convert this Debenture into Common Shares in accordance with the provisions of this Article. Thereupon, the Holder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges, the Holder's nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Corporation shall deliver to the Holder or, subject as aforesaid, its nominee(s), or assignee(s), a certificate or certificates for such Common Shares and, if applicable, a cheque for any amount payable under Section 3.5.
- (d) Any part of this Debenture may be converted into Common Shares as provided in this Section 3.3 and all references in this Debenture to conversion of this Debenture shall be deemed to include conversion of such parts.
- (e) If this Debenture is converted as to a part only, the Holder shall, upon the exercise of its right of conversion, surrender this Debenture to the Corporation. The Corporation shall cancel the same and shall without charge forthwith deliver to the Holder a new Debenture in an aggregate principal amount equal to the unconverted part of the principal amount of this Debenture so surrendered.
- (f) Upon the surrender of this Debenture for conversion in accordance with this Section 3.3 any accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, shall be converted into that number of Common Shares equal to the total amount of interest owing divided by the Private Equity Funding Price,

and the Common Shares issued upon such conversion shall only be entitled to receive dividends declared in favour of shareholders of record on and after the Conversion Date, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

3.4 Adjustment of Conversion Ratio

The number of Common Shares into which each \$1,000 principal amount of Debentures is convertible pursuant to subsection 3.2(a) (the "**Conversion Ratio**") in effect on any date shall be subject to adjustment from time to time as follows:

- (a) If, and whenever at any time and from time to time following the completion of a Private Equity Funding but prior to the completion of a Qualifying Liquidity Event, the Corporation shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine, consolidate or change its then outstanding Common Shares into a lesser number of Common Shares, or (iii) issue Common Shares (or securities exchangeable or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of stock dividend or other distribution (other than a dividend in the ordinary course paid in Common Shares or securities exchangeable or convertible into Common Shares) (any of such events being herein called a "**Share Reorganization**"), the Share Reorganization Ratio shall be calculated effective immediately after the effective date or record date for the Share Reorganization as the quotient obtained when:

- (i) the number of Common Shares outstanding immediately after the completion of such Share Reorganization (but before giving effect to the issue of any Common Shares issued after such record date otherwise than as part of such Share Reorganization) including, in the case where securities exchangeable or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date,

is divided by

- (ii) the number of Common Shares outstanding on such effective date or record date before giving effect to the Share Reorganization;

and the Private Equity Conversion Amount shall be thereafter calculated as \$1,250 divided by the quotient obtained when the Private Equity Funding Price is divided by the Share Reorganization Ratio.

- (b) If and whenever at any time and from time to time following the completion of a Private Equity Funding but prior to the completion of a Qualifying Liquidity Event, there is a capital reorganization of the Corporation not otherwise provided for in this Section 3.4 other than a Merger or a Corporate Sale (any such event being called a "**Capital Reorganization**"), if the Holder has not exercised its right of conversion prior to the effective date or record date for such Capital Reorganization then it shall be entitled to receive and shall accept, upon the exercise of such right any time after the effective date or record date for such Capital Reorganization, in lieu of the number of Common Shares to which it was theretofore entitled upon conversion, the aggregate number of Common Shares or other securities of the Corporation or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization that the Holder would

have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date, such Holder had been the registered holder of the number of Common Shares to which he or she was theretofore entitled upon the conversion of Common Shares; provided that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken so that the Holder shall thereafter be entitled to receive such number of Common Shares or other securities of the Corporation, or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization.

- (c) In the case of any reclassification of, or other change in, the outstanding Common Shares other than a Share Reorganization or a Capital Reorganization following the completion of a Private Equity Funding but prior to the completion of a Qualifying Liquidity Event, the right of conversion shall be adjusted immediately after the effective date or record date for such reclassification or other change so that Holder shall be entitled to receive, upon the exercise of such right at any time after the effective date or record date of such reclassification or other change, such shares, securities or rights as they would have received had this Debenture been converted into Common Shares immediately prior to such effective date or record date, subject to adjustment thereafter in accordance with provisions the same as nearly may be possible as those contained in subsection 3.4(a) and (b).
- (d) The following rules and procedures shall be applicable to the adjustments of the Conversion Ratio made pursuant to this Section 3.4:
 - (i) forthwith after any adjustment in the Conversion Ratio, the Corporation shall mail, by prepaid first class mail to the Holder, a copy of a certificate of an officer of the Corporation setting out the nature of such adjustment and describing in reasonable detail the event requiring and the manner of computing such adjustment; and

any question that at any time or from time to time arises with respect to the Conversion Ratio or any adjustment in the amount of the Conversion Ratio shall be conclusively determined by the auditors from time to time of the Corporation and shall be binding upon the Corporation and the Holder.

3.5 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of this Debenture into Common Shares pursuant to this Article. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal of this Debenture, the Corporation shall, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Holder an amount in lawful money of Canada equal (computed to the nearest cent) to the appropriate fraction of the value (being, the last reported sale price or, if none, the mean between the closing bid and ask quotations on a Recognized Exchange, or, if the Common Shares are not listed on a Recognized Exchange, the last reported sale price or, if none, the mean between the closing bid and ask quotations on any stock exchange on which the Common Shares are listed, or if the Common Shares are not listed on any stock exchange, a value determined by the directors) of a Common Share on the business day next preceding the Conversion Date.

3.6 Corporation to Reserve Shares

The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of this Debenture into Common Shares as in this Article provided, and conditionally allot to the Holder, such number of Common Shares as shall then be issued upon the full conversion of this Debenture. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

3.7 Cancellation of Converted Debenture

Upon conversion of this Debenture, in whole or in part, under the provisions of this Article, the portion of this Debenture so converted shall be forthwith delivered to and cancelled by the Corporation and no Debenture shall be issued in substitution for the portion so converted; however, a new or supplemental Debenture shall be executed and delivered by the Corporation and the Holder, in respect of any portion of this Debenture not so converted.

3.8 Certificate as to Adjustment

The Corporation shall from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 3.4, deliver an Officers' Certificate to the Holder specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts which such calculation is based provided, however, that in the event the Holder does not agree with the adjustment as set forth in the Officers' Certificate provided as aforesaid, the Corporation may obtain the certificate or opinion of a firm of independent chartered accountants appointed by the Corporation (who may be the auditors of the Corporation), which certificate or opinion shall be conclusive and binding on all parties in interest hereto. When so approved, the Corporation shall, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Common Shares, forthwith give notice to the holder in the manner provided in Section 10.1 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Ratio provided that, if the Corporation has given notice under Section 3.9 covering all the relevant facts in respect of such event, including the amount of the adjustment, no such notice be given under this Section 3.8.

3.9 Notice of Special Matters

The Corporation covenants with the Holder that, so long as this Debenture remains outstanding, it will give notice to the Holder in the manner provided in Section 10.1, of its intention to fix a record date or an effective date for any event referred to in Section 3.4 (other than the subdivision, redivision, change in number, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Ratio, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; and, if prepared or available as at the date that such notice is required to be given pursuant to this Section 3.9, such notice shall be accompanied by the material (i.e. proxy circulars, information booklets, etc.) sent to the holders of Common Shares in respect of the event in question provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date or effective date.

ARTICLE 4
SUBORDINATION OF THE DEBENTURES

4.1 Agreement to Subordinate

The Corporation covenants and agrees, and the Holder of this Debenture, by such Holder's acceptance hereof, likewise agrees, that the payment of the principal of, and interest on the Debentures is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all existing and future Senior Indebtedness.

4.2 Distribution on Insolvency or Winding-up

In the event that proceedings are commenced by or against the Corporation as a result of its insolvency or in the event of the liquidation or winding up of the Corporation or if proceedings are commenced which effect a reorganization, arrangement, or compromise of debt of the Corporation:

- (a) the holders of all Senior Indebtedness remaining unpaid shall be entitled to receive payment thereof in full (including interest accruing after the commencement of any such proceeding at the rate specified in the instrument or agreement evidencing the Senior Indebtedness, whether or not such interest is an allowable claim in any such proceeding) before the Debentureholders are entitled to receive any payment upon the principal of, and interest on indebtedness evidenced by the Debentures;
- (b) any payment or distribution of assets of the Corporation of any kind or character, whether in cash, property or securities, to which the Debentureholders would be entitled except for the provisions of this Article shall be paid by the Person making such payment or distribution, whether the liquidator, agent or a trustee in bankruptcy or a receiver or otherwise, directly to the holders of all Senior Indebtedness or their representative(s), or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear, to the extent necessary to pay in full all Senior Indebtedness remaining unpaid after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness in respect thereof;
- (c) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Corporation of any kind or character, whether in cash, property or securities, shall be received by the Debentureholders before all Senior Indebtedness is paid in full, such payment or distribution shall be held in trust for the benefit of, and shall be paid over to, the holders of such Senior Indebtedness or their representative(s) or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear, for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness in respect thereof; and
- (d) any payments or distributions paid over to the holders of Senior Indebtedness pursuant to subsection 4.2(c) and not applied in reduction of the amounts owing to the Debentureholders hereunder shall be deemed not to have discharged any of the obligations of the Corporation hereunder (and, to the extent that by operation of applicable law they are treated as doing so, the Corporation covenants to indemnify the Debentureholders on demand from and against any loss suffered or incurred by them in consequence thereof).

Upon any payment or distribution of assets of the Corporation referred to in this Article, the Debentureholders shall be entitled to call for and to act and rely upon a certificate, addressed to the Debentureholders, of the Person making any such payment or distribution for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Corporation, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article.

4.3 Subrogation of Debentures

Subject to the payment in full of all Senior Indebtedness, the rights of the Debentureholders shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Corporation made in respect of and on account of Senior Indebtedness, to the extent of the application thereto of moneys or other assets which would have been received by the Debentureholders but for the provisions of this Article, until the principal amount of, and interest on the Debentures shall be paid in full. No payment or distribution of assets of the Corporation to the Debentureholders which otherwise would be payable or distributable to the holders of Senior Indebtedness pursuant to this Article shall, as between the Corporation, its creditors (other than the holders of Senior Indebtedness) and the Debentureholders, be deemed to be a payment by the Corporation to or on account of the Debentureholders, it being understood that the provisions of this Article are, and are intended, solely for the purpose of defining the relative rights of the Debentureholders, on the one hand, and the holders of the Senior Indebtedness, on the other hand. Nothing contained in this Article or elsewhere in this Debenture is intended to or shall impair, as between the Corporation and its creditors (other than the holders of Senior Indebtedness and the Debentureholders), the obligation of the Corporation, which is unconditional and absolute, to pay to the Debentureholders the principal amount of, and interest on the Debentures, as and when the same shall become due and payable in accordance with their terms, or to affect the relative rights of the Debentureholders and creditors of the Corporation other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Corporation or the holder of any Debenture from exercising all remedies otherwise permitted by applicable law upon default under the Debentures, subject to the rights, if any, under this Article, of the holders of Senior Indebtedness upon the exercise of any such remedy.

4.4 No Payment to Holders if Senior Indebtedness Due or in Default

- (a) Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, then, except as hereinafter otherwise provided, all principal of, and interest on all such matured Senior Indebtedness shall first be paid in full, or shall first have been duly provided for, before any payment on account of principal of, and interest on the Debentures is made.
- (b) The fact that any payment which is required to be made pursuant to this Debenture is not made as permitted by this Section 4.4 shall not prevent the failure to make such payment from being an Event of Default hereunder.
- (c) The Corporation shall not grant and the Debentureholders shall not be entitled to receive any mortgage, charge, hypothec, assignment, pledge or other security interest (collectively, a "security interest") against any of the property, assets or undertaking of the Corporation or any of its respective Subsidiaries or Affiliates unless holders of Senior Indebtedness are given a prior ranking security interest.
- (d) Upon any default by the Corporation under this Debenture or the occurrence of any Event of Default, no Debentureholder shall be entitled to take or commence any action, suit, remedy or proceedings (whether judicial or extrajudicial) against the Corporation or any

of its property, assets or undertaking to collect or enforce payment of the principal and interest on the Debentures or any other amounts owing under this Debenture or to enforce the performance of any other covenant or obligation of the Corporation under this Debenture (including, without limitation, any action or proceeding for the payment of the Debenture(s), the appointment of a liquidator or receiver of the Corporation or any of its property, assets or undertaking or for the winding up of the Corporation) without giving prior notice to the holders of Senior Indebtedness; provided however that the foregoing shall in no way prohibit, restrict or prevent the Corporation from taking such action as may be necessary to preserve the claims of the Debentureholders under the Debentures in any bankruptcy, reorganization or insolvency proceeding (including, without limitation, the filing of proofs of claim in any bankruptcy, reorganization or insolvency proceedings commenced by or against the Corporation and exercising its rights (including to vote) as an unsecured creditor in connection with or under any bankruptcy, reorganization or insolvency proceedings commenced by or against the Corporation).

4.5 Payment of Debentures Permitted

- (a) Nothing contained in this Debenture shall, subject always to Section 4.1, prevent the Corporation at any time, except under the conditions described in Section 4.4 or pending any insolvency or winding-up as referred to in subsection 4.2, from making payments at any time of the principal of, or interest on the Debenture.
- (b) Until written notice is given to the Debentureholders by the Corporation or on behalf of any holder of any Senior Indebtedness of the occurrence of any default or an event of default with respect to such Senior Indebtedness or of the existence of any other facts which would have the result that any payment with respect to the Debentures would be in contravention of the provisions of this Article, the Corporation is entitled to assume that no such default or an event of default has occurred, or that no such facts exist; and nothing in this Debenture will prevent the Corporation from applying any moneys received by it, prior to the receipt by it of such written notice, to the purposes for which the same were received, notwithstanding the occurrence or continuance of a default with respect to, or the existence of such facts with respect to, such Senior Indebtedness.

4.6 Subordination Not to be Impaired

No right of any holder of any Senior Indebtedness of the Corporation to enforce the subordination as herein provided for in this Article shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Corporation with the terms, provisions and covenants of this Debenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

4.7 Obligations Created by Article 4

The Corporation and each Holder, by its acceptance of this Debenture, agree, that:

- (a) the provisions of this Article are an inducement and consideration to each holder of Senior Indebtedness to give or continue credit to the Corporation or to acquire Senior Indebtedness;
- (b) each holder of Senior Indebtedness may accept the benefit of this Article on the terms and conditions set forth in this Article by giving or continuing credit to the Corporation

or by acquiring Senior Indebtedness, in each case without notice to the Corporation and without establishing actual reliance on this Article;

- (c) each obligation created by this Article is created for the benefit of the holders of Senior Indebtedness and is hereby declared to be created in trust for those holders by the Corporation and each holder of a Debenture and shall be binding on the Corporation and each Debentureholder whether or not the confirmation described in Section 4.10 is requested, executed or delivered; and
- (d) in the event of any creditor proceedings, the indebtedness represented by the Debentures is not to be classified with any Senior Indebtedness for voting or distribution, which means that holders of Senior Indebtedness will vote separately from the Debentureholders in respect of any restructuring or arrangement proposal regarding the Corporation.

4.8 No Set-Off

The Corporation and each Debentureholder, by its acceptance thereof, agree, that the Corporation shall have no rights of set-off or counterclaim with respect to the principal of, and interest on the Debentures at any time when any payment of, or in respect of, such amounts to the Debentureholders is prohibited by this Article or is otherwise required to be paid to the holders of Senior Indebtedness or their representative(s) or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear.

4.9 Amendments to Debentures

The Corporation and each Debentureholder, by acceptance hereof, agree not to make any changes to the Debentures, including this Article and the definition of Senior Indebtedness, which prejudice the rights of the holders of Senior Indebtedness under this Article without the consent of each holder of Senior Indebtedness, or their representative(s) or the Corporation under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been created.

4.10 Authorization of Holders to Corporation to Effect Subordination

Each Debentureholder, by acceptance hereof, authorizes and directs the Corporation on such Debentureholder's behalf to take such action as may be necessary or appropriate to effect the subordination provided for in this Article and appoints the Corporation his attorney-in-fact for any and all such purposes, including the execution and delivery by the Corporation of confirmations that the holder or holders of any Senior Indebtedness are entitled to all the rights and benefits of this Article and of subordination agreements in favour of the holders of any Senior Indebtedness on such terms as are reasonably required by the holders of such Senior Indebtedness (or the representative thereof or trustee thereof). Forthwith upon the request of any holder of Senior Indebtedness or its representative or the trustee under any indenture under which any instruments evidencing any Senior Indebtedness may have been created, the Corporation shall execute and deliver to the Person making that request a form of such confirmation or, with the advice of counsel, any such subordination agreement, on its own behalf and on behalf of all Debentureholders.

ARTICLE 5 **COVENANTS**

The Corporation hereby covenants and agrees with the Holder as follows:

5.1 Payment of Principal and Interest

That the Corporation will duly and punctually pay or cause to be paid to the Holder the principal of and interest accrued on this Debenture on the dates, at the places, in the currency, and in the manner mentioned in this Debenture. All payments made by the Corporation with respect to this Debenture whether on account of interest, principal or other obligation, shall be made free and clear of and without deduction for or on account of any tax, levy or other assessment imposed or levied by or on behalf of the Government of Canada ("**Withholding Taxes**"), unless the Corporation is required to withhold or deduct Withholding Taxes by law. If the Corporation is required by such laws to withhold or deduct any amount from any payment of interest, principal or other obligation for or on account of Withholding Taxes, the Corporation will pay to the Holder such additional amounts ("**Additional Amounts**") as may be necessary so that every net payment of any amount due in respect of the Debenture (including Additional Amounts) after withholding or deduction for or on account of any such taxes will not be less than the amount that the Holder would have received if such Withholding Taxes had not been withheld or deducted. The Corporation's obligation in respect of Additional Amounts shall survive the termination or conversion of this Debenture and repayment of all obligations under the terms of the Debenture.

5.2 Carrying on Business

That, subject to the express provisions hereof, the Corporation will carry on and conduct its business in a proper and efficient manner and, subject to the express provisions hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and rights.

5.3 Maintenance of Corporate Existence

That the Corporation will preserve and maintain its corporate existence and its rights to do business where such rights are necessary for the purposes thereof under the laws of its jurisdiction of incorporation, and to register and qualify and to maintain the registration and qualification of the Corporation as a corporation authorized to carry on business under the laws of each jurisdiction in which the nature of any material business conducted by it or the character of any material properties and assets owned or leased by it requires such registration and qualification, and to diligently preserve and at all times renew or cause to be preserved and renewed all of the Corporation's rights, powers, privileges, franchises and goodwill.

5.4 Amendment of Articles

That the Corporation will not take any steps to amend its articles except if such amendment is necessary or desirable to complete, effect or enter into any agreement or arrangement in respect of a Qualifying Liquidity Event.

5.5 Maintenance of Accurate Books and Records

That the Corporation will keep and maintain proper books of account and records accurately covering all aspects of the business affairs of the Corporation.

5.6 Provision of Information

That the Corporation will furnish to the Holder:

- (a) as soon as available and in any event from 140 days after each fiscal year of the Corporation (or such later date as may be allowed by applicable securities legislation), the consolidated audited financial statements for the Corporation and the reports, if any, of the Corporation's auditors thereon; and

- (b) as soon as available and in any event within 60 days after the end of each quarter of each fiscal year of the Corporation (or such later date as such statements are mailed to shareholders of the Corporation) consolidated unaudited financial statements of the Corporation prepared for the shareholders.

5.7 Securities Qualification Requirements

- (a) That if, in the opinion of counsel to the Corporation, any prospectus, registration statement or other instrument is required to be filed with or any permission is required to be obtained from any securities regulatory authority of any jurisdiction where the Common Shares or any other securities or property which the Holder is entitled to receive upon the conversion of this Debenture may be issued or delivered, or any other step is required under any federal, provincial, state or local law, including any applicable securities legislation, of such jurisdiction before the Common Shares or any other securities or property which the Holder is entitled to receive upon the conversion of this Debenture may properly and legally be delivered or issued upon the due exercise of such right of conversion, the Corporation covenants that it will take all such action, at its expense, as is required or appropriate in the circumstances. This Section 5.7 shall not be interpreted to require the Corporation to take any action, including the filing of a prospectus or application for a discretionary prospectus exemption, with respect to hold periods that may be applicable to the Common Shares issued pursuant to Article 3;
- (b) That, in the event the Corporation completes an IPO in Canada or the United Kingdom, the Corporation will in connection therewith take all steps as may be necessary to qualify or register the distribution of the Common Shares issuable upon conversion of the Debentures in the jurisdictions in which Common Shares are qualified or registered for distribution pursuant to the IPO, so that the holders of Debentures who are not "control persons" in respect of the Corporation are able to trade the Common Shares acquired upon the conversion of the Debentures, to the extent permitted by the applicable securities laws without the requirement of filing a prospectus or registration statement or utilizing or seeking an exemption from such requirement under the applicable securities laws, provided that the holders of such Common Shares comply with the applicable securities laws with respect to such trade;
- (c) That, in the event the Corporation completes an IPO in the United States, (A) to ensure that the Common Shares issuable upon conversion of the Debentures have available the same opportunity to be registered under the United States Securities Act of 1933, as amended (the "1933 Act") as the Common Shares currently held by other investors in the Corporation; and (B) with a view to making available the benefits of certain rules and regulations of the United States Securities and Exchange Commission (the "SEC") that may permit the sale of the Restricted Securities to the public without registration, the Corporation agrees to use its reasonable best efforts to: Make and keep public information regarding the Corporation available as those terms are understood and defined in Rule 144 under the Securities Act, at all times from and after ninety (90) days following the effective date of the Initial Public Offering;
 - (ii) File with the Commission in a timely manner all reports and other documents required of the Corporation under the Securities Act and the United States Securities Exchange Act of 1934, as amended, at any time after it has become subject to such reporting requirements; and

- (iii) So long as a Holder owns any Restricted Securities, furnish to the Holder forthwith upon written request a written statement by the Corporation as to its compliance with the reporting requirements of Rule 144 (at any time from and after ninety (90) days following the effective date of the first registration statement filed by the Corporation for an offering of its securities to the general public), a copy of the most recent annual or quarterly report of the Corporation, and such other reports and documents so filed as a Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing a Holder to sell any such securities without registration.
- (d) That the Corporation will give written notice of the issue of Common Shares upon the conversion of this Debenture, in such detail as may be required, to each securities commission, stock exchange, or similar regulatory authority in each jurisdiction in Canada in which there is legislation requiring the giving of any such notice in order that the subsequent disposition of the Common Shares so issued will not, as a result solely of the failure to give such notice, be subject to the prospectus requirements of such legislation.

5.8 Maintenance of Insurance

That the Corporation shall use its reasonable commercial efforts to cause its current insurance policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

5.9 Transactions with Affiliates

That the Corporation will not enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any holder of its securities or with any affiliate or with any of its directors, officers or partners, as applicable, except a transaction or agreement or arrangement which is in the ordinary course of business of the Corporation and which is upon fair and reasonable terms not materially less favourable to the Corporation than it would obtain in a comparable arm's length transaction.

5.10 Notice of Event of Default

That the Corporation will give notice in writing forthwith to the Holder of the occurrence of any Event of Default or other event which with lapse of time and/or giving of notice or otherwise would be an Event of Default forthwith upon becoming aware thereof and specifying the nature of such default and/or Event of Default and the steps taken to remedy the same.

5.11 Officers' Certificates

That each and every officers' certificate given pursuant to this Debenture shall be complete and accurate in all material respects and shall not be misleading in any manner.

5.12 Dividends

The Corporation will not declare or pay any dividends on any of its preferred shares or Common Shares unless all interest and principal payments under this Debenture are current.

ARTICLE 6

DEFAULT

6.1 Events of Default

It is an "Event of Default" if:

- (a) the Corporation makes default in repayment of the principal amount of the Debentures or of any Debenture on the Maturity Date;
- (b) the Corporation makes default on the Interest Payment Date of any interest due on the Debentures and such default continues for a period of sixty (60) days;
- (c) a decree or order of a court having jurisdiction is entered adjudging the Corporation or any of its Subsidiaries a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of the property of, the Corporation or any of its Subsidiaries, or appointing a receiver of, or of any substantial part of the property of, the Corporation or any of its Subsidiaries or ordering the winding-up or liquidation of its affairs, and any such decree or order continues un-stayed and in effect for a period of sixty (60) days;
- (d) a resolution is passed for the winding-up or liquidation of the Corporation or any of its Subsidiaries or if the Corporation or any of its Subsidiaries institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of or of any substantial part of the property of the Corporation or such Subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (e) the Corporation shall cease to carry on in the ordinary course its business or a substantial part thereof; and
- (f) the Corporation fails to comply with any of its covenants hereunder, which failure is not cured for a period of sixty (60) days.

6.2 Occurrence of Default

If an Event of Default occurs, the Debentureholders may in their discretion, subject to the provisions of Section 6.3, by an Instrument of Debentureholders delivered to the Corporation declare the principal of and interest on all Debentures then outstanding and all other moneys outstanding under the Debentures to be due and payable and the same shall forthwith become immediately due and payable, anything in the Debentures to the contrary notwithstanding, and the Corporation shall forthwith pay such amounts to the holders. Any moneys so received by the each of the Debentureholders shall be applied in the manner provided in Section 6.6.

6.3 Waiver of Default

The Debentureholders have the power, by an Instrument of Debentureholders, to waive any Event of Default and/or to cancel any declaration made by the Debentureholders pursuant to Section 6.2 in which

case such Event of Default shall be deemed not to have occurred or such declaration shall be deemed not to have been made, as the case may be; provided that no such waiver of an Event of Default shall extend to, or be taken in any manner whatsoever to affect, any subsequent Event of Default or the rights resulting therefrom and no such cancellation of a declaration prevents a subsequent declaration under Section 6.2 in respect of the Event of Default to which the cancellation related (unless the Event of Default was also waived) or in respect of any other Event of Default.

6.4 Enforcement

Subject to the provisions of Section 6.3 and to the provisions of any Instrument of Debentureholders, if the Corporation fails to pay to the Debentureholders, forthwith after the same is declared to be due and payable under Section 6.2, the principal of and interest on all Debentures then outstanding, together with any other amounts due under the Debentures, the Debentureholders may enforce their rights under the Debentures by any of the following remedies which are approved by an Instrument of Debentureholders:

- (a) proceedings in any court of competent jurisdiction for the appointment of a receiver (which term as used in this Debenture includes a receiver and manager) of all or any part of the property of the Corporation;
- (b) filing of proofs of claim and other documents to establish its claims in any proceedings relative to the Corporation;
- (c) appointment by instrument in writing of a receiver of all or any part of the property of the Corporation in accordance with Section 6.8 and removal or replacement from time to time of any such receiver; and
- (d) any other remedy or proceeding authorized or permitted hereby or by law or equity.

Such remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any rights of the Debentureholders however created.

6.5 No Suits by Debentureholders

No Debentureholder has any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, except as provided in Section 6.4 hereof.

6.6 Application of Moneys

Except as herein otherwise expressly provided, any moneys paid on account of the Debentures following a declaration pursuant to Section 6.2, whether paid by the Corporation or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Corporation shall be applied as follows:

- (a) first, in payment or in reimbursement to the Debentureholders of their costs, charges and expenses as required by Section 6.9 with interest thereon as herein provided;
- (b) second, in payment, rateably and proportionately, to the Debentureholders, of the principal of and accrued and unpaid interest and interest on amounts in default on the Debentures which are then outstanding in the priority of principal first and then accrued and unpaid interest and interest on amounts in default; and

(c) third, in payment of the surplus, if any, of such moneys to the Corporation or its assigns;

provided, however, that no payment shall be made pursuant to Subsection 6.6(b) in respect of the principal or interest of any Debenture held, directly or indirectly, by or for the benefit of the Corporation or any Subsidiary, except subject to the prior payment in full of the principal and interest of all Debentures which are not so held.

6.7 Appointment of Representative by Debentureholders

A Person (the "**Representative**") may be appointed by an Instrument of Debentureholders to represent the Debentureholders in respect of the enforcement of the Debentures. The Representative may be a Debentureholder. The powers and duties of the Representative shall be specified by one or more Instruments of Debentureholders. Such powers and duties may be expanded, reduced or restricted by subsequent Instruments of Debentureholders. The Representative shall not have any powers beyond the powers which the Debentureholders have hereunder or at law in respect of the enforcement of the Debentures. All acts of the Representative within the scope of his powers shall be binding upon all Debentureholders. A copy of each Instrument of Debentureholders appointing, removing or replacing a Representative or specifying, expanding, reducing or restricting the Representative's powers shall be provided to the Corporation and the Representative by the Debentureholders promptly following its execution. The Representative shall be entitled to access to the Register maintained by the Corporation.

6.8 Receiver

If an Event of Default occurs, as a result of which, pursuant to Section 6.2, the principal of the Debentures then outstanding are declared due and payable and if such declaration has not been cancelled pursuant to Section 6.3, then the Debentureholders (by an Instrument of Debentureholders) may appoint a receiver of the Corporation. Any receiver so appointed shall have the power to do all such acts and things as the Debentureholders are required or permitted to do pursuant to the terms of the Debentures or otherwise at law.

The receiver may be vested with such other rights and powers of the Holder hereunder and such other discretions and powers as are granted in the instrument of appointment and any supplement thereto. The receiver shall for all purposes be deemed to be the agent of the Corporation and not of the Debentureholders; and the Corporation shall be solely responsible for his acts or defaults and for his remuneration. All moneys from time to time received by the receiver may be applied as follows: first, in discharge of all operating expenses and other outgoings affecting the property of the Corporation; second, in payment of the remuneration and disbursements of the receiver; and thereafter in accordance with Section 6.6.

6.9 Expenses

The Corporation agrees to pay to the Debentureholders forthwith on demand all costs, charges and expenses, including all legal fees (on a solicitor and his own client basis), incurred by the Debentureholders (including the reasonable fees and expenses of the Representative, if one is appointed) in connection with the recovery or enforcement of payment of the principal amount of and interest on the Debentures and any other moneys payable hereunder whether by realization or otherwise. All such sums shall bear interest at the rate set forth above.

6.10 Production of Debentures Upon Payment

The Corporation shall have the right at the time it makes any payment required by Section 6.2 hereof to demand of the Person claiming such payment the production of the actual Debenture under which it

claims such payment be made, and shall cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Corporation may in its discretion dispense with such production and endorsement in any special case, upon such indemnity being given as it shall deem sufficient.

6.11 Remedies Cumulative

No remedy herein conferred upon or reserved to the Debentureholders, is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Debentures or now existing or hereafter to exist by law or by statute.

6.12 Judgment for Amounts Remaining Due

The Corporation covenants and agrees to and with the Holder that in case of any other proceedings to enforce the Debentures, judgment may be rendered against it in favour of the Debentureholders for any amount which may remain due in respect of the Debentures and the interest thereon.

6.13 Delay or Omission Not Construed as Waiver

No delay or omission of any Debentureholder, to exercise any right or power accruing upon any default continuing as aforesaid, shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein and every power and remedy given to the Debentureholders in the Debentures may be exercised from time to time.

ARTICLE 7 **SUCCESSOR CORPORATIONS**

7.1 Permitted Corporate Reorganizations

The Corporation shall not, directly or indirectly, sell, lease, transfer or otherwise dispose of all or substantially all of its property and assets as an entirety to any other corporation, and shall not amalgamate or merge with or into any other corporation (any such other corporation being herein referred to as a "Successor Corporation") unless:

- (a) the Successor Corporation shall execute, prior to or contemporaneously with the consummation of any such transaction, such instruments as in the opinion of Counsel to the Corporation are necessary or advisable to evidence the assumption by the Successor Corporation of the due and punctual payment of the Debentures and the interest thereon and all other moneys payable thereunder and the covenant of the Successor Corporation to pay the same and its agreement to observe and perform all the covenants and obligations of the Corporation thereunder;
- (b) such transaction shall be upon terms which substantially preserve and do not to impair any of the rights or powers of the Debentureholders under the Debentures and upon terms which are in no way prejudicial to the interests of the Debentureholders; and
- (c) no condition or event exists either at the time of or immediately after the consummation of any such transaction and after giving full effect thereto or immediately after the Successor Corporation complies with the provisions of Subsection 7.1(a) which constitutes or would constitute, after notice or lapse of time or both, an Event of Default.

7.2 Status of Successor Corporation

Whenever the conditions of Section 7.1 have been duly observed and performed the successor corporation shall possess and from time to time may exercise each and every right and power of the Corporation under this Debenture in the name of the Corporation or otherwise and any act or proceeding by any provision of this Debenture required to be done or performed by any directors or officers of the Corporation may be done and performed with like force and effect by the directors or officers of such successor corporation and thereupon the Corporation shall be released and discharged from liability under this Debenture and the Holder shall execute any document or documents which it may be advised is or are necessary or advisable for effecting or evidencing such release and discharge.

ARTICLE 8 **DEFEASANCE**

8.1 Defeasance

These presents and the rights hereby granted shall cease, determine and be void, if the Corporation shall have first satisfied the Holder that it has paid or made due provisions satisfactory to the Holder for the payment of all the principal moneys and interest due or to become due hereunder, at the time and in the manner herein provided, and also all other moneys payable hereunder by the Corporation or shall surrender or cause to be surrendered this Debenture to the Corporation for cancellation and shall in any case pay all sums due or accruing due to the Holder of this Debenture hereunder.

ARTICLE 9 **AMENDMENT**

9.1 Amendment

The provisions of this Debenture may, subject to Section 4.9, be amended at any time or times by written agreement between the Corporation and the Holder.

ARTICLE 10 **NOTICES**

10.1 Notice

Any notice required or permitted to be given hereunder shall be in writing and given by delivering, by post or courier, or by transmitting by facsimile:

- (a) to the Corporation at:

EarthRenew Corporation
201, 1925 18 Avenue NE
Calgary, AB T2E 7T8

Attention: Chief Financial Officer
Fax: (403) 288-4748

with a copy to:

Bennett Jones LLP
4500 Bankers Hall East
855-2nd Street SW
Calgary, Alberta
T2P 4K7

Attention: Brad Markel
Fax: (403) 265-7219

- (b) to the Holder at the address appearing on the Register, and if, in the case of joint Holders, more than one address appears in the Register in respect of such joint holding, notice shall be addressed to the first address so appearing and any notices so given shall be sufficient notice to all Holders or any other Persons interested in this Debenture.

Any notice given as aforesaid shall be deemed to have been given at the time delivered or faxed (provided complete transmission is confirmed) if delivered or faxed to the recipient on a Business Day (in the city in which the addressee is located) and before 4:30 p.m. (local time in the city in which the addressee is located) on such Business Day, and otherwise shall be deemed to be given at 9:00 a.m. (local time in the city in which the addressee is located) on the next following Business Day (in the city in which the addressee is located) or, in the case of notice being given by post on the day that is five (5) Business Days after the date of mailing. Any party may change its address for notice by notice to the other parties hereto given in the manner herein provided.

ARTICLE 11 **EXECUTION**

11.1 Execution

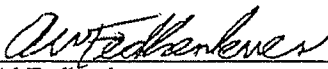
This Debenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

11.2 Successors and Assigns

The provisions of this Debenture shall enure to the benefit of, and be binding upon, the parties and any of their heirs, executors, administrators, personal representatives, successors and assigns.

IN WITNESS WHEREOF this Debenture has been executed with effect from the date first written above.

EARTHRENEW CORPORATION

Per: 

Al Fedkenheuer
President

APPENDIX I
CONVERSION FORM

CONVERSION FORM

TO: EARTHRENEW CORPORATION

The undersigned registered holder of the within Debentures hereby irrevocably exercises the right to acquire Common Shares of EarthRenew Corporation (the "Corporation") (or such number of other securities or property to which the Debentures entitle the undersigned in lieu thereof or in addition thereto) in accordance with and subject to the provisions of the annexed Debenture Certificate.

DATED this ____ day of _____, 20__.

Signature Guaranteed

Signature (Signature of Debentureholder to be the same as appears on the face of the Special Debenture Certificate)

(Name in Full – Please Print)

Notes:

- (1) Common Shares received on the conversion of the Debentures may be subject to a "hold period" under applicable securities laws if the Debentures are converted prior to the date that is four months and a day after the later of (a) **[date of distribution]**; and (b) the date the issuer became a reporting issuer in any province or territory.
- (2) Common Shares will be issued in the name of the registered holder and delivered to the address of the registered holder as it appears on the Debenture register unless otherwise directed.

Instructions: The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Debenture Certificate representing the Debentures being converted to the Corporation at the head office of the Corporation, at 201, 1925 18 Avenue NE, Calgary, AB T2E 7T8, Attention: Christianne Carin. Certificates for Common Shares will be made available for pick-up or, at the request of the holder, delivered or mailed within three (3) business days after the conversion of the Debentures. If the Conversion Form is signed by a corporation, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

The above signed hereby directs that the said Common Shares be issued and registered as follows:

Name(s) in Full: _____

Address(es) in Full: _____

(including postal code) _____

No. of Common Shares _____

Note: If further nominees are intended, please attach (and initial) schedule giving these particulars.

Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after the later of (i) December 27, 2006, and (ii) the date the issuer became a reporting issuer in any province or territory.

EARTHRENEW CORPORATION

(A corporation incorporated under the laws of the Province of Alberta)

3% CONVERTIBLE SUBORDINATED UNSECURED DEBENTURE

IN FAVOUR OF

NILE CAPITAL II S.À.R.L.

MAY 18, 2010

THIS IS EXHIBIT "M" of the Affidavit of the Sworn before me this Day of Sept. A.D. 2010. A COMMISSIONER FOR OATHS AND FOR THE PROVINCE OF ALBERTA

HOWARD A. GORMAN
BARRISTER & SOLICITOR

Certificate Number: CSUD-11

\$3,000,000

DUE: DECEMBER 31, 2011

EARTHRENEW CORPORATION (the "Corporation"), for value received, hereby promises to pay to or to the order of Nile Capital II S.à.r.l., the registered holder hereof on December 31, 2011, or on such earlier or later date as the principal amount hereof may become payable in accordance with the conditions herein set out on presentation and surrender of this Debenture, the sum set out above in lawful money of Canada, at the registered office of the Corporation in Calgary, Alberta, and, subject to the terms and conditions herein contained, to pay interest thereon in the manner and at the rate set forth in Section 2.2 hereof.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Debenture (including the recitals hereto), unless there is something in the subject matter or context inconsistent therewith:

"ABCA" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"Additional Amounts" shall have the meaning attributed thereto in Section 5.1 hereof;

"Affiliate" has the meaning ascribed thereto under the ABCA;

"Aggregate Principal Amount" means, from time to time, the aggregate principal amount of Debentures outstanding and unconverted;

"Business Day" means any day except Saturdays, Sundays, statutory holidays and days when the principal office of the Corporation in the City of Calgary is not generally open to the public for the transaction of business;

"Capital Reorganization" shall have the meaning attributed thereto in Section 3.4 hereof;

"Common Shares" means common shares in the capital of the Corporation;

"Corporation" means EarthRenew Corporation, a corporation incorporated pursuant to the ABCA with an office in the City of Calgary, in the Province of Alberta, and includes any Successor Corporation to or of the Corporation;

"Counsel" means a barrister or solicitor or firm of barristers or solicitors, who may be counsel for the Corporation;

"Conversion Date" shall have the meaning attributed thereto in Section 3.1 hereof;

"Conversion Ratio" shall have the meaning attributed thereto in Section 3.4 hereof;

"Corporate Sale" means a sale of substantially all of the Corporation or its assets whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Debentureholders" means the several Persons for the time being entered in the Register as holders of the Debentures and Debentureholder means any of them;

"Debentures" means, collectively, the aggregate principal amount of \$10,000,000 of convertible subordinated unsecured debentures of the Corporation, bearing interest at the Interest Rate and maturing on the Maturity Date and which entitle the holders thereof to the same benefits hereunder;

"Director" means a member of the board of directors of the Corporation for the time being and **"Directors"**, **"Board of Directors"** or **"Board"** means the board of directors of the Corporation as duly constituted and elected or empowered, from time to time, and reference to **"action by the Directors"** means action by the directors of the Corporation as a board;

"Event of Default" means any of the events of default referred to in Section 6.1;

"Holder" means the Person who is registered as the holder of this Debenture in the Register maintained by the Corporation from time to time being entered in the Register hereinafter referred to as a Holder of Debentures;

"IPO" means an initial public offering or similar "going public" transaction, with concurrent listing on one or more Recognized Exchanges;

"Instrument of Debentureholders" or **"consent of the Debentureholders"** means a written document signed by the Debentureholders, or their duly authorized attorneys, of more than fifty percent (50%) in principal value of the Debentures then outstanding to perform, execute or cease any act, procedure or action therein stipulated or giving any direction, authorization or consent which may be appropriate or required in connection with the Debentures;

"Interest Payment Date" means the Conversion Date or the Maturity Date, whichever is earlier;

"Interest Rate" means the interest rate of 3% per annum, compounded semi-annually, unless Section 3.3(b) is applicable;

"Maturity Date" means December 31, 2011;

"Maturity Valuation Price" means the valuation per Common Share to be determined at the Maturity Date, at the expense of the Corporation, by an independent investment bank selected by

the majority of the remaining Debentureholders by an Instrument of Debentureholders and acceptable to the Board of Directors of the Corporation, acting reasonably;

"Merger" means a business combination including, without limitation, a merger, amalgamation, arrangement, share exchange, or any similar transaction whereby the holders of Common Shares receive cash and/or shares that are listed on a Recognized Exchange;

"Merger Consideration" shall have the meaning attributed thereto in Section 3.2(b) hereof;

"Person" means an individual, firm, trust, syndicate, corporation, partnership, association, government or governmental agency;

"Private Equity Conversion Amount" means that amount of Common Shares into which each \$1,000 principal amount of Debentures may be converted pursuant to subsection 3.2(a)(i);

"Private Equity Funding" means any transaction or series of transactions pursuant to which the Corporation raises a minimum \$10,000,000 through the distribution of Common Shares in any consecutive six month period following the date of issuance of the Debentures and ending on the earlier of the Maturity Date or the closing of a Qualifying Liquidity Event and includes the issuance of convertible preferred shares of the Corporation for \$1.00 per convertible preferred share on or about December 21, 2007;

"Private Equity Funding Price" means the lowest price per Common Share at which the Corporation distributes Common Shares pursuant to a Private Equity Funding;

"Qualified Price" means the price per Common Share of Common Shares sold in an IPO or the fair market value of any combination of cash, securities and other consideration received by the holders of Common Shares in a Merger or Corporate Sale;

"Qualifying Liquidity Event" means the closing of an IPO, Merger or a Corporate Sale;

"Recognized Exchange" means the London Stock Exchange (main market or AIM), the New York Stock Exchange, the NASDAQ, the Toronto Stock Exchange, the TSX Venture Exchange or the American Stock Exchange;

"Register" means the register to be kept by the Corporation, in which will be entered the names and addresses of the Debentureholders, from time to time, and particulars of the Debentures held by them respectively and of all transfers of Debentures;

"Representative" shall have the meaning attributed thereto in Section 6.7 hereof;

"SEC" shall have the meaning attributed thereto in Section 5.7(c) hereof;

"Senior Indebtedness" means all present or future indebtedness, obligations and liabilities of the Corporation in respect of borrowed money (including principal, interest, interest on amounts in default, penalties, fees, indemnifications, reimbursements, damages and the deferred purchase price of property) and any guarantees thereof, including, without limitation, existing debt and all other direct or contingent obligations of the Corporation other than:

- (a) indebtedness evidenced by the Debentures;
- (b) indebtedness which is convertible by its terms or pursuant to an agreement with the Corporation into any class of equity securities of the Corporation; and

- (c) indebtedness which, by the terms of the instrument creating or evidencing the same, is expressed to rank in right of payment equally with or subordinate to the indebtedness evidenced by the Debentures;

"Share Reorganization" shall have the meaning attributed thereto in Subsection 3.4(a) hereof;

"Share Reorganization Ratio" means the ratio of Common Shares outstanding prior to and following a Share Reorganization as calculated in accordance with Subsection 3.4(a) hereof;

"Subsidiary" means any corporation of which more than 50% of the outstanding Voting Shares are owned, directly or indirectly, by or for the Corporation, provided that the ownership of such shares confers the right to elect at least a majority of the board of directors of such corporation and includes any corporation in like relation to a Subsidiary;

"Successor Corporation" shall have the meaning attributed thereto in Section 7.1 hereof;

"Tax" means all present or future taxes, levies, withholdings, fiscal charges, imports, duties, assessments, surcharges, or other charges of whatsoever nature and however arising which are imposed, assessed, charged, levied, withheld or demanded pursuant to the laws of Canada or a Province thereof at any time together with all interest thereon and penalties or similar liabilities with respect thereto but does not include any taxes charged in respect of or by reference to the overall net income or gains of the Holder of this Debenture or any interest thereon or penalties or similar liabilities with respect thereto;

"Time of Expiry" means 4:30 p.m. (Calgary time) on the Maturity Date;

"Voting Shares" means shares of any class in the capital of any corporation carrying voting rights under all circumstances, provided that, for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares unless such event has occurred and is continuing, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of any such event;

"Withholding Taxes" shall have the meaning attributed thereto in Section 5.1 hereof; and

"1933 Act" shall have the meaning attributed thereto in Section 5.7(c) hereof.

1.2 Interpretation

Words importing the singular number only shall include the plural and *vice versa* and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms, associations and corporations and *vice versa*.

1.3 Currency

All payments contemplated herein shall be paid in Canadian funds, by cheque or other transfer of funds considered appropriate by the Corporation and all references herein to dollar amounts are references to dollars in the lawful currency of Canada.

1.4 Governing Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

1.5 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

ARTICLE 2 THE DEBENTURE

2.1 Series of Debentures

This Debenture is one of a series of debentures issued as of the date hereof.

2.2 Terms of the Debenture

- (a) This Debenture matures at the Time of Expiry and bears interest from and including the date of this Debenture at the Interest Rate, payable after as well as before maturity and after as well as before default and judgment, with interest on amounts in default at the same rate, payable on an accrued basis on the Interest Payment Date.
- (b) Subject to Article 4, the Corporation shall, no later than ten Business Days following the Interest Payment Date, cause to be sent by prepaid ordinary mail a cheque for such interest (less any Tax required by law to be withheld therefrom) payable to the order of the Holder and addressed to it at its last address or account, as the case may be, appearing on the Register, unless the Holder otherwise directs. In the case of joint Holders, the cheque shall be payable to the order of all such joint Holders and addressed to them at the last address or account appearing on the Register, as the case may be, unless such joint Holders otherwise direct. If more than one address or account appears on the Register in respect of such joint Holders, the cheque shall be mailed or delivered, as the case may be, to the first address or account so appearing. In the event of non-receipt or destruction of any cheque or funds delivered pursuant to this Section, the Corporation will cause to be issued to the Holder a replacement cheque for like amount upon being furnished with such evidence of non-receipt or destruction as it reasonably requires and upon being indemnified to its satisfaction, acting reasonably.
- (c) Notwithstanding anything contained herein, the Corporation may enter into an agreement with the Holder providing for the payment to such Holder of the principal of and interest on this Debenture at a place or places or in a manner other than the place or places or manner specified herein for payment.

2.3 Debentures to Rank Pari Passu

This Debenture is a general unsecured obligation of the Corporation. This Debenture ranks *pari passu* with all other Debentures and with all existing and future indebtedness of the Corporation other than (i) existing and future Senior Indebtedness, and will be subordinate in right of payment to all existing and future Senior Indebtedness of the Corporation; and (ii) indebtedness which by its terms ranks junior to the Debentures.

2.4 Mutilation, Loss, Theft or Destruction

In case this Debenture is mutilated, lost, stolen or destroyed, the Corporation, in its discretion, may create a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost,

stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Corporation and shall be entitled to the same benefits as all other Debentures without preference or priority one over another. In case of loss, theft or destruction the Holder shall furnish to the Corporation evidence of such loss, theft or destruction as is satisfactory to the Corporation in its discretion, acting reasonably, and shall also furnish an indemnity satisfactory to the Corporation in its discretion, acting reasonably. The Holder shall pay all expenses incidental to the issuance of any substituted Debenture.

2.5 Transfer

This Debenture may not be resold, distributed or transferred by the Holder, other than to an Affiliate of the Holder or to a Person under common management with the Holder, at any time prior to the Maturity Date without the prior written consent of the Board or Directors, subject always to any applicable laws and required regulatory approvals, including, without limitation, applicable securities laws which restrict the sale and distribution of the Debenture. The Holder shall pay all expenses incidental to the transfer of any Debenture.

2.6 Effect of Instrument of Debentureholders

Any Instrument of Debentureholders duly signed by Debentureholders holding more than 50% in principal value of the Debentures then outstanding or by their duly authorized attorneys will be binding on all Debentureholders, whether or not such Debentureholder or its duly authorized attorney signed such Instrument of Debentureholders.

ARTICLE 3

CONVERSION OF DEBENTURE

3.1 Conversion Date

For the purposes of this Article, this Debenture shall be deemed to be surrendered for conversion:

- (a) in the case of automatic conversion pursuant to Section 3.2 hereof, on the date of completion of a Qualifying Liquidity Event, and
- (b) in the case of voluntary conversion pursuant to section 3.3 hereof, on the date on which it is received by the Corporation in accordance with the provisions of this Article 3 (the "Conversion Date").

3.2 Automatic Conversion

- (a) On the occurrence of a Qualifying Liquidity Event, each \$1,000 principal amount of Debentures shall convert into that number of Common Shares equal to the greater of:
 - (i) \$1,250 divided by the Private Equity Funding Price and rounded to the nearest whole number; or
 - (ii) (A) if the Qualifying Liquidity Event occurs between the Closing Time and December 31, 2008, \$1,500 divided by the Qualified Price and rounded to the nearest whole number;
 - (B) if the Qualifying Liquidity Event occurs after December 31, 2008 and on or before December 31, 2009, \$1,818 divided by the Qualified Price and rounded to the nearest whole number;

- (C) if the Qualifying Liquidity Event occurs after December 31, 2009 and on or before December 31, 2010, \$2,222 divided by the Qualified Price and rounded to the nearest whole number; and
 - (D) if the Qualifying Liquidity Event occurs after December 31, 2010 and on or before the Maturity Date, \$2,703 divided by the Qualified Price and rounded to the nearest whole number.
- (b) If the Qualifying Liquidity Event is a Merger or Corporate Sale which results in holders of Common Shares receiving Common Shares or securities, cash, debt instruments or other property in addition to or in lieu of Common Shares (collectively, the "**Merger Consideration**"), then the conversion referred to in this section 3.2 shall be deemed to have occurred immediately prior to the Merger or Corporate Sale, as the case may be, such that the Holder shall be considered to be the registered Holder of Common Shares immediately prior to the Merger or Corporate Sale, as the case may be, and shall receive the Merger Consideration upon conversion of the Debentures.
- (c) In the event that this Debenture is converted into Common Shares pursuant to this Section 3.2, the Corporation shall deliver notice of conversion to the Holder and shall within thirty (30) days of the Conversion Date deliver to the transfer agent and registrar of the Corporation at its offices a certificate dated the Conversion Date and registered in the name of the Holder for the number of Common Shares into which this Debenture is convertible in accordance with the provisions of this Article together with a cheque payable to the Holder for any amount payable under Section 3.5 and such transfer agent and registrar shall deliver such certificate and cheque to the Holder upon the surrender of this Debenture to the transfer agent and registrar.
- (d) In the event that this Debenture is converted into Common Shares pursuant to this Section 3.2, then provided that the Corporation has delivered to the transfer agent and registrar of the Corporation the certificate and cheque required to be delivered pursuant to subsection 3.2(c), then this Debenture shall thereafter only represent the right of the Holder to receive such certificate and cheque upon surrender of this Debenture and also to receive any amount to which the Holder is entitled under subsection 3.2(e).
- (e) Upon the conversion of this Debenture in accordance with this Section 3.2, any accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, shall be converted into that number of Common Shares equal to the total amount of interest owing divided by (i) the Private Equity Funding Price, if conversion as to the principal amount of this Debenture occurs pursuant to subsection 3.2(a)(i), or (ii) the Qualified Price, if conversion of the principal amount of this Debenture occurs pursuant to subsection 3.2(a)(ii), and the Common Shares issued upon such conversion shall be entitled to receive dividends declared in favour of shareholders of record on and after the Conversion Date, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares. In the event of a Merger or Corporate Sale described in paragraph 3.2(b), any accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, shall be converted into an equal amount of the Merger Consideration.

3.3 Voluntary Conversion

- (a) Upon and subject to the provisions and conditions of this Article, the Holder shall have the right, at its option at any time, and from time to time, prior to the earlier of (i) the completion of a Qualifying Liquidity Event or (ii) the Time of Expiry, to convert such Debentures into that number of fully paid and non-assessable Common Shares at the Conversion Ratio set out in paragraph 3.2(a)(i).
- (b) if a Qualifying Liquidity Event does not occur on or prior to the Maturity Date and if a Holder has not otherwise converted the Debentures on or prior to the Maturity Date, a Holder shall notify the Corporation in writing within 30 (thirty) days of determination of the Maturity Valuation Price of its election to:
 - (i) receive repayment of the aggregate principal amount of Debentures held by such Holder together with interest accrued at a rate of 6% per annum since the date of issuance of the Debentures, compounded semi-annually, payable on an accrued basis at the Maturity Date; or
 - (ii) convert each \$1,000 principal amount of Debentures held by such Holder into that number of Common Shares equal to \$3,050 divided by the Maturity Valuation Price;
- (c) If the Holder desires to convert this Debenture in whole or in part into Common Shares in accordance with this Section 3.3, the Holder shall prior to the Time of Expiry surrender this Debenture to the Corporation at its offices together with written notice, substantially in the form of Appendix I hereto, duly executed by the Holder or its successors and assigns or other legal representatives or its or their attorney duly appointed by an instrument in writing and executed in a manner satisfactory to the Corporation, exercising its right to convert this Debenture into Common Shares in accordance with the provisions of this Article. Thereupon, the Holder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges, the Holder's nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Conversion Date as the holder of the number of Common Shares into which this Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Corporation shall deliver to the Holder or, subject as aforesaid, its nominee(s), or assignee(s), a certificate or certificates for such Common Shares and, if applicable, a cheque for any amount payable under Section 3.5.
- (d) Any part of this Debenture may be converted into Common Shares as provided in this Section 3.3 and all references in this Debenture to conversion of this Debenture shall be deemed to include conversion of such parts.
- (e) If this Debenture is converted as to a part only, the Holder shall, upon the exercise of its right of conversion, surrender this Debenture to the Corporation. The Corporation shall cancel the same and shall without charge forthwith deliver to the Holder a new Debenture in an aggregate principal amount equal to the unconverted part of the principal amount of this Debenture so surrendered.
- (f) Upon the surrender of this Debenture for conversion in accordance with this Section 3.3 any accrued and unpaid interest in respect thereof up to the Conversion Date, compounded semi-annually, shall be converted into that number of Common Shares equal to the total amount of interest owing divided by the Private Equity Funding Price,

and the Common Shares issued upon such conversion shall only be entitled to receive dividends declared in favour of shareholders of record on and after the Conversion Date, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

3.4 Adjustment of Conversion Ratio

The number of Common Shares into which each \$1,000 principal amount of Debentures is convertible pursuant to subsection 3.2(a) (the "**Conversion Ratio**") in effect on any date shall be subject to adjustment from time to time as follows:

- (a) If, and whenever at any time and from time to time following the completion of a Private Equity Funding but prior to the completion of a Qualifying Liquidity Event, the Corporation shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine, consolidate or change its then outstanding Common Shares into a lesser number of Common Shares, or (iii) issue Common Shares (or securities exchangeable or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of stock dividend or other distribution (other than a dividend in the ordinary course paid in Common Shares or securities exchangeable or convertible into Common Shares) (any of such events being herein called a "**Share Reorganization**"), the Share Reorganization Ratio shall be calculated effective immediately after the effective date or record date for the Share Reorganization as the quotient obtained when:
 - (i) the number of Common Shares outstanding immediately after the completion of such Share Reorganization (but before giving effect to the issue of any Common Shares issued after such record date otherwise than as part of such Share Reorganization) including, in the case where securities exchangeable or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date,

is divided by
 - (ii) the number of Common Shares outstanding on such effective date or record date before giving effect to the Share Reorganization;

and the Private Equity Conversion Amount shall be thereafter calculated as \$1,250 divided by the quotient obtained when the Private Equity Funding Price is divided by the Share Reorganization Ratio.

- (b) If and whenever at any time and from time to time following the completion of a Private Equity Funding but prior to the completion of a Qualifying Liquidity Event, there is a capital reorganization of the Corporation not otherwise provided for in this Section 3.4 other than a Merger or a Corporate Sale (any such event being called a "**Capital Reorganization**"), if the Holder has not exercised its right of conversion prior to the effective date or record date for such Capital Reorganization then it shall be entitled to receive and shall accept, upon the exercise of such right any time after the effective date or record date for such Capital Reorganization, in lieu of the number of Common Shares to which it was theretofore entitled upon conversion, the aggregate number of Common Shares or other securities of the Corporation or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization that the Holder would

have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date, such Holder had been the registered holder of the number of Common Shares to which he or she was theretofore entitled upon the conversion of Common Shares; provided that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken so that the Holder shall thereafter be entitled to receive such number of Common Shares or other securities of the Corporation, or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization.

- (c) In the case of any reclassification of, or other change in, the outstanding Common Shares other than a Share Reorganization or a Capital Reorganization following the completion of a Private Equity Funding but prior to the completion of a Qualifying Liquidity Event, the right of conversion shall be adjusted immediately after the effective date or record date for such reclassification or other change so that Holder shall be entitled to receive, upon the exercise of such right at any time after the effective date or record date of such reclassification or other change, such shares, securities or rights as they would have received had this Debenture been converted into Common Shares immediately prior to such effective date or record date, subject to adjustment thereafter in accordance with provisions the same as nearly may be possible as those contained in subsection 3.4(a) and (b).
- (d) The following rules and procedures shall be applicable to the adjustments of the Conversion Ratio made pursuant to this Section 3.4:
 - (i) forthwith after any adjustment in the Conversion Ratio, the Corporation shall mail, by prepaid first class mail to the Holder, a copy of a certificate of an officer of the Corporation setting out the nature of such adjustment and describing in reasonable detail the event requiring and the manner of computing such adjustment; and

any question that at any time or from time to time arises with respect to the Conversion Ratio or any adjustment in the amount of the Conversion Ratio shall be conclusively determined by the auditors from time to time of the Corporation and shall be binding up the Corporation and the Holder.

3.5 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of this Debenture into Common Shares pursuant to this Article. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal of this Debenture, the Corporation shall, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Holder an amount in lawful money of Canada equal (computed to the nearest cent) to the appropriate fraction of the value (being, the last reported sale price or, if none, the mean between the closing bid and ask quotations on a Recognized Exchange, or, if the Common Shares are not listed on a Recognized Exchange, the last reported sale price or, if none, the mean between the closing bid and ask quotations on any stock exchange on which the Common Shares are listed, or if the Common Shares are not listed on any stock exchange, a value determined by the directors) of a Common Share on the business day next preceding the Conversion Date.

3.6 Corporation to Reserve Shares

The Corporation covenants with the Holder that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of this Debenture into Common Shares as in this Article provided, and conditionally allot to the Holder, such number of Common Shares as shall then be issued upon the full conversion of this Debenture. The Corporation covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

3.7 Cancellation of Converted Debenture

Upon conversion of this Debenture, in whole or in part, under the provisions of this Article, the portion of this Debenture so converted shall be forthwith delivered to and cancelled by the Corporation and no Debenture shall be issued in substitution for the portion so converted; however, a new or supplemental Debenture shall be executed and delivered by the Corporation and the Holder, in respect of any portion of this Debenture not so converted.

3.8 Certificate as to Adjustment

The Corporation shall from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 3.4, deliver an Officers' Certificate to the Holder specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts which such calculation is based provided, however, that in the event the Holder does not agree with the adjustment as set forth in the Officers' Certificate provided as aforesaid, the Corporation may obtain the certificate or opinion of a firm of independent chartered accountants appointed by the Corporation (who may be the auditors of the Corporation), which certificate or opinion shall be conclusive and binding on all parties in interest hereto. When so approved, the Corporation shall, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Common Shares, forthwith give notice to the holder in the manner provided in Section 10.1 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Ratio provided that, if the Corporation has given notice under Section 3.9 covering all the relevant facts in respect of such event, including the amount of the adjustment, no such notice be given under this Section 3.8.

3.9 Notice of Special Matters

The Corporation covenants with the Holder that, so long as this Debenture remains outstanding, it will give notice to the Holder in the manner provided in Section 10.1, of its intention to fix a record date or an effective date for any event referred to in Section 3.4 (other than the subdivision, redivision, change in number, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Ratio, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; and, if prepared or available as at the date that such notice is required to be given pursuant to this Section 3.9, such notice shall be accompanied by the material (i.e. proxy circulars, information booklets, etc.) sent to the holders of Common Shares in respect of the event in question provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date or effective date.

ARTICLE 4
SUBORDINATION OF THE DEBENTURES

4.1 Agreement to Subordinate

The Corporation covenants and agrees, and the Holder of this Debenture, by such Holder's acceptance hereof, likewise agrees, that the payment of the principal of, and interest on the Debentures is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all existing and future Senior Indebtedness.

4.2 Distribution on Insolvency or Winding-up

In the event that proceedings are commenced by or against the Corporation as a result of its insolvency or in the event of the liquidation or winding up of the Corporation or if proceedings are commenced which effect a reorganization, arrangement, or compromise of debt of the Corporation:

- (a) the holders of all Senior Indebtedness remaining unpaid shall be entitled to receive payment thereof in full (including interest accruing after the commencement of any such proceeding at the rate specified in the instrument or agreement evidencing the Senior Indebtedness, whether or not such interest is an allowable claim in any such proceeding) before the Debentureholders are entitled to receive any payment upon the principal of, and interest on indebtedness evidenced by the Debentures;
- (b) any payment or distribution of assets of the Corporation of any kind or character, whether in cash, property or securities, to which the Debentureholders would be entitled except for the provisions of this Article shall be paid by the Person making such payment or distribution, whether the liquidator, agent or a trustee in bankruptcy or a receiver or otherwise, directly to the holders of all Senior Indebtedness or their representative(s), or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear, to the extent necessary to pay in full all Senior Indebtedness remaining unpaid after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness in respect thereof;
- (c) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Corporation of any kind or character, whether in cash, property or securities, shall be received by the Debentureholders before all Senior Indebtedness is paid in full, such payment or distribution shall be held in trust for the benefit of, and shall be paid over to, the holders of such Senior Indebtedness or their representative(s) or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear, for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness in respect thereof; and
- (d) any payments or distributions paid over to the holders of Senior Indebtedness pursuant to subsection 4.2(c) and not applied in reduction of the amounts owing to the Debentureholders hereunder shall be deemed not to have discharged any of the obligations of the Corporation hereunder (and, to the extent that by operation of applicable law they are treated as doing so, the Corporation covenants to indemnify the Debentureholders on demand from and against any loss suffered or incurred by them in consequence thereof).

Upon any payment or distribution of assets of the Corporation referred to in this Article, the Debentureholders shall be entitled to call for and to act and rely upon a certificate, addressed to the Debentureholders, of the Person making any such payment or distribution for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Corporation, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article.

4.3 Subrogation of Debentures

Subject to the payment in full of all Senior Indebtedness, the rights of the Debentureholders shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Corporation made in respect of and on account of Senior Indebtedness, to the extent of the application thereto of moneys or other assets which would have been received by the Debentureholders but for the provisions of this Article, until the principal amount of, and interest on the Debentures shall be paid in full. No payment or distribution of assets of the Corporation to the Debentureholders which otherwise would be payable or distributable to the holders of Senior Indebtedness pursuant to this Article shall, as between the Corporation, its creditors (other than the holders of Senior Indebtedness) and the Debentureholders, be deemed to be a payment by the Corporation to or on account of the Debentureholders, it being understood that the provisions of this Article are, and are intended, solely for the purpose of defining the relative rights of the Debentureholders, on the one hand, and the holders of the Senior Indebtedness, on the other hand. Nothing contained in this Article or elsewhere in this Debenture is intended to or shall impair, as between the Corporation and its creditors (other than the holders of Senior Indebtedness and the Debentureholders), the obligation of the Corporation, which is unconditional and absolute, to pay to the Debentureholders the principal amount of, and interest on the Debentures, as and when the same shall become due and payable in accordance with their terms, or to affect the relative rights of the Debentureholders and creditors of the Corporation other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Corporation or the holder of any Debenture from exercising all remedies otherwise permitted by applicable law upon default under the Debentures, subject to the rights, if any, under this Article, of the holders of Senior Indebtedness upon the exercise of any such remedy.

4.4 No Payment to Holders if Senior Indebtedness Due or in Default

- (a) Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, then, except as hereinafter otherwise provided, all principal of, and interest on all such matured Senior Indebtedness shall first be paid in full, or shall first have been duly provided for, before any payment on account of principal of, and interest on the Debentures is made.
- (b) The fact that any payment which is required to be made pursuant to this Debenture is not made as permitted by this Section 4.4 shall not prevent the failure to make such payment from being an Event of Default hereunder.
- (c) The Corporation shall not grant and the Debentureholders shall not be entitled to receive any mortgage, charge, hypothec, assignment, pledge or other security interest (collectively, a "security interest") against any of the property, assets or undertaking of the Corporation or any of its respective Subsidiaries or Affiliates unless holders of Senior Indebtedness are given a prior ranking security interest.
- (d) Upon any default by the Corporation under this Debenture or the occurrence of any Event of Default, no Debentureholder shall be entitled to take or commence any action, suit, remedy or proceedings (whether judicial or extrajudicial) against the Corporation or any

of its property, assets or undertaking to collect or enforce payment of the principal and interest on the Debentures or any other amounts owing under this Debenture or to enforce the performance of any other covenant or obligation of the Corporation under this Debenture (including, without limitation, any action or proceeding for the payment of the Debenture(s), the appointment of a liquidator or receiver of the Corporation or any of its property, assets or undertaking or for the winding up of the Corporation) without giving prior notice to the holders of Senior Indebtedness; provided however that the foregoing shall in no way prohibit, restrict or prevent the Corporation from taking such action as may be necessary to preserve the claims of the Debentureholders under the Debentures in any bankruptcy, reorganization or insolvency proceeding (including, without limitation, the filing of proofs of claim in any bankruptcy, reorganization or insolvency proceedings commenced by or against the Corporation and exercising its rights (including to vote) as an unsecured creditor in connection with or under any bankruptcy, reorganization or insolvency proceedings commenced by or against the Corporation).

4.5 Payment of Debentures Permitted

- (a) Nothing contained in this Debenture shall, subject always to Section 4.1, prevent the Corporation at any time, except under the conditions described in Section 4.4 or pending any insolvency or winding-up as referred to in subsection 4.2, from making payments at any time of the principal of, or interest on the Debenture.
- (b) Until written notice is given to the Debentureholders by the Corporation or on behalf of any holder of any Senior Indebtedness of the occurrence of any default or an event of default with respect to such Senior Indebtedness or of the existence of any other facts which would have the result that any payment with respect to the Debentures would be in contravention of the provisions of this Article, the Corporation is entitled to assume that no such default or an event of default has occurred, or that no such facts exist; and nothing in this Debenture will prevent the Corporation from applying any moneys received by it, prior to the receipt by it of such written notice, to the purposes for which the same were received, notwithstanding the occurrence or continuance of a default with respect to, or the existence of such facts with respect to, such Senior Indebtedness.

4.6 Subordination Not to be Impaired

No right of any holder of any Senior Indebtedness of the Corporation to enforce the subordination as herein provided for in this Article shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Corporation with the terms, provisions and covenants of this Debenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

4.7 Obligations Created by Article 4

The Corporation and each Holder, by its acceptance of this Debenture, agree, that:

- (a) the provisions of this Article are an inducement and consideration to each holder of Senior Indebtedness to give or continue credit to the Corporation or to acquire Senior Indebtedness;
- (b) each holder of Senior Indebtedness may accept the benefit of this Article on the terms and conditions set forth in this Article by giving or continuing credit to the Corporation

or by acquiring Senior Indebtedness, in each case without notice to the Corporation and without establishing actual reliance on this Article;

- (c) each obligation created by this Article is created for the benefit of the holders of Senior Indebtedness and is hereby declared to be created in trust for those holders by the Corporation and each holder of a Debenture and shall be binding on the Corporation and each Debentureholder whether or not the confirmation described in Section 4.10 is requested, executed or delivered; and
- (d) in the event of any creditor proceedings, the indebtedness represented by the Debentures is not to be classified with any Senior Indebtedness for voting or distribution, which means that holders of Senior Indebtedness will vote separately from the Debentureholders in respect of any restructuring or arrangement proposal regarding the Corporation.

4.8 No Set-Off

The Corporation and each Debentureholder, by its acceptance thereof, agree, that the Corporation shall have no rights of set-off or counterclaim with respect to the principal of, and interest on the Debentures at any time when any payment of, or in respect of, such amounts to the Debentureholders is prohibited by this Article or is otherwise required to be paid to the holders of Senior Indebtedness or their representative(s) or to the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear.

4.9 Amendments to Debentures

The Corporation and each Debentureholder, by acceptance hereof, agree not to make any changes to the Debentures, including this Article and the definition of Senior Indebtedness, which prejudice the rights of the holders of Senior Indebtedness under this Article without the consent of each holder of Senior Indebtedness, or their representative(s) or the Corporation under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been created.

4.10 Authorization of Holders to Corporation to Effect Subordination

Each Debentureholder, by acceptance hereof, authorizes and directs the Corporation on such Debentureholder's behalf to take such action as may be necessary or appropriate to effect the subordination provided for in this Article and appoints the Corporation his attorney-in-fact for any and all such purposes, including the execution and delivery by the Corporation of confirmations that the holder or holders of any Senior Indebtedness are entitled to all the rights and benefits of this Article and of subordination agreements in favour of the holders of any Senior Indebtedness on such terms as are reasonably required by the holders of such Senior Indebtedness (or the representative thereof or trustee thereof). Forthwith upon the request of any holder of Senior Indebtedness or its representative or the trustee under any indenture under which any instruments evidencing any Senior Indebtedness may have been created, the Corporation shall execute and deliver to the Person making that request a form of such confirmation or, with the advice of counsel, any such subordination agreement, on its own behalf and on behalf of all Debentureholders.

ARTICLE 5 **COVENANTS**

The Corporation hereby covenants and agrees with the Holder as follows:

5.1 Payment of Principal and Interest

That the Corporation will duly and punctually pay or cause to be paid to the Holder the principal of and interest accrued on this Debenture on the dates, at the places, in the currency, and in the manner mentioned in this Debenture. All payments made by the Corporation with respect to this Debenture whether on account of interest, principal or other obligation, shall be made free and clear of and without deduction for or on account of any tax, levy or other assessment imposed or levied by or on behalf of the Government of Canada ("**Withholding Taxes**"), unless the Corporation is required to withhold or deduct Withholding Taxes by law. If the Corporation is required by such laws to withhold or deduct any amount from any payment of interest, principal or other obligation for or on account of Withholding Taxes, the Corporation will pay to the Holder such additional amounts ("**Additional Amounts**") as may be necessary so that every net payment of any amount due in respect of the Debenture (including Additional Amounts) after withholding or deduction for or on account of any such taxes will not be less than the amount that the Holder would have received if such Withholding Taxes had not been withheld or deducted. The Corporation's obligation in respect of Additional Amounts shall survive the termination or conversion of this Debenture and repayment of all obligations under the terms of the Debenture.

5.2 Carrying on Business

That, subject to the express provisions hereof, the Corporation will carry on and conduct its business in a proper and efficient manner and, subject to the express provisions hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and rights.

5.3 Maintenance of Corporate Existence

That the Corporation will preserve and maintain its corporate existence and its rights to do business where such rights are necessary for the purposes thereof under the laws of its jurisdiction of incorporation, and to register and qualify and to maintain the registration and qualification of the Corporation as a corporation authorized to carry on business under the laws of each jurisdiction in which the nature of any material business conducted by it or the character of any material properties and assets owned or leased by it requires such registration and qualification, and to diligently preserve and at all times renew or cause to be preserved and renewed all of the Corporation's rights, powers, privileges, franchises and goodwill.

5.4 Amendment of Articles

That the Corporation will not take any steps to amend its articles except if such amendment is necessary or desirable to complete, effect or enter into any agreement or arrangement in respect of a Qualifying Liquidity Event.

5.5 Maintenance of Accurate Books and Records

That the Corporation will keep and maintain proper books of account and records accurately covering all aspects of the business affairs of the Corporation.

5.6 Provision of Information

That the Corporation will furnish to the Holder:

- (a) as soon as available and in any event from 140 days after each fiscal year of the Corporation (or such later date as may be allowed by applicable securities legislation), the consolidated audited financial statements for the Corporation and the reports, if any, of the Corporation's auditors thereon; and

- (b) as soon as available and in any event within 60 days after the end of each quarter of each fiscal year of the Corporation (or such later date as such statements are mailed to shareholders of the Corporation) consolidated unaudited financial statements of the Corporation prepared for the shareholders.

5.7 Securities Qualification Requirements

- (a) That if, in the opinion of counsel to the Corporation, any prospectus, registration statement or other instrument is required to be filed with or any permission is required to be obtained from any securities regulatory authority of any jurisdiction where the Common Shares or any other securities or property which the Holder is entitled to receive upon the conversion of this Debenture may be issued or delivered, or any other step is required under any federal, provincial, state or local law, including any applicable securities legislation, of such jurisdiction before the Common Shares or any other securities or property which the Holder is entitled to receive upon the conversion of this Debenture may properly and legally be delivered or issued upon the due exercise of such right of conversion, the Corporation covenants that it will take all such action, at its expense, as is required or appropriate in the circumstances. This Section 5.7 shall not be interpreted to require the Corporation to take any action, including the filing of a prospectus or application for a discretionary prospectus exemption, with respect to hold periods that may be applicable to the Common Shares issued pursuant to Article 3;
- (b) That, in the event the Corporation completes an IPO in Canada or the United Kingdom, the Corporation will in connection therewith take all steps as may be necessary to qualify or register the distribution of the Common Shares issuable upon conversion of the Debentures in the jurisdictions in which Common Shares are qualified or registered for distribution pursuant to the IPO, so that the holders of Debentures who are not "control persons" in respect of the Corporation are able to trade the Common Shares acquired upon the conversion of the Debentures, to the extent permitted by the applicable securities laws without the requirement of filing a prospectus or registration statement or utilizing or seeking an exemption from such requirement under the applicable securities laws, provided that the holders of such Common Shares comply with the applicable securities laws with respect to such trade;
- (c) That, in the event the Corporation completes an IPO in the United States, (A) to ensure that the Common Shares issuable upon conversion of the Debentures have available the same opportunity to be registered under the United States Securities Act of 1933, as amended (the "1933 Act") as the Common Shares currently held by other investors in the Corporation; and (B) with a view to making available the benefits of certain rules and regulations of the United States Securities and Exchange Commission (the "SEC") that may permit the sale of the Restricted Securities to the public without registration, the Corporation agrees to use its reasonable best efforts to: Make and keep public information regarding the Corporation available as those terms are understood and defined in Rule 144 under the Securities Act, at all times from and after ninety (90) days following the effective date of the Initial Public Offering;
 - (ii) File with the Commission in a timely manner all reports and other documents required of the Corporation under the Securities Act and the United States Securities Exchange Act of 1934, as amended, at any time after it has become subject to such reporting requirements; and

- (iii) So long as a Holder owns any Restricted Securities, furnish to the Holder forthwith upon written request a written statement by the Corporation as to its compliance with the reporting requirements of Rule 144 (at any time from and after ninety (90) days following the effective date of the first registration statement filed by the Corporation for an offering of its securities to the general public), a copy of the most recent annual or quarterly report of the Corporation, and such other reports and documents so filed as a Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing a Holder to sell any such securities without registration.
- (d) That the Corporation will give written notice of the issue of Common Shares upon the conversion of this Debenture, in such detail as may be required, to each securities commission, stock exchange, or similar regulatory authority in each jurisdiction in Canada in which there is legislation requiring the giving of any such notice in order that the subsequent disposition of the Common Shares so issued will not, as a result solely of the failure to give such notice, be subject to the prospectus requirements of such legislation.

5.8 Maintenance of Insurance

That the Corporation shall use its reasonable commercial efforts to cause its current insurance policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

5.9 Transactions with Affiliates

That the Corporation will not enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any holder of its securities or with any affiliate or with any of its directors, officers or partners, as applicable, except a transaction or agreement or arrangement which is in the ordinary course of business of the Corporation and which is upon fair and reasonable terms not materially less favourable to the Corporation than it would obtain in a comparable arm's length transaction.

5.10 Notice of Event of Default

That the Corporation will give notice in writing forthwith to the Holder of the occurrence of any Event of Default or other event which with lapse of time and/or giving of notice or otherwise would be an Event of Default forthwith upon becoming aware thereof and specifying the nature of such default and/or Event of Default and the steps taken to remedy the same.

5.11 Officers' Certificates

That each and every officers' certificate given pursuant to this Debenture shall be complete and accurate in all material respects and shall not be misleading in any manner.

5.12 Dividends

The Corporation will not declare or pay any dividends on any of its preferred shares or Common Shares unless all interest and principal payments under this Debenture are current.

ARTICLE 6

DEFAULT

6.1 Events of Default

It is an "Event of Default" if:

- (a) the Corporation makes default in repayment of the principal amount of the Debentures or of any Debenture on the Maturity Date;
- (b) the Corporation makes default on the Interest Payment Date of any interest due on the Debentures and such default continues for a period of sixty (60) days;
- (c) a decree or order of a court having jurisdiction is entered adjudging the Corporation or any of its Subsidiaries a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of the property of, the Corporation or any of its Subsidiaries, or appointing a receiver of, or of any substantial part of the property of, the Corporation or any of its Subsidiaries or ordering the winding-up or liquidation of its affairs, and any such decree or order continues un-stayed and in effect for a period of sixty (60) days;
- (d) a resolution is passed for the winding-up or liquidation of the Corporation or any of its Subsidiaries or if the Corporation or any of its Subsidiaries institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of or of any substantial part of the property of the Corporation or such Subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (e) the Corporation shall cease to carry on in the ordinary course its business or a substantial part thereof; and
- (f) the Corporation fails to comply with any of its covenants hereunder, which failure is not cured for a period of sixty (60) days.

6.2 Occurrence of Default

If an Event of Default occurs, the Debentureholders may in their discretion, subject to the provisions of Section 6.3, by an Instrument of Debentureholders delivered to the Corporation declare the principal of and interest on all Debentures then outstanding and all other moneys outstanding under the Debentures to be due and payable and the same shall forthwith become immediately due and payable, anything in the Debentures to the contrary notwithstanding, and the Corporation shall forthwith pay such amounts to the holders. Any moneys so received by the each of the Debentureholders shall be applied in the manner provided in Section 6.6.

6.3 Waiver of Default

The Debentureholders have the power, by an Instrument of Debentureholders, to waive any Event of Default and/or to cancel any declaration made by the Debentureholders pursuant to Section 6.2 in which

case such Event of Default shall be deemed not to have occurred or such declaration shall be deemed not to have been made, as the case may be; provided that no such waiver of an Event of Default shall extend to, or be taken in any manner whatsoever to affect, any subsequent Event of Default or the rights resulting therefrom and no such cancellation of a declaration prevents a subsequent declaration under Section 6.2 in respect of the Event of Default to which the cancellation related (unless the Event of Default was also waived) or in respect of any other Event of Default.

6.4 Enforcement

Subject to the provisions of Section 6.3 and to the provisions of any Instrument of Debentureholders, if the Corporation fails to pay to the Debentureholders, forthwith after the same is declared to be due and payable under Section 6.2, the principal of and interest on all Debentures then outstanding, together with any other amounts due under the Debentures, the Debentureholders may enforce their rights under the Debentures by any of the following remedies which are approved by an Instrument of Debentureholders:

- (a) proceedings in any court of competent jurisdiction for the appointment of a receiver (which term as used in this Debenture includes a receiver and manager) of all or any part of the property of the Corporation;
- (b) filing of proofs of claim and other documents to establish its claims in any proceedings relative to the Corporation;
- (c) appointment by instrument in writing of a receiver of all or any part of the property of the Corporation in accordance with Section 6.8 and removal or replacement from time to time of any such receiver; and
- (d) any other remedy or proceeding authorized or permitted hereby or by law or equity.

Such remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any rights of the Debentureholders however created.

6.5 No Suits by Debentureholders

No Debentureholder has any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, except as provided in Section 6.4 hereof.

6.6 Application of Moneys

Except as herein otherwise expressly provided, any moneys paid on account of the Debentures following a declaration pursuant to Section 6.2, whether paid by the Corporation or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Corporation shall be applied as follows:

- (a) first, in payment or in reimbursement to the Debentureholders of their costs, charges and expenses as required by Section 6.9 with interest thereon as herein provided;
- (b) second, in payment, rateably and proportionately, to the Debentureholders, of the principal of and accrued and unpaid interest and interest on amounts in default on the Debentures which are then outstanding in the priority of principal first and then accrued and unpaid interest and interest on amounts in default; and

(c) third, in payment of the surplus, if any, of such moneys to the Corporation or its assigns;

provided, however, that no payment shall be made pursuant to Subsection 6.6(b) in respect of the principal or interest of any Debenture held, directly or indirectly, by or for the benefit of the Corporation or any Subsidiary, except subject to the prior payment in full of the principal and interest of all Debentures which are not so held.

6.7 Appointment of Representative by Debentureholders

A Person (the "**Representative**") may be appointed by an Instrument of Debentureholders to represent the Debentureholders in respect of the enforcement of the Debentures. The Representative may be a Debentureholder. The powers and duties of the Representative shall be specified by one or more Instruments of Debentureholders. Such powers and duties may be expanded, reduced or restricted by subsequent Instruments of Debentureholders. The Representative shall not have any powers beyond the powers which the Debentureholders have hereunder or at law in respect of the enforcement of the Debentures. All acts of the Representative within the scope of his powers shall be binding upon all Debentureholders. A copy of each Instrument of Debentureholders appointing, removing or replacing a Representative or specifying, expanding, reducing or restricting the Representative's powers shall be provided to the Corporation and the Representative by the Debentureholders promptly following its execution. The Representative shall be entitled to access to the Register maintained by the Corporation.

6.8 Receiver

If an Event of Default occurs, as a result of which, pursuant to Section 6.2, the principal of the Debentures then outstanding are declared due and payable and if such declaration has not been cancelled pursuant to Section 6.3, then the Debentureholders (by an Instrument of Debentureholders) may appoint a receiver of the Corporation. Any receiver so appointed shall have the power to do all such acts and things as the Debentureholders are required or permitted to do pursuant to the terms of the Debentures or otherwise at law.

The receiver may be vested with such other rights and powers of the Holder hereunder and such other discretions and powers as are granted in the instrument of appointment and any supplement thereto. The receiver shall for all purposes be deemed to be the agent of the Corporation and not of the Debentureholders; and the Corporation shall be solely responsible for his acts or defaults and for his remuneration. All moneys from time to time received by the receiver may be applied as follows: first, in discharge of all operating expenses and other outgoings affecting the property of the Corporation; second, in payment of the remuneration and disbursements of the receiver; and thereafter in accordance with Section 6.6.

6.9 Expenses

The Corporation agrees to pay to the Debentureholders forthwith on demand all costs, charges and expenses, including all legal fees (on a solicitor and his own client basis), incurred by the Debentureholders (including the reasonable fees and expenses of the Representative, if one is appointed) in connection with the recovery or enforcement of payment of the principal amount of and interest on the Debentures and any other moneys payable hereunder whether by realization or otherwise. All such sums shall bear interest at the rate set forth above.

6.10 Production of Debentures Upon Payment

The Corporation shall have the right at the time it makes any payment required by Section 6.2 hereof to demand of the Person claiming such payment the production of the actual Debenture under which it

claims such payment be made, and shall cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Corporation may in its discretion dispense with such production and endorsement in any special case, upon such indemnity being given as it shall deem sufficient.

6.11 Remedies Cumulative

No remedy herein conferred upon or reserved to the Debentureholders, is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Debentures or now existing or hereafter to exist by law or by statute.

6.12 Judgment for Amounts Remaining Due

The Corporation covenants and agrees to and with the Holder that in case of any other proceedings to enforce the Debentures, judgment may be rendered against it in favour of the Debentureholders for any amount which may remain due in respect of the Debentures and the interest thereon.

6.13 Delay or Omission Not Construed as Waiver

No delay or omission of any Debentureholder, to exercise any right or power accruing upon any default continuing as aforesaid, shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein and every power and remedy given to the Debentureholders in the Debentures may be exercised from time to time.

ARTICLE 7 **SUCCESSOR CORPORATIONS**

7.1 Permitted Corporate Reorganizations

The Corporation shall not, directly or indirectly, sell, lease, transfer or otherwise dispose of all or substantially all of its property and assets as an entirety to any other corporation, and shall not amalgamate or merge with or into any other corporation (any such other corporation being herein referred to as a "Successor Corporation") unless:

- (a) the Successor Corporation shall execute, prior to or contemporaneously with the consummation of any such transaction, such instruments as in the opinion of Counsel to the Corporation are necessary or advisable to evidence the assumption by the Successor Corporation of the due and punctual payment of the Debentures and the interest thereon and all other moneys payable thereunder and the covenant of the Successor Corporation to pay the same and its agreement to observe and perform all the covenants and obligations of the Corporation thereunder;
- (b) such transaction shall be upon terms which substantially preserve and do not to impair any of the rights or powers of the Debentureholders under the Debentures and upon terms which are in no way prejudicial to the interests of the Debentureholders; and
- (c) no condition or event exists either at the time of or immediately after the consummation of any such transaction and after giving full effect thereto or immediately after the Successor Corporation complies with the provisions of Subsection 7.1(a) which constitutes or would constitute, after notice or lapse of time or both, an Event of Default.

7.2 Status of Successor Corporation

Whenever the conditions of Section 7.1 have been duly observed and performed the successor corporation shall possess and from time to time may exercise each and every right and power of the Corporation under this Debenture in the name of the Corporation or otherwise and any act or proceeding by any provision of this Debenture required to be done or performed by any directors or officers of the Corporation may be done and performed with like force and effect by the directors or officers of such successor corporation and thereupon the Corporation shall be released and discharged from liability under this Debenture and the Holder shall execute any document or documents which it may be advised is or are necessary or advisable for effecting or evidencing such release and discharge.

ARTICLE 8 DEFEASANCE

8.1 Defeasance

These presents and the rights hereby granted shall cease, determine and be void, if the Corporation shall have first satisfied the Holder that it has paid or made due provisions satisfactory to the Holder for the payment of all the principal moneys and interest due or to become due hereunder, at the time and in the manner herein provided, and also all other moneys payable hereunder by the Corporation or shall surrender or cause to be surrendered this Debenture to the Corporation for cancellation and shall in any case pay all sums due or accruing due to the Holder of this Debenture hereunder.

ARTICLE 9 AMENDMENT

9.1 Amendment

The provisions of this Debenture may, subject to Section 4.9, be amended at any time or times by written agreement between the Corporation and the Holder.

ARTICLE 10 NOTICES

10.1 Notice

Any notice required or permitted to be given hereunder shall be in writing and given by delivering, by post or courier, or by transmitting by facsimile:

- (a) to the Corporation at:

EarthRenew Corporation
201, 1925 18 Avenue NE
Calgary, AB T2E 7T8

Attention: Chief Financial Officer
Fax: (403) 288-4748

with a copy to:

Bennett Jones LLP
4500 Bankers Hall East
855-2nd Street SW
Calgary, Alberta
T2P 4K7

Attention: Brad Markel
Fax: (403) 265-7219

- (b) to the Holder at the address appearing on the Register, and if, in the case of joint Holders, more than one address appears in the Register in respect of such joint holding, notice shall be addressed to the first address so appearing and any notices so given shall be sufficient notice to all Holders or any other Persons interested in this Debenture.

Any notice given as aforesaid shall be deemed to have been given at the time delivered or faxed (provided complete transmission is confirmed) if delivered or faxed to the recipient on a Business Day (in the city in which the addressee is located) and before 4:30 p.m. (local time in the city in which the addressee is located) on such Business Day, and otherwise shall be deemed to be given at 9:00 a.m. (local time in the city in which the addressee is located) on the next following Business Day (in the city in which the addressee is located) or, in the case of notice being given by post on the day that is five (5) Business Days after the date of mailing. Any party may change its address for notice by notice to the other parties hereto given in the manner herein provided.

ARTICLE 11

EXECUTION

11.1 Execution

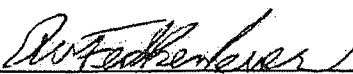
This Debenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

11.2 Successors and Assigns

The provisions of this Debenture shall enure to the benefit of, and be binding upon, the parties and any of their heirs, executors, administrators, personal representatives, successors and assigns.

IN WITNESS WHEREOF this Debenture has been executed with effect from the date first written above.

EARTHRENEW CORPORATION

Per: 

Al Fedkenheuer
President

APPENDIX I
CONVERSION FORM

CONVERSION FORM

TO: EARTHRENEW CORPORATION

The undersigned registered holder of the within Debentures hereby irrevocably exercises the right to acquire Common Shares of EarthRenew Corporation (the "Corporation") (or such number of other securities or property to which the Debentures entitle the undersigned in lieu thereof or in addition thereto) in accordance with and subject to the provisions of the annexed Debenture Certificate.

DATED this ____ day of _____, 20__.

Signature Guaranteed

Signature (Signature of Debentureholder to be the same as appears on the face of the Special Debenture Certificate)

(Name in Full – Please Print)

Notes:

- (1) Common Shares received on the conversion of the Debentures may be subject to a "hold period" under applicable securities laws if the Debentures are converted prior to the date that is four months and a day after the later of (a) [date of distribution]; and (b) the date the issuer became a reporting issuer in any province or territory.
- (2) Common Shares will be issued in the name of the registered holder and delivered to the address of the registered holder as it appears on the Debenture register unless otherwise directed.

Instructions: The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Debenture Certificate representing the Debentures being converted to the Corporation at the head office of the Corporation, at 201, 1925 18 Avenue NE, Calgary, AB T2E 7T8, Attention: Christianne Carin. Certificates for Common Shares will be made available for pick-up or, at the request of the holder, delivered or mailed within three (3) business days after the conversion of the Debentures. If the Conversion Form is signed by a corporation, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

The above signed hereby directs that the said Common Shares be issued and registered as follows:

Name(s) in Full: _____

Address(es) in Full: _____

(including postal code) _____

No. of Common Shares _____

Note: If further nominees are intended, please attach (and initial) schedule giving these particulars.

THIS IS EXHIBIT "N"
referred to in the Affidavit of
M. J. Cohen
Sworn before me this 15
Day of Sept. A.D. 2010.

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

BETWEEN:

**NILE CAPITAL I S.À.R.L., NILE CAPITAL II S. À.R.L.,
LUXOR CAPITAL PARTNERS, LP and LUXOR CAPITAL PARTNERS
OFFSHORE MASTER FUND, LP**

HOWARD A. GORMAN
BARRISTER & SOLICITOR

Plaintiffs
(Applicants)

- and -

**EARTHRENEW CORPORATION, EARTHRENEW, INC., EARTHRENEW IP HOLDINGS LLC,
EARTHRENEW STRATHMORE 1 LP, EARTHRENEW STRATHMORE GENERAL PARTNER
LTD., EARTHRENEW SOLUTIONS LP, EARTHRENEW OPERATIONAL EMPLOYEE LP,
EARTHRENEW MANAGEMENT LP and EARTHRENEW MANAGEMENT GENERAL
PARTNER LTD.**

Defendants
(Respondents)

CONSENT

The undersigned, RSM Richter Inc. ("Richter"), hereby consents to its appointment as receiver and manager, without security, of all of the assets, undertakings and properties of EarthRenew Corporation, EarthRenew, Inc., EarthRenew LP Holdings LLC, EarthRenew Strathmore 1 LP, EarthRenew Strathmore General Partner Ltd., EarthRenew Solutions LP, EarthRenew Operational Employee LP, EarthRenew Management LP and EarthRenew Management General Partner Ltd. pursuant to section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, section 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, 99(a) of the *Business Corporations Act*, R.S.A. 2000, c.B-9, and section 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7.

DATED as of this 14th day of September, 2010.

RSM RICHTER INC.

Name: Robert Kofman
Title: Co-President

Action No: _____

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF *

BETWEEN:

**NILE CAPITAL I S.À.R.L., NILE CAPITAL II
S.À.R.L., LUXOR CAPITAL PARTNERS, LP and
LUXOR CAPITAL PARTNERS
OFFSHORE MASTER FUND, LP**

Plaintiffs
(Applicants)

- and -

**EARTHRENEW CORPORATION, EARTHRENEW,
INC., EARTHRENEW IP HOLDINGS LLC,
EARTHRENEW STRATHMORE 1 LP, EARTHRENEW
STRATHMORE GENERAL PARTNER LTD.,
EARTHRENEW SOLUTIONS LP, EARTHRENEW
OPERATIONAL EMPLOYEE LP, EARTHRENEW
MANAGEMENT LP and EARTHRENEW
MANAGEMENT GENERAL PARTNER LTD.**

Defendants
(Respondents)

CONSENT

Aird & Berlis LLP
Brookfield Place, 181 Bay Street
Toronto, Ontario M5J 2T9

Steven L. Graff
Telephone: (416) 865-7726
Fax: (416) 863-1515

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
Direct Dial: 416.865.7726
Email: sgraff@airdberlis.com

THIS IS EXHIBIT "O" referred to in the Affidavit of Melinda Cooney
Sworn before me this 15
Day of Sept A.D. 2010

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

September 14, 2010

PRIVATE AND CONFIDENTIAL

HOWARD A. GORMAN
BARRISTER & SOLICITOR

BY COURIER

EarthRenew Corporation
EarthRenew, Inc.
EarthRenew IP Holdings LLC
EarthRenew Strathmore 1 LP
EarthRenew Strathmore General Partner Ltd.
EarthRenew Operational Employee LP
EarthRenew Solutions LP
EarthRenew Management LP
EarthRenew Management General Partner Ltd.
c/o 1925-18th Avenue NE
Suite 201
Calgary, AB T2E 7T8

Attention: Christianne Carin

Dear Madame:

**Re: Nile Capital I S.a.r.l., Nile Capital II S.a.r.l., Luxor Capital Partners, LP and
Luxor Capital Partners Offshore Master Fund, LP (collectively, "Luxor")
loans to EarthRenew Corporation**

We are the solicitors for Luxor in connection with its lending arrangements with EarthRenew Corporation and its subsidiaries, namely EarthRenew, Inc., EarthRenew IP Holdings LLC, EarthRenew Strathmore 1 LP, EarthRenew Strathmore General Partner Ltd., EarthRenew Operational Employee LP, EarthRenew Solutions LP, EarthRenew Management LP, EarthRenew Management General Partner Ltd. (collectively, "EarthRenew"). As at September 12, 2010, EarthRenew is indebted to Luxor for, among

other amounts, the sum of US\$6,500,000 in principal and interest, plus fees and other amounts arising under the Debentures (defined below) (the "Indebtedness"). Specifically, the Indebtedness arises out of the following four debentures issued to Luxor (collectively, the "Debentures"):

- (a) A debenture issued to Nile Capital I S.a.r.l. dated September 9, 2009, (originally dated September 9, 2009 and initially issued to Luxor Capital Partners, LP, and which was amended by the debenture amending agreement dated as of April 12, 2010);
- (b) A debenture issued to Nile Capital II S.a.r.l. dated May 18, 2010, (originally dated September 9, 2009 and initially issued to Luxor Capital Partners Offshore, Ltd., and amended by the debenture amending agreement dated as of April 12, 2010);
- (c) A debenture issued to Luxor Capital Partners, LP dated August 12, 2010; and
- (d) A debenture issued to Luxor Capital Partners Offshore Master Fund, LP dated August 12, 2010.

The Indebtedness is secured by, among other things, the security granted by EarthRenew in favour of Luxor pursuant to Article 4 of the Debentures. Article 4 of the Debenture effectively grants Luxor a security interest in any and all of EarthRenew's property, assets and undertaking.

One or more Events of Default (as such term is defined in the Debentures) have taken place, including, without limitation, Earthrenew ceasing to carry on in the ordinary course its business or a substantially portion thereof (See Section 6.1(d) of the Debentures). On that basis, on behalf of Luxor, we hereby make formal demand for payment of the Indebtedness, together with interest from September 13, 2010 to the date of payment and all costs and expenses incurred by Luxor in connection with the Debentures. Payment is required to be made immediately. Interest continues to accrue on the Indebtedness at the rates set out in the Debentures.

If payment of the Indebtedness is not received immediately, Luxor shall take whatever steps it may consider necessary or appropriate to recover the amounts owed to it, including the appointment of a receiver and manager over EarthRenew's assets, property and undertaking.

On behalf of Luxor, we enclose a Notice of Intention to Enforce Security delivered pursuant to the *Bankruptcy and Insolvency Act*, subsection 244(1) (the "BIA Notice").

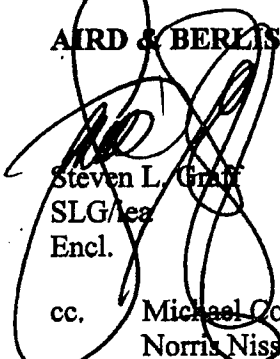
We reserve our right to take proceedings within the ten (10) day period set out in the BIA Notice, if circumstances warrant such proceedings.

September 14, 2010
Page 3

Please govern yourself accordingly.

Yours very truly,

AIRD & BERLIS LLP


Steven L. Graff
SLG/lea
Encl.

cc. Michael Conboy, Luxor Capital Group, LP (via email, w/ encl.)
Norris Nissim, Luxor Capital Group, LP (via email, w/ encl.)
Martin Kovnats, Aird & Berlis LLP

7139049.6

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))

Delivered By Courier

TO: **EarthRenew Corporation**
EarthRenew, Inc.
EarthRenew IP Holdings LLC
EarthRenew Strathmore 1 LP
EarthRenew Strathmore General Partner Ltd.
EarthRenew Operational Employee LP
EarthRenew Solutions LP
EarthRenew Management LP
EarthRenew Management General Partner Ltd.
1925-18th Avenue NE
Suite 201
Calgary, AB T2E 7T8

insolvent company / person

TAKE NOTICE that:

1. Nile Capital I S.a.r.l., Nile Capital II S.a.r.l., Luxor Capital Partners, LP and Luxor Capital Partners Offshore Master Fund, LP (collectively, "**Luxor**"), secured creditors, intend to jointly enforce their security on the property, assets and undertaking of EarthRenew Corporation and any and all of its subsidiaries, namely, EarthRenew IP Holdings LLC, EarthRenew Strathmore 1 LP, EarthRenew Strathmore General Partner Ltd., EarthRenew Operational Employee LP, EarthRenew Solutions LP, EarthRenew Management LP, EarthRenew Management General Partner Ltd. (collectively, "**EarthRenew**"), including, without limiting the generality of the foregoing, all of the intangibles, accounts, proceeds, books and records, equipment, inventory and leaseholds of EarthRenew.
2. The security that is to be enforced is in the form of four debentures granted by EC in favour of Luxor (collectively, the "**Debentures**"):
 - (a) A debenture issued to Nile Capital I S.a.r.l. dated September 9, 2009, (originally dated September 9, 2009 and initially issued to Luxor Capital Partners, LP, and amended by the debenture amending agreement dated as of April 12, 2010);
 - (b) A debenture issued to Nile Capital II S.a.r.l. dated May 18, 2010, (s originally dated September 9, 2009 and initially issued to Luxor Capital Partners Offshore, Ltd., and amended by the debenture amending agreement dated as of April 12, 2010;
 - (c) A debenture issued to Luxor Capital Partners, LP dated August 12, 2010; and
 - (d) A debenture issued to Luxor Capital Partners Offshore Master Fund, LP dated August 12, 2010.

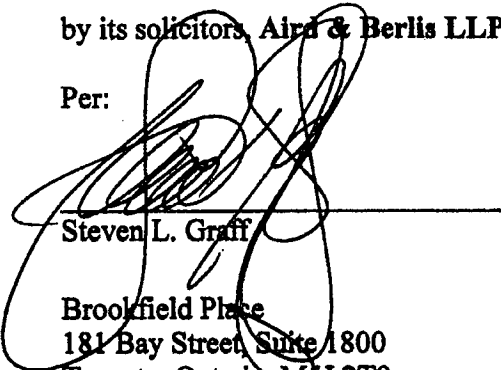
3. As at September 14, 2010, the total amount of the indebtedness secured by the security was the sum of US\$6,500,000 in principal and interest, plus fees and other amounts arising under the Debentures.
4. Luxor will not have the right to enforce the security until after the expiry of the ten (10) day period following the sending of this notice, unless EC consents to an earlier enforcement.

DATED at Toronto this 14th day of September, 2010.

**NILE CAPITAL I S.A.R.L., NILE CAPITAL II
S.A.R.L., LUXOR CAPITAL PARTNERS, LP
and LUXOR CAPITAL PARTNERS
OFFSHORE MASTER FUND, LP**

by its solicitors, **Aird & Berlis LLP**

Per:



Steven L. Graff

Brookfield Place
181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9
Tel: 416.863.1500 Fax: 416.863.1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

7136537.3

WAIVER AND CONSENT

TO: NILE CAPITAL I S.A.R.L., NILE CAPITAL II S.A.R.L., LUXOR CAPITAL PARTNERS, LP and LUXOR CAPITAL PARTNERS OFFSHORE MASTER FUND, LP (collectively, "LUXOR")

AND TO: its solicitors, AIRD & BERLIS LLP ("A&B")

WHEREAS the undersigned is in receipt of a demand letter from A&B in respect of the outstanding debts, liabilities and obligations owing by the undersigned to Luxor, together with a Notice of Intention to Enforce Security issued pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "Notice").

THE UNDERSIGNED hereby acknowledges, confirms and agrees to and in favour of Luxor, that it is in default of its obligations owing to Luxor and has received the Notice prior to the execution hereof and hereby formally, expressly, voluntarily and unconditionally waives the 10 day notice period referred to in the Notice and consents to the immediate enforcement of any and all of the security executed and delivered by the undersigned to and in favour of Luxor, without further notice.

DATED this 14th day of September, 2010.

EarthRenew Corporation

Per:

Name:

Title: Authorized Signing Officer

EarthRenew, Inc.

Per:

Name:

Title: Authorized Signing Officer

EarthRenew IP Holdings LLC,

Per: _____

Name: _____

Title: Authorized Signing Officer

EarthRenew Strathmore 1 LP

Per: _____

Name: _____

Title: Authorized Signing Officer

EarthRenew Strathmore General Partner Ltd.

Per: _____

Name: _____

Title: Authorized Signing Officer

EarthRenew Solutions LP

Per: _____

Name: _____

Title: Authorized Signing Officer

EarthRenew Operational Employee LP

Per: _____

Name: _____

Title: Authorized Signing Officer

EarthRenew Management LP

Per: _____

Name: _____

Title: Authorized Signing Officer

EarthRenew Management General Partner Ltd.

Per: _____

Name: _____

Title: Authorized Signing Officer

7138538.2

Action No: _____

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF *

BETWEEN:

**NILE CAPITAL I S.À.R.L., NILE CAPITAL II
S.À.R.L., LUXOR CAPITAL PARTNERS, LP and LUXOR
CAPITAL PARTNERS
OFFSHORE MASTER FUND, LP**

Plaintiffs
(Applicants)

- and -

**EARTHRENEW CORPORATION, EARTHRENEW, INC.,
EARTHRENEW IP HOLDINGS LLC, EARTHRENEW
STRATHMORE 1 LP, EARTHRENEW STRATHMORE
GENERAL PARTNER LTD., EARTHRENEW
SOLUTIONS LP, EARTHRENEW OPERATIONAL
EMPLOYEE LP, EARTHRENEW MANAGEMENT LP and
EARTHRENEW MANAGEMENT GENERAL PARTNER
LTD.**

Defendants
(Respondents)

**AFFIDAVIT OF MICHAEL CONBOY
Sworn September 15, 2010, VOLUME 2**

Aird & Berlis LLP
Brookfield Place, 181 Bay Street
Toronto, Ontario M5J 2T9

Steven L. Graff
Telephone: (416) 865-7726
Fax: (416) 863-1515