CLERK'S STAMP

JUDICIAL CENTRE OF EDMONTON
FILED
JAN 21 2016
Clerk of the Court of Queen's Bench

COURT/ESTATE NUMBER:	1503 16411
COURT:	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE:	EDMONTON
PLAINTIFF:	FARM CREDIT CANADA
DEFENDANTS:	GROWING POWER MANAGEMENT LTD. and GROWING POWER HAIRY HILL LIMITED PARTNERSHIP
DOCUMENT:	<u>RECEIVER'S FIRST REPORT</u>
ADDRESS FOR SERVICES AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**RECEIVER** Ernst & Young Inc. EPCOR Tower 10423 - 101 Street, Suite 1400 PO Box 44 Edmonton, AB T5H 0E7 Attention: Matt McCulloch Tel: (780) 638-6642 Fax: (780) 423-5811 Email: matt.mcculloch@ca.ey.com **RECEIVER'S COUNSEL** Brownlee LLP 2200 Commerce Place 10155 - 102 Street Edmonton, AB T5J 4G8 Attention: Dan R. Peskett Tel: (780) 497-4875 Fax: (780) 424-3254 Email: dpeskett@brownleelaw.com

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INTRODUCTION

1. On November 20, 2015, pursuant to an application made by Farm Credit Canada ("**FCC**"), Ernst & Young Inc. ("**EY**" or the "**Receiver**") was appointed as Receiver by virtue of an order (the "**Receivership Order**") granted by the Court of Queen's Bench of Alberta (the "**Court**") for Growing Power Management Ltd. ("**GPML**") and Growing Power Hairy Hill Limited Partnership ("**GPHHLP**") or collectively referred to as the "**Companies**".

2. The purpose of this first report (the "**First Report**") is to advise the Court of the following matters:

   a. the activities of the Receiver for the period from November 20, 2015 to date;
   b. to provide a preliminary overview primarily dealing with the property of the Companies;
   c. to review lease matters related to a ground lease executed on March 24, 2011 between GPML and Biowaste to Energy for Canada Integration Initiative (BECII) Corp. ("**BECII**") as well as a subsequent sub-lease between BECII and Highland Feeders Ltd. ("**Highland**");
   d. to review an unsolicited business proposal from a third party; and
   e. the recommendations of the Receiver;

   and to seek an order from the Court that:

   a. approves the actions of the Receiver to date; and
   b. approves the termination of the ground lease between GPML and BECII.

TERMS OF REFERENCE

3. In preparing this First Report, the Receiver has relied upon unaudited financial information prepared by the Company's management, the Company's books and records and discussions with its management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook;

accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information.

4. All currency references in this First Report are in Canadian dollars.

BACKGROUND

Company History

5. On or around early 2000, Bernard and Michael Kotelko as the owners of a cattle feedlot (Highland) near Vegreville, Alberta determined that several environmental concerns existed that required a solution in order to sustain Highland's operations for the long term. Examples of these concerns include but are likely not limited to the following: a persistent odour from the cattle waste that affected Highland's lands and the surrounding area, the possibility of overloading the soil with phosphorous in the vicinity of Highland's feedlot and the threat of potential contamination to the water table.

6. In order to mitigate these potential environmental hazards, a closed loop system was developed which proposed to utilize manure from the feedlot (as well as municipal organic waste) as an input for a biogas plant on nearby adjacent lands. Anaerobic bio digesters were then designed to capture biogas (methane and carbon dioxide) which in turn would be used as fuel in heat and power gas engines to produce power by two large generators. The power created by the generators was then used at an ethanol plant located on the same property or else was to be sold back to the power grid. The by product from the fermented high starch grains was to be sold as distillers grains back to the feedlot as a high protein ration; whereas, the nutrient rich digestate left from the bio digesters was to be used by Highland as fertilizer to spread across its lands.

7. Thus came to existence the creation of GPHHLP which was a privately owned Alberta limited partnership created for the purpose of benefitting local farmers in respect of having a local market for high starch grains as well as benefitting Highland by attempting to alleviate the concerns noted above. The general partner is GPML as evidenced by a partnership trade name search from the Alberta corporations branch and enclosed as Exhibit "1" to the First Report. From a review of a corporate search for GPML (enclosed as Exhibit "2"), the listed directors are Mr. Michael Kotelko (**"Mr. M**

Kotelko") , Mr. Bernard Kotelko ("**Mr. B Kotelko**") and Mr. Milton Miller.

8. For purposes of the First Report, management ("**Management**") is comprised of Mr. M Kotelko, Mr. B Kotelko and Mr. Peter Kotelko ("**Mr. P Kotelko**").

9. A summary of the significant milestones from the construction of the biogas plant in 2005 to the commissioning of the ethanol plant in 2012 are set out in Exhibit "3" to the First Report.

Operational Losses

10. For the year ended December 31, 2012 and December 31, 2013, GPHHLP reported a net financial accounting loss of $10,185,466 and $50,767,889 respectively. For the fiscal year ended December 31, 2014, GPHHLP reported a net financial accounting income of $6,145,069. Overall, a cumulative capital deficiency of $44,616,862 exists as at December 31, 2014.

11. GPHHLP was in financial difficulty based upon the above financial results. Without continued support from its investors and secured lenders the present business model appears to no longer be sustainable in the current economic climate.

12. Enclosed as Exhibit "4" to the First Report are the external accountant prepared comparative balance sheets as at December 31, 2013 (with 2012 figures for comparative purposes) and December 31, 2014 (with 2013 figures for comparative purposes). The statement of loss and retained earnings for the year ended December 31, 2012, December 31, 2013 and December 31, 2014 are enclosed as Exhibit "5" to the First Report.

ACTIVITIES OF THE RECEIVER

Custody and Control

13. On November 21, 2015, the Receiver attended the Companies' premises located north of Vegreville, Alberta and completed a tour and site inspection of the premises. Photographs and video were taken of the business assets including the office building,

the ethanol plant, the biodigesters, tools, equipment and motor vehicles. The Receiver secured all of the keys to the equipment and motor vehicles.

14. The Receiver engaged a locksmith and requested the locks be re-keyed to various buildings at the building and plant site. Certain entrances at the ethanol plant did not have locks and the locksmith secured these access points by other means.

15. The Receiver requested a re-direction of the Companies' mail to the EY office in Edmonton, Alberta.

16. Forthwith upon the Receiver's appointment, the Receiver contacted the Company's bank to advise of the receivership proceedings. A follow up letter was sent requesting that all bank accounts be frozen with instructions that all funds must be remitted to the Receiver's office. In addition, the Receiver requested copies of bank statements and cancelled cheques for the previous twelve months which was provided on January 12, 2016.

17. After numerous correspondence and telephone calls with the Companies' bank, approximately $24,000 was to be remitted to the Receiver the week of January 18 - 22, 2016. This amount pertained to an accounts receivable invoice that was wired into the Companies bank account on December 1, 2016. The bank advised they intended to setoff a small corporate Mastercard balance from the available funds on hand. The Receiver requested the bank to provide a detailed accounting with the bank draft. As at the date of the First Report, the Receiver still awaits receipt of the funds from the bank. Other than the receivable that was wired to the Companies account, the Receiver is not aware of any further outstanding receivables.

18. The Receiver engaged Mr. P Kotelko to complete daily site inspections and weekly required maintenance to the plant. Mr. P Kotelko is a mechanical engineer and was the former Plant Operation Manager at GPHHLP. Mr. P Kotelko recommended that the generators and the centrifuge in the ethanol plant be started regularly to avoid potentially costly repairs due to inactivity. The Receiver determined it prudent to engage Mr. P Kotelko based upon his firsthand knowledge of the plant and to satisfy insurance requirements for daily site visits.

19. Furthermore, the Receiver has had multiple conversations and meetings with the Kotelko's and Highland in respect of numerous related party agreements currently in place. The Receiver has determined these related party agreements may affect the operation and potential sale of the biogas and ethanol plant.

Accounting and Financial Records

20. Prior to the Receiver's appointment, Providence Grain Group Inc. ("**PGG**") was working with Management to create an informal restructuring plan to the secured lenders. As a result of the forgoing, the internal accounting records for GPHHLP for fiscal 2015 were held by PGG. PGG delivered ten bankers boxes of accounting records, source documents, employee and financial information to the Receiver on November 30, 2015.

21. The Receiver was further advised by Management that the electronic accounting database and servers were held at the offices of Highland. Arrangements were made with Mr. M Kotelko and his Microsoft Dynamics consultant to provide a backup copy of the electronic accounting database as set out in the Receivership Order. An electronic backup copy of the file was provided to the Receiver on November 30, 2015. As at the date of the First Report, the Receiver has not yet reviewed the data provided on account of a software requirement. The Receiver has recently received the appropriate permission from Microsoft to view the data and will do so in the upcoming weeks.

22. The Receiver contacted Deloitte LLP ("**Deloitte**") as the former auditor for the Companies and requested copies of financial statements (for all years), capital asset continuity schedules and any matters related to tax filings for all years. Copies of financial statements and tax information were received from Deloitte on January 13, 2016.

23. The Receiver requested from Miller Thomson LLP (as the solicitor for GPHHLP) the corporate minute books for the Companies. The records were provided to the Receiver on January 13, 2016.

Registration of Receivership Order

24. Brownlee LLP acts as the Receiver's legal counsel ("**Legal Counsel**") in these receivership proceedings. Legal Counsel registered a copy of the Receivership Order at

both the Personal Property Registry of Alberta as well as with the Alberta Registrar of Land Titles.

25. The purpose of registering the Receivership Order was to advise any interested parties of the receivership proceedings and to protect the Receiver's interest in the property of the Companies. A description of the Companies' lands is discussed further in the Business Assets section of the First Report.

Insurance

26. As at the date of receivership, the Receiver was advised that the GPHHLP insurance policy was cancelled effective November 9, 2015.

27. The Receiver proceeded to seek quotes to insure the assets and received a quote from both Aon Risk Solutions ("**Aon**") and Sheppard Insurance and Risk Management Inc. ("**Sheppard**"). The Receiver proceeded with binding coverage with Sheppard as the annual premiums were $50,000 less than Aon's quote for similar coverage.

Utilities

28. The Receiver is working with utility providers for both power and natural gas to ensure continued service as well as for the fair and reasonable pricing for services based upon the fact that the plant operations have ceased to operate at this time.

Statutory Notices

29. On December 1, 2015, the Receiver mailed the Notice and Statement of Receiver in accordance with subsections 245(1) and 246(1) of the Bankruptcy and Insolvency Act to all known creditors of the Companies and the Office of the Superintendent of Bankruptcy.

30. In addition, pursuant to paragraph 34 of the Receivership Order, a website was setup by the Receiver at http://documentcentre.ey.com/default.aspx to update any interested parties on matters related to the receivership proceeding.

BUSINESS ASSETS

31. The Receiver will provide a detailed update to the Court on the property, plant and equipment for the Companies in a subsequent report; however, for the purposes of the First Report the Court should be aware that as referenced in the affidavit of Charles Orlick sworn on October 30, 2015 (the "**Oct 15 Orlick Affidavit**") GPML owns titled property that was subsequently subdivided on March 17, 2011 as follows:

<u>Firstly:</u>

Plan 0425537
Block 1
Lot 1
Containing 20.14 Hectares (49.77 Acres) more or less

Excepting thereout:	Hectares	(Acres) More or less
a) Plan 1121639 - subdivision	1.50	3.71

<u>Secondly:</u>

Plan 1121639
Block 1
Lot 1
Excepting thereout all mines and minerals
Area: 1.5 Hectares (3.71 Acres) more or less

In addition to the freehold title for Plan 1121639, there is a lease hold title hereinafter referred to as the (**"Leasehold Title "**) in the name of a lessee who is a related party (BECII). The details of the Leasehold Title will be explained in the next section of the First Report. Enclosed as Exhibit "6" to the First Report is a copy of title to the Plan 0425537 Lands. Enclosed as Exhibit "7" to the First Report is a copy of title to the Plan 1121639 Lands. Enclosed as Exhibit "8" to the First Report is a copy of title to the lands which comprise the Leasehold Title.

32. The Receiver understands that the biogas and ethanol plant operated from Plan 0425537; whereas, an office building was built by the lessee on the Plan 1121639 Lands .

33. An aerial map identifying the subject properties is enclosed for the Court's reference as Exhibit "9' to the First report.

BECII - Leasehold Title

34. BECII was incorporated in 2009 as a not for profit entity that would presumably act as a centre for new and emerging companies in the bioenergy/clean energy sector. The Receiver understands that BECII's mandate was to accelerate technology development through collaboration and access to office and laboratory space for companies to build and test their technology on a "real life" full scale commercialized biogas and ethanol plant. The objective was for bioenergy companies to share costs, advance research and to complete joint pilot testing with the ultimate goal of reducing the time to market for sustainable bio-energy conversion processes.

35. From a review of a corporation search, GPHHLP is a voting shareholder of BECII. A copy of BECII's corporation search is enclosed as Exhibit "10" to the First Report which indicates GPHHLP owns 10% of the voting shares of BECCI and sets out the remaining significant shareholders'. Also enclosed as Exhibit "11" is a Personal Property Registry Search of BECII.

36. BECII is located on Plan 1121639 Lands which are owned by GPML. A ground lease (the "**Ground Lease**") was signed between GPML as the general partner for GPHHLP and BECII on March 24, 2011. Subsequent to the granting of the Ground Lease, the Receiver is told that the BECII office building was constructed in the fall of 2012 from sources such as grants from federal and provincial departments as well as approximately $1.6 MM contribution from GPHHLP.

37. The Receiver received a copy of the Ground Lease from Mr. B Kotelko, which is enclosed as Exhibit "12" to the First Report. The significant terms of the Ground Lease are summarized below:

- Term: 99 years commencing on February 1, 2011 to January 31, 2110;
- Rent: One dollar ($1.00) on each anniversary of the commencement date;
- Lessee to Pay All Charges and Fees: BECII as lessee is to keep the property free of all liens and encumbrances and is to pay all license, fees, assessments, charges and taxes. Failing to do so, the lessor (GPHHLP or Receiver) may pay the above referenced amounts in which event the cost plus interest at 12% per

annum shall constitute additional rent. The lessor (GPHHLP or Receiver) shall be entitled to remedies provided in the Ground Lease in the event of default;

- Real Estate Taxes: BECII shall pay all real estate taxes for the building on the Ground Lease.
- Utilities: BECII shall pay directly to the applicable utility companies (including but not limited to electric, gas, water, sewage or telephone) all utilities consumed during the term of the Ground Lease;
- Assignment and Subletting: BECII shall have the right to assign the Ground Lease and to sublet all or any portion of the building premises without the lessor's (GPML) consent;
- Insurance: BECII shall purchase, provide and maintain at its expenses insurance;
- Default: In the event BECII fails to pay rent or any other monetary amounts required to be paid, such failure shall continue for 10 days after receipt of a notice by the lessor (GPHHLP or Receiver) and such failure shall continue for an additional 10 days after a second written notice by the lessor (GPHHLP or Receiver) given after the expiration of the 10 day period following the first notice

38. Based upon conversations with Management, it appears that BECII is no longer operating and is likely insolvent. Mr. B Kotelko has represented that all of the Directors of BECII have resigned effective September 30, 2015, including himself. However, a review of the corporate search of BECII shows that Mr. B Kotelko is still listed as a director, and the only remaining director. From multiple visits to the site, the Receiver has verified that the BECII building is presently unoccupied with the exception of the occasional visit by Highland who may use the shop portion of the building to repair equipment.

39. From a review of GPML and GPHHLP internal records and the inspection of the County of Two Hills No. 21 property tax assessment notices, the Receiver has determined the BECII Plan 1121639 Lands are in arrears for property taxes for the following amounts (a copy of the property tax assessment is enclosed as Exhibit "13" to the First Report):

Property Taxes for 2015 - Taxroll 536002	$27,266.41
Property Tax Arrears - Taxroll 536002	61,613.87
Accrued Interest to January 1, 2016	7,306.99
TOTAL BECCI Property Tax Due at January 1, 2016	$96,187.27

40. The County of Two Hills No. 21 further advised the Receiver that $1,265.49 for outstanding utilities (natural gas) was added to the tax roll on or around June 18, 2015.

41. The Receiver understands that as a result of BECII ceasing operations and likely being insolvent with no ability to pay its debts, Highland agreed to sublet the Leasehold Title and building from BECII for preservation purposes only. Management indicated that given BECII ceasing operations, Highland understood that BECII was abandoning the subject building and lands. Enclosed as Exhibit "14" is a sublease (the "**Sublease**") dated October 6, 2015 and signed between BECII as tenant and Highland as subtenant. The Receiver spoke with Mr. M Kotelko from Highland regarding the Sublease and confirmed the Sublease was not critical to the Highland operations. Mr. M. Kotelko further advised the Receiver that the Sublease was entered into by Highland for the strict purpose of ensuring that insurance and utilities were in place for the building formerly occupied by BECII. Subsequent to the Sublease date, Highland has been responsible for the utility charges (natural gas) to the BECII building.

42. Mr. M Kotelko advised the Receiver that he and Highlands would have no concern with the termination of the Sublease given the Receiver's mandate to safeguard and preserve the Companies' assets.

43. The Receiver is of the opinion the building formerly occupied by BECII and the related Leasehold Title form a significant part of the asset base of the Companies. The Receiver is further of the opinion the Ground Lease provides no economic benefit to the

Companies. The Receiver therefore recommends, given the default by BECII on the Ground Lease and the significant value the building and land would likely add to the Companies asset base that the Ground Lease be terminated immediately and the Leasehold Title revert back to GPML.

44. The Receiver notes that there are a number of chattels that appear to have belonged to BECII that were left behind and apparently abandoned in the building, formerly occupied by BECII located on the Plan 1121639 lands. These include miscellaneous furniture and lab equipment. As will be noted later in this First Report, there is a prospective purchaser that has contacted the Receiver that would like access to the laboratory and lab equipment in the building on the Plan 1121639 lands in order to perform experiments to see if the purchase of the assets is viable for its purposes. As such, the Receiver seeks a declaration that all assets abandoned by BECII within the building that BECII formerly occupied on the Plan 1121639 lands are now under the possession and control of the Receiver and that the Receiver is authorized to market and sell the said assets. Alternatively, the Receiver requests direction from this Honourable Court in how to deal with the subject abandoned assets.

MARKETING

45. Given the specialized nature of the ethanol and biogas plant, it is the Receiver's opinion that a liquidation or auction will not generate the best recoveries for the Companies' assets.

46. The Receiver is therefore of the opinion that an invitation for offers process be implemented to sell the Plant en bloc by broadly canvassing the market for prospective interested parties.

47. The Receiver is in the process of preparing a marketing information package. A list of prospective purchasers is being prepared from internal research as well as from discussions with Management regarding potential interested parties. The Receiver has also been directly contacted by multiple parties that have expressed an interest in submitting an offer to purchase the Companies' assets en bloc.

48. The Receiver notes that the new federal liberal government and provincial NDP government have both publicly announced commitments to combat climate change and to reduce carbon emissions. Ideally, government incentives will provide for robust investment in the carbon capture/green house gas reduction industry. Therefore, it is the Receiver's opinion that government policy will likely assist with the marketability of the Companies assets.

49. On January 6, 2016, the Receiver met with Management to discuss various matters related to the administration of the receivership and the marketability of the plant. At the onset of the meeting, Management introduced the Receiver to a third party (the "**Prospective Purchaser**") potentially interested in submitting an unsolicited purchase offer for the Companies assets. The Prospective Purchaser indicated that any potential offer was predicated upon access to the laboratory in the BECII building to conduct various testing/experiments to confirm the commercial viability of producing its product based upon the technologies at the biogas plant. The Receiver understands the Prospective Purchaser operates in an industry that utilizes certain by byproducts as inputs for its business. Should the testing be satisfactory, the Prospective Purchaser has indicated that it will be submitting an unsolicited purchase offer.

50. The Prospective Purchaser proposes to rent the laboratory space at the BECII building in order to begin its testing to confirm its hypotheses regarding the product it develops. The Receiver understands that Management is supportive of allowing the Prospective Purchaser access to the laboratory to complete its scientific research.

51. The Receiver is reviewing this matter with Legal Counsel to ascertain the merits of the proposal but can confirm to the Court that it is the Receiver's recommendation to work with the Prospective Purchaser to enter into a form of lease that is flexible enough to ensure the sales process is not jeopardized and that does not prejudice the rights of any future interested parties.

RECOMMENDATIONS

52. The Receiver is of the opinion that the Ground Lease is a significant concern and may impact the marketing and sales process for the properties. The Receiver is further of the opinion that BECII is no longer operating, is likely insolvent, and does not require the Ground Lease. In addition, significant amounts are owed for outstanding property taxes. Based on the foregoing, the Receiver submits that the Ground Lease should be terminated such that the Receiver may proceed with the marketing of the properties and to entertain the business proposal submitted by Prospective Purchaser.

53. The Receiver therefore recommends that this Honourable Court grant an Order to:
    - Approve the activities of the Receiver as set out in this First Report; and
    - To terminate the Ground Lease dated March 24, 2011 between GPML on behalf of GPHHLP and BECII.
    - Such further and other directions as the Court deems prudent in the circumstances.

All of which is respectfully submitted this 21st day of January 2016.

Ernst & Young Inc.
In its capacity as Court Appointed Receiver of
Growing Power Management Ltd. and
Growing Power Hairy Hill Limited Partnership
and not in its Personal Capacity

Per:

Dan Woo, CPA, CMA, CIRP, Licensed Insolvency Trustee
Vice-President

For:

Matt McCulloch, CPA, CA, CIRP, Licensed Insolvency Trustee
Senior Vice-President

Exhibit 1 – Trade Name Partnership Search

EY

Government of Alberta ■

Trade Name / Partnership Search

Corporate Registration System

Date of Search: 2015/06/02
Time of Search: 01:19 PM
Search provided by: SHAREK LOGAN & VAN LEENEN LLP

Service Request No: 23417245
Customer Reference No: 12965

Registration No: LP13424171
Current Business Name: GROWING POWER HAIRY HILL LIMITED PARTNERSHIP
Status of Business Name: Active
Trade Name / Partnership Type: Limited Partnership
Date of Registration: 2007/08/13 YYYY/MM/DD
Home Jurisdiction: ALBERTA
Termination Date: 2050/08/31 YYYY/MM/DD

Current General Partner:

Last/Legal Entity Name: GROWING POWER MANAGEMENT LTD.
Street: C/O 1400 10303 JASPER AVE NW
City: EDMONTON
Province: ALBERTA
Postal Code: T5J 3N6

Last/Legal Entity Name: GROW-GEN ENERGY LIMITED PARTNERSHIP
Street: C/O 1400 10303 JASPER AVE NW
City: EDMONTON
Province: ALBERTA
Postal Code: T5J 3N6

Other Information:

Filing History:

List Date	Type of Filing
2007/08/13	Register Limited Partnership
2014/09/25	Amend Limited Partnership

Attachments:

Attachment Type	Microfilm Barcode	Date Recorded (YYYY/MM/DD)
Certificate of Limited Partnership (AB)	10000105101397590	2007/08/13
Notice to Amend	10000395000020570	2008/01/30
Notice to Amend	10000905101397671	2008/03/11
Notice to Amend	10000505101397588	2008/04/23
Notice to Amend	10000398000170068	2009/05/26
Notice to Amend	10000807106057859	2010/06/03
Notice to Amend	10000307110135323	2011/10/21
Notice to Amend	10000807106773200	2012/09/06
Notice to Amend	10000407106773645	2012/10/22
Notice to Amend	10000107110135395	2012/12/28
Notice to Amend	10000607109173183	2013/09/18
Notice to Amend	10000407106773344	2014/09/25

Alberta Registries certifies that the information contained in this search is the most recent information filed in the Register of Corporations.

Exhibit 2 – Corporation Non-Profit Search

EY

Government of Alberta ■

Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2015/06/02
Time of Search: 01:18 PM
Search provided by: SHAREK LOGAN & VAN LEENEN LLP

Service Request Number: 23417241
Customer Reference Number: 12965

Corporate Access Number: 2017200458
Legal Entity Name: GROWING POWER MANAGEMENT LTD.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Method of Registration: Amalgamation
Registration Date: 2012/12/28 YYYY/MM/DD

Registered Office:
Street: 1400-10303 JASPER AVE NW
City: EDMONTON
Province: ALBERTA
Postal Code: T5J 3N6

Records Address:
Street: 1400-10303 JASPER AVE NW
City: EDMONTON
Province: ALBERTA
Postal Code: T5J 3N6

Directors:

Last Name: KOTELKO
First Name: MICHAEL
Middle Name: JAMES
Street/Box Number: PO BOX 721

City:	VEGREVILLE
Province:	ALBERTA
Postal Code:	T9C 1R2

Last Name:	KOTELKO
First Name:	P.
Middle Name:	BERNARD
Street/Box Number:	PO BOX 57
City:	VEGREVILLE
Province:	ALBERTA
Postal Code:	T9C 1R1

Last Name:	MILLER
First Name:	MILTON
Street/Box Number:	COURIER #168-11870 88 AVE
City:	FORT SASKATCHEWAN
Province:	ALBERTA
Postal Code:	T8L 0K1

Voting Shareholders:

Last Name:	CHRAPKO
First Name:	EVAN
Middle Name:	V.
Street:	14-9977 178 ST NW, UNIT #128
City:	EDMONTON
Province:	ALBERTA
Postal Code:	T5T 6J6
Percent Of Voting Shares:	14

Last Name:	CHRAPKO
First Name:	SHANE
Middle Name:	V.
Street:	358-10654 82 AVE NW
City:	EDMONTON
Province:	ALBERTA
Postal Code:	T6E 2A7
Percent Of Voting Shares:	14

Last Name:	KOTELKO

First Name:	MICHAEL
Middle Name:	JAMES
Street:	PO BOX 721
City:	VEGREVILLE
Province:	ALBERTA
Postal Code:	T9C 1R8
Percent Of Voting Shares:	36

Last Name:	KOTELKO
First Name:	P.
Middle Name:	BERNARD
Street:	PO BOX 57
City:	VEGREVILLE
Province:	ALBERTA
Postal Code:	T9C 1R1
Percent Of Voting Shares:	36

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:	AS PROVIDED IN SCHEDULE "A" ATTACHED HERETO.
Share Transfers Restrictions:	NO SHARES SHALL BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED WITHOUT THE CONSENT OF THE DIRECTORS.
Min Number Of Directors:	1
Max Number Of Directors:	20
Business Restricted To:	NONE
Business Restricted From:	NONE
Other Provisions:	AS PROVIDED IN SCHEDULE "B" ATTACHED HERETO.

Associated Registrations under the Partnership Act:

Trade Partner Name	Registration Number
GROW-GEN ENERGY LIMITED PARTNERSHIP	LP13268917
GROWING POWER HAIRY HILL LIMITED PARTNERSHIP	LP13424171

Other Information:

Amalgamation Predecessors:

Corporate Access Number	Legal Entity Name
2013086513	GROW-GEN ENERGY MANAGEMENT LTD.
2013086430	GROWING POWER MANAGEMENT LTD.

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2013	2014/07/25

Outstanding Returns:

Annual returns are outstanding for the 2014 file year(s).

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2012/12/28	Amalgamate Alberta Corporation
2014/07/25	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2015/02/19	Change Director / Shareholder

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2012/12/28
Other Rules or Provisions	ELECTRONIC	2012/12/28
Amalgamation Agreement	10000607106773201	2012/12/28
Statutory Declaration	10000407106773202	2012/12/28
Letter - Spelling Error	10000607110135331	2014/07/25

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.

Exhibit 3 – Chronology and Background Information

EY

Dan Woo

From:	Peter Kotelko <peterkotelkoeng@gmail.com>
Sent:	January-18-16 6:08 PM
To:	Dan Woo
Subject:	RE: GPHHLP - Background information
Attachments:	Peter Kotelko, Jan 18-2015 Statement.pdf

2000
Mike and Bern Kotelko from Highland Feeders concerned about over application of phoshourous on feedlot land due to manure application. Working with soil scientists from Alberta Research Council in Vegreville investigating anaerobic digestion. Trips to Europe talking to suppliers of anerobic digestion technology don't provide any solutions. European technology providers say it is impossible to digest open pen feedlot manure due to contamination of dirt and rocks.

2001-2003
Start lab scale testing at Alberta Research Council in Vegreville to figure out potential gas production with the Highland Feeders Manure. Working with Alberta Research Council to engineer the initial biogas plant with 1 MW electrical generation.

2003-2004
Construction of initial biogas plant called Highmark Renewables with two 1800 cubic metre digesters.

2005-2009
Attempts to run and debottleneck initial biogas plant. Problems with almost all parts of plant from infeed of fresh manure, to mixing of digesters, to solid liquid separation of effluent. Highland Feeders and Alberta Research Council funding equipment upgrades and operation cost as plant not reliable enough to make consistent profit. Shane and Evan Chrapko brought in to help raise capital for an expansion of the biogas plant as well as an ethanol plant because a stand alone biogas plant deemed to not ever be profitable selling power to the grid alone. Unable to raise monet when associated with the Alberta Research Council so ties broken in 2008. Engineering work started with FWS from Winnipeg on design of two new 7500 cubic meter digesters. Enough money raised to pour concrete digester foundations in 2008 and digester tanks in 2009.

2010
Biogas plant down for most of year for expansion of plant with another 1.5 MW generator, completion of one of the new digesters, new automated infeed system, new biogas compression and treating system, and grit removal system for the new large digester. The company is split between the operating plant and a technology company. The operating plant now called Growing Power Hairy Hill, LP and the technology company called Himark Biogas.

2011-2012
Upgrades biogas plant ran intermittently. More revisions to the new grit removal system and infeed system. Starting to talk to ICM of Wichita about building a biogas plant in Oakley, KS as well as building a 40 Million litre/year ethanol plant at Growing Power. Money in place and construction of Ethanol plant begins in mid 2011. Roof collapse on new large digester in October 2012. Operation of the biogas plant stops due to inability to fix during winter as well as the ethanol plant about to start up.

2013
Ethanol plant start up in January 2013. Inability to meet nameplate capacity as well as moisture specs on distiller grain product sold to Highland Feeders. It became apparent that ICM had no experience building wheat ethanol plants and this plant was designed to run on corn. Corn brought in to try run plant on a blend but high wheat/corn pricing, low ethanol pricing, and the inability to run the ethanol plant over 60% capacity made it impossible to break even. Ethanol

plant shut down in May 2013 and legal battle with ICM began. Digester roof repaired and biogas plant restarted in summer 2013 with new modifications to the grit removal system. Biogas plant working well finally. Ethanol production resumed in October 2013 with better commodity prices.

2014

Biogas plant functioning reasonably well. A few equipment/operational changes in the ethanol plant brought average capacity up to around 65%. Operator error in July 2014 caused the grit removal system to become damaged. As the biogas plant was disposing of approximately half of the wet distillers grain products as we were still unable to produce them at a dry enough moisture for Highland Feeders to utilize it was decided to just not fix the grit removal system so the ethanol plant could remain in production. Commodity prices starting to fall apart in late 2014. In December 2014 Providence grain says that they will only continue to support the project if the Chrapko's are not involved any more. Bern and Mike Kotelko exchange their shares in Himark Biogas for Chrapko's shares in Growing Power.

2015

Wheat prices rising, as well as falling electricity and ethanol prices due to low oil pricing cause plant to be losing to much money. The biogas production has already failed because it was poisoned by too much ethanol distillers grains. Ethanol production idled back in April to fill contracts and the last ethanol was produced in May 2015. All Staff laid off by August 2015 and only 2 employees remained to run the organic sorting machine as it was the plant's only source of income. They continued working on winterizing the plant until October 2015 when the plant officially went into receivership.

Peter Kotelko, P.Eng
7806037339

As Well, I have attached a current statement for my services.

Thank You

Exhibit 4 – Balance Sheets

GROWING POWER HAIRY HILL LIMITED PARTNERSHIP
Balance Sheet
As at December 31, 2014

		2014		2013
ASSETS				
CURRENT				
Cash and cash equivalents	$	518,037	$	345,303
Short-term investments		23,272		83,648
Accounts receivable (Note 3)		1,607,655		2,118,097
Prepaid expenses and deposits		24,824		163,533
Inventories (Note 4)		502,321		470,960
Due from related parties (Note 5)		-		61,797
		2,676,109		3,243,338
PROPERTY, PLANT AND EQUIPMENT (Note 6)		5,856,590		6,588,649
	$	8,532,699	$	9,831,987
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	5,291,086	$	16,809,725
Due to related parties (Note 5)		-		146,483
Current portion of long-term debt (Note 8)		16,908,540		15,591,852
		22,199,626		32,548,060
GRANT FUNDING LIABILITY (Note 7)		11,076,634		11,076,634
LONG-TERM DEBT (Note 8)		13,598,301		15,319,224
CLASS B PARTNERSHIP UNITS (Note 10b)		6,275,000		1,650,000
		53,149,561		60,593,918
COMMITMENT (Note 9)				
CAPITAL DEFICIENCY				
Partners' capital (Note 10a)		18,185,000		18,185,000
Partners' operating deficit		(62,801,862)		(68,946,931)
		(44,616,862)		(50,761,931)
	$	8,532,699	$	9,831,987

The accompanying notes are an integral part of these financial statements

APPROVED BY THE GENERAL PARTNER

(Signed) "Mike Kotelko"

(Signed) "Bern Kotelko"

GROWING POWER HAIRY HILL LIMITED PARTNERSHIP
Balance Sheet
As at December 31, 2013

		2013		2012
ASSETS				
CURRENT				
Cash and cash equivalents	$	345,303	$	243,320
Restricted cash		83,648		83,558
Accounts receivable (Note 3)		2,118,097		11,255,843
Prepaid expenses and deposits		163,533		122,023
Inventories (Note 4)		470,960		2,433,977
Due from related parties (Note 5)		61,797		668,904
		3,243,338		14,807,625
NOTE RECEIVABLE (Note 10)		-		8,139,392
PROPERTY, PLANT AND EQUIPMENT (Note 6)		6,588,649		35,156,033
INTANGIBLE ASSET (Note 7)		-		4,274,169
	$	9,831,987	$	62,377,219
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	16,809,725	$	17,899,458
Current portion of long-term debt (Note 9)		15,591,852		15,172,906
Due to related parties (Note 5)		146,483		800,145
		32,548,060		33,872,509
LONG-TERM DEBT (Note 9)		15,319,224		15,772,371
GRANT FUNDING LIABILITY (Note 8)		11,076,634		11,076,381
CLASS B PARTNERSHIP UNITS (Note 11b)		1,650,000		1,650,000
		60,593,918		62,371,261
COMMITMENT (Note 10)				
CAPITAL DEFICIENCY				
Partners' capital (Note 11a)		18,185,000		18,185,000
Partners' operating deficit		(68,946,931)		(18,179,042)
		(50,761,931)		5,958
	$	9,831,987	$	62,377,219

The accompanying notes are an integral part of these financial statements

APPROVED BY THE GENERAL PARTNER

(Signed) "Mike Kotelko" Director

(Signed) "Bern Kotelko" Director

Exhibit 5 – Income Statements

EY

GROWING POWER HAIRY HILL LIMITED PARTNERSHIP
Statement of Income
Year ended December 31, 2014

	2014	2013
REVENUE		
Ethanol operation (Note 11a)	$ 22,189,877	$ 12,657,184
BioGas operation (Note 11a)	549,127	550,918
	22,739,004	13,208,102
COST OF SALES		
Raw materials (Note 11b)	13,917,059	10,617,056
Depreciation of property, plant and equipment	499,250	2,712,583
Amortization of intangible asset	-	320,563
Repairs and maintenance	1,324,576	1,771,102
Wages	2,148,384	2,323,485
Utilities	1,246,626	1,012,851
Materials and supplies recovery	(31,362)	(9,294)
Licence fees recovery (Note 11c)	-	(750,000)
	19,104,533	17,998,346
GROSS OPERATING INCOME (LOSS)	3,634,471	(4,790,244)
OTHER INCOME (EXPENSES)		
Gain on settlement of liabilities (Note 5, 6 and 15)	5,469,779	-
Gain on disposal of property and equipment	14,148	-
Interest and miscellaneous income	743,190	347
Foreign exchange losses	(397,369)	(677,986)
Interest on long-term debt	(1,763,383)	(1,683,109)
Professional fees (Note 11f)	(290,364)	(415,501)
Consulting services (expense) recovery (Note 11d)	(219,831)	1,688,134
Insurance	(377,218)	(649,279)
Advertising and promotion	(26,491)	(60,816)
Interest and bank charges (Note 11b)	(260,140)	(344,098)
Office	(218,737)	(168,874)
Property taxes	(162,986)	(175,718)
	2,510,598	(2,486,900)
INCOME (LOSS) BEFORE THE UNDERNOTED	6,145,069	(7,277,144)
Impairment of note receivable (Note 10)	-	(8,139,392)
Impairment of due from related parties (Note 5)	-	(3,740,154)
Impairment of property, plant and equipment (Note 6)	-	(27,128,768)
Impairment of intangible asset (Note 6)	-	(3,953,606)
Non-repayable contribution (Note 11e)	-	(528,825)
NET INCOME (LOSS)	$ 6,145,069	$ (50,767,889)

The accompanying notes are an integral part of these financial statements

GROWING POWER HAIRY HILL LIMITED PARTNERSHIP
Statement of Loss
Year ended December 31, 2013

		2013		2012
REVENUE				
Ethanol operation	$	12,657,184	$	180,560
BioGas operation (Note 12a)		550,918		594,891
		13,208,102		775,451
COST OF SALES				
Raw materials (Note 12b)		10,910,497		2,040
Depreciation of property, plant and equipment		2,712,583		2,240,244
Amortization of intangible asset		320,563		346,554
Repairs and maintenance		1,771,102		905,939
Wages (Note 12c)		2,323,485		1,755,907
Utilities		1,012,851		247,261
Materials and supplies (recovery) expense		(9,294)		49,503
License fees (recovery) expense (Note 12d)		(750,000)		750,000
		18,291,787		6,297,448
GROSS OPERATING LOSS		(5,083,685)		(5,521,997)
OTHER INCOME (EXPENSES)				
Interest income		347		46,277
Foreign exchange (losses) gains		(677,986)		122,762
Interest on long-term debt		(1,683,109)		(550,026)
Professional fees (Note 12h)		(415,501)		(396,061)
Consulting services recovery (expense) (Note 12e)		1,688,134		(2,400,308)
Insurance		(649,279)		(238,799)
Advertising and promotion		(60,816)		(27,584)
Interest and bank charges		(50,657)		(40,085)
Office (Note 12g)		(168,874)		(68,382)
Property taxes		(175,718)		(120,326)
		(2,193,459)		(3,672,532)
LOSS BEFORE THE UNDERNOTED		(7,277,144)		(9,194,529)
Impairment of note receivable (Note 10)		(8,139,392)		-
Impairment of due from related parties (Note 5)		(3,740,154)		-
Impairment of property, plant and equipment		(27,128,768)		-
Impairment of intangible asset (Note 6)		(3,953,606)		-
Non-repayable contribution (Note 12f)		(528,825)		(990,937)
NET LOSS	$	(50,767,889)	$	(10,185,466)

The accompanying notes are an integral part of these financial statements

Exhibit 6 – Land Title Search Plan 0425537, Block 1, Lot 1

LAND TITLE CERTIFICATE

S

LINC	SHORT LEGAL	TITLE NUMBER
0034 721 746	0425537;1;1	112 074 148 +1

LEGAL DESCRIPTION

DESCRIPTIVE PLAN 0425537
BLOCK 1
LOT 1
CONTAINING 20.14 HECTARES (49.77 ACRES) MORE OR LESS

EXCEPTING THEREOUT:	HECTARES	(ACRES) MORE OR LESS
A) PLAN 1121639 - SUBDIVISION	1.50	3.71

EXCEPTING THEREOUT ALL MINES AND MINERALS

ATS REFERENCE: 4;14;54;27;E
ESTATE: FEE SIMPLE

MUNICIPALITY: COUNTY OF TWO HILLS NO. 21

REFERENCE NUMBER: 102 188 255

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
112 074 148	17/03/2011	SUBDIVISION PLAN		

OWNERS

GROWING POWER MANAGEMENT LTD.
OF BOX 130
VEGREVILLE
ALBERTA T9C 1R1

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
762 127 946	19/07/1976	UTILITY RIGHT OF WAY GRANTEE - THE COUNTY OF TWO HILLS NO. 21. " AFFECTS PART OF THIS TITLE "
932 348 829	09/11/1993	EASEMENT

(CONTINUED)

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		" AFFECTS PART OF THIS TITLE "
042 436 852	05/10/2004	CAVEAT RE : DEVELOPMENT AGREEMENT PURSUANT TO MUNICIPAL GOVERNMENT ACT CAVEATOR - THE COUNTY OF TWO HILLS NO. 21. BOX 490, TWO HILLS ALBERTA T0B4K0 AGENT - GARY POPOWICH
112 239 706	04/08/2011	MORTGAGE MORTGAGEE - AGRICULTURE FINANCIAL SERVICES CORPORATION. 4910 52 ST, BOX 5000 STN. MAIN CAMROSE ALBERTA T4V4E8 ORIGINAL PRINCIPAL AMOUNT: $2,000,000
112 239 707	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $600,000
112 239 708	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $600,000
112 239 709	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $600,000
112 239 710	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $600,000

(CONTINUED)

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
112 239 711	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $600,000
112 239 712	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $600,000
112 239 713	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $800,000
112 239 719	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $800,000
112 239 720	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $800,000
112 239 721	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $2,000,000
112 250 212	12/08/2011	CAVEAT

(CONTINUED)

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		RE : ASSIGNMENT OF INTEREST CAVEATOR - AGRICULTURE FINANCIAL SERVICES CORPORATION. 4910 52 ST, BOX 5000 STN. MAIN CAMROSE ALBERTA T4V4E8 AGENT - JOHN KOSOLOWSKI
112 415 426	23/12/2011	MORTGAGE MORTGAGEE - FARM CREDIT CANADA. 12040-149 ST NW, 2ND FLR EDMONTON ALBERTA T5V1P2 ORIGINAL PRINCIPAL AMOUNT: $15,000,000
112 415 427	23/12/2011	AMENDING AGREEMENT AMOUNT: $5,000,000 AFFECTS INSTRUMENT: 112239706
112 415 428	23/12/2011	POSTPONEMENT OF MORT 112239707 MORT 112239708 MORT 112239709 MORT 112239710 MORT 112239711 MORT 112239712 MORT 112239713 TO MORT 112415426
112 415 429	23/12/2011	POSTPONEMENT OF MORT 112239719 MORT 112239720 MORT 112239721 TO MORT 112415426
112 415 430	23/12/2011	POSTPONEMENT OF CAVE 112250212 TO MORT 112415426
132 421 095	30/12/2013	MORTGAGE MORTGAGEE - PROVIDENCE GRAIN GROUP INC. 168, 11870-88 AVENUE FORT SASKATCHEWAN ALBERTA T8L0K1 ORIGINAL PRINCIPAL AMOUNT: $6,000,000
152 346 877	04/11/2015	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 112415426
152 368 895	25/11/2015	ORDER IN FAVOUR OF - ERNST & YOUNG INC. C/O 2200, 10155 102 STREET EDMONTON ALBERTA T5J4G8

(CONTINUED)

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

AGAINST - GROWING POWER MANAGEMENT LTD.
RECEIVERSHIP ORDER

TOTAL INSTRUMENTS: 023

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 18 DAY OF JANUARY, 2016 AT 01:15 P.M.

ORDER NUMBER: 29953798

CUSTOMER FILE NUMBER: 851220001

REGISTRAR OF LAND TITLES

END OF CERTIFICATE

Exhibit 7 – Land Title Search Plan 1121639, Block 1, Lot 1

LAND TITLE CERTIFICATE

S

LINC	SHORT LEGAL	TITLE NUMBER
0034 721 754	1121639;1;1	112 074 148

LEGAL DESCRIPTION
PLAN 1121639
BLOCK 1
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.5 HECTARES (3.71 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
ATS REFERENCE: 4;14;54;27;SE

MUNICIPALITY: COUNTY OF TWO HILLS NO. 21

REFERENCE NUMBER: 102 188 255

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
112 074 148	17/03/2011	SUBDIVISION PLAN		

OWNERS

GROWING POWER MANAGEMENT LTD.
OF BOX 130
VEGREVILLE
ALBERTA T9C 1R1

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
762 127 946	19/07/1976	UTILITY RIGHT OF WAY GRANTEE - THE COUNTY OF TWO HILLS NO. 21. " AFFECTS PART OF THIS TITLE "
042 436 852	05/10/2004	CAVEAT RE : DEVELOPMENT AGREEMENT PURSUANT TO MUNICIPAL GOVERNMENT ACT CAVEATOR - THE COUNTY OF TWO HILLS NO. 21.

(CONTINUED)

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		BOX 490, TWO HILLS ALBERTA T0B4K0 AGENT - GARY POPOWICH
112 088 842	30/03/2011	LEASE LESSEE - BIOWASTE TO ENERGY FOR CANADA INTEGRATION INITIATIVE (BECII) CORP. 2700, 10155-102 STREET EDMONTON ALBERTA T5J4G8 FOR A TERM OF 099 YEARS COMMENCING ON THE 01 DAY OF FEBRUARY , 2011
112 088 843	30/03/2011	LEASEHOLD TITLE APPLICATION NEW TITLE ISSUED AFFECTS INSTRUMENT: 112088842
112 239 706	04/08/2011	MORTGAGE MORTGAGEE - AGRICULTURE FINANCIAL SERVICES CORPORATION. 4910 52 ST, BOX 5000 STN. MAIN CAMROSE ALBERTA T4V4E8 ORIGINAL PRINCIPAL AMOUNT: $2,000,000
112 239 707	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $600,000
112 239 708	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $600,000
112 239 709	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $600,000
112 239 710	04/08/2011	MORTGAGE

(CONTINUED)

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $600,000
112 239 711	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $600,000
112 239 712	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $600,000
112 239 713	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $800,000
112 239 719	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $800,000
112 239 720	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD. C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $800,000
112 239 721	04/08/2011	MORTGAGE MORTGAGEE - 1617400 ALBERTA LTD.

(CONTINUED)

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		C/O OGILVIE LLP 1400, 10303 JASPER AVE EDMONTON ALBERTA T5J3N6 ORIGINAL PRINCIPAL AMOUNT: $2,000,000
112 250 212	12/08/2011	CAVEAT RE : ASSIGNMENT OF INTEREST CAVEATOR - AGRICULTURE FINANCIAL SERVICES CORPORATION. 4910 52 ST, BOX 5000 STN. MAIN CAMROSE ALBERTA T4V4E8 AGENT - JOHN KOSOLOWSKI
112 415 427	23/12/2011	AMENDING AGREEMENT AMOUNT: $5,000,000 AFFECTS INSTRUMENT: 112239706
152 368 895	25/11/2015	ORDER IN FAVOUR OF - ERNST & YOUNG INC. C/O 2200, 10155 102 STREET EDMONTON ALBERTA T5J4G8 AGAINST - GROWING POWER MANAGEMENT LTD. RECEIVERSHIP ORDER

TOTAL INSTRUMENTS: 018

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 18 DAY OF JANUARY, 2016 AT 01:15 P.M.

ORDER NUMBER: 29953798

CUSTOMER FILE NUMBER: 851220001

REGISTRAR OF LAND TITLES

END OF CERTIFICATE

(CONTINUED)

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

Exhibit 8 – Leasehold Title

LAND TITLE CERTIFICATE

S

LINC	SHORT LEGAL	TITLE NUMBER
0034 721 754	1121639;1;1	112 088 843

LEGAL DESCRIPTION
PLAN 1121639
BLOCK 1
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.5 HECTARES (3.71 ACRES) MORE OR LESS

ESTATE: LEASEHOLD , FOR A TERM OF 099 YEARS
COMMENCING ON THE 01 DAY OF FEBRUARY , 2011

ATS REFERENCE: 4;14;54;27;SE

MUNICIPALITY: COUNTY OF TWO HILLS NO. 21

REFERENCE NUMBER: 112 074 148

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
112 088 843	30/03/2011	LEASEHOLD TITLE APPLICATION	$200,000	

OWNERS

BIOWASTE TO ENERGY FOR CANADA INTEGRATION
INITIATIVE (BECII) CORP.
OF 2700, 10155-102 STREET
EDMONTON
ALBERTA T5J 4G8

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		SEE TITLE FOR ESTATE OF LARGER EXTENT, IF ANY, FOR REGISTRATIONS PRIOR TO LEASE
152 368 895	25/11/2015	ORDER IN FAVOUR OF - ERNST & YOUNG INC.

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS	# 112 088 843
		C/O 2200, 10155 102 STREET EDMONTON ALBERTA T5J4G8 AGAINST - GROWING POWER MANAGEMENT LTD. RECEIVERSHIP ORDER "ENDORSED BY 152369496 ON 20151126"	

TOTAL INSTRUMENTS: 001

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 18 DAY OF JANUARY, 2016 AT 01:15 P.M.

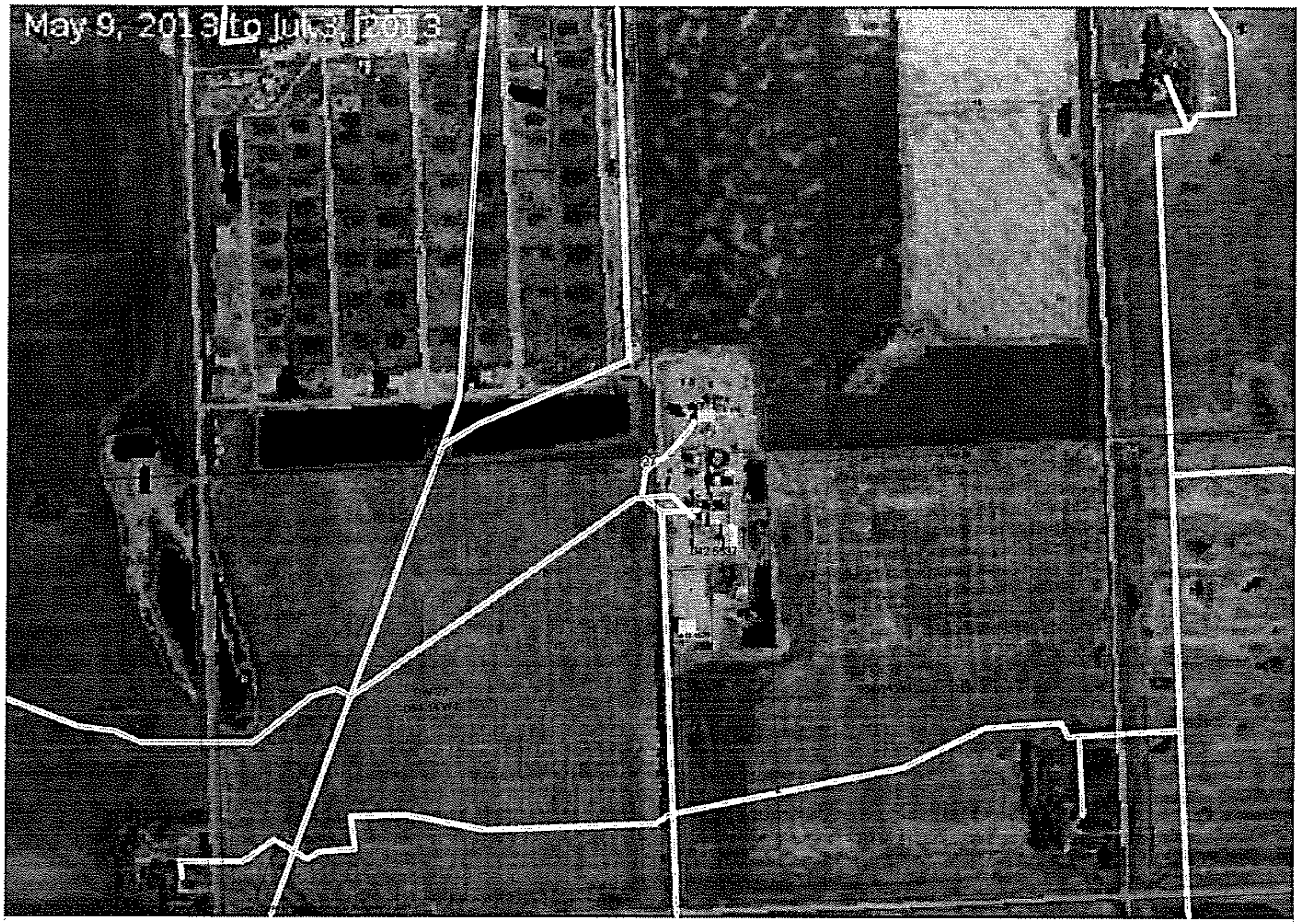
ORDER NUMBER: 29953798

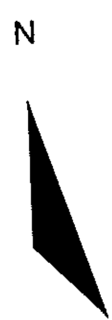
CUSTOMER FILE NUMBER: 851220001

END OF CERTIFICATE

Exhibit 9 – Aerial Photo of Section 27

EY





Wellheads
- Abandoned Wellhead
- Suspended Gas Wellhead
- Suspended Oil Wellhead
- Flowing Gas Wellhead
- Location Wellhead
- Flowing Oil Wellhead
- Miscellaneous Wellhead
- Water Wellhead
- Well Downhole Location
- (L) Newly Licenced Well
- (S) Newly Spudded Well

High Pressure Pipelines
- Gas Pipeline
- Oil Pipeline
- Water Pipeline
- LVP/HVP Pipeline
- Foreign Pipeline (Only when a company is specified)

Low Pressure Pipelines
- Gas Co-op Pipeline

Exhibit 10 – BECII Corporate Search

EY

Government of Alberta ■ Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2015/12/07
Time of Search: 09:45 AM
Search provided by: ERNST & YOUNG INC.

Service Request Number: 24336205
Customer Reference Number: GPHH

Corporate Access Number: 5114511248
Legal Entity Name: BIOWASTE TO ENERGY FOR CANADA INTEGRATION INITIATIVE (BECII) CORP.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
1451124 ALBERTA LTD.	2010/01/12

Legal Entity Status: Active
Legal Entity Type: Non-Profit Private Company
Limited by Shares: Y
Registration Date: 2009/01/30 YYYY/MM/DD
Date of Last Status Change: 2014/05/30 YYYY/MM/DD

Directors:

Last Name: KOTELKO
First Name: BERN
Street/Box Number: BOX 57
City: VEGREVILLE
Province: ALBERTA
Postal Code: T9C 1R1

Voting Shareholders:

Last Name: ALGAE GROW AND HARVEST TECHNOLOGY INC.
Street: 1400, 10303 JASPER AVENUE
City: EDMONTON
Province: ALBERTA
Postal Code: T5J 3N6
Percent Of Voting Shares: 10

Last Name: BIOMASS TECHNOLOGIES INC
Street: 12 KINGSBURY CRESCENT
City: ST. ALBERT
Province: ALBERTA
Postal Code: T8N 6W5
Percent Of Voting Shares: 10

Last Name: GRANT MACEWAN UNIVERSITY
Street: 10700 104 AVENUE
City: EDMONTON
Province: ALBERTA
Postal Code: T5J 4S2
Percent Of Voting Shares: 10

Last Name: GROWING POWER HAIRY HILL LIMITED PARTNERSHIP
Street: C/O 2700, 10155 - 102 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5J 4G8
Percent Of Voting Shares: 10

Last Name: TITAN CLEAN ENERGY PROJECTS
Street: 311 6 AVENUE N

City: SASKATOON
Province: SASKATCHEWAN
Postal Code: S7K 7A9
Percent Of Voting Shares: 10

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2015	2015/10/08

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2009/01/30	Incorporate Non-Profit Company
2010/01/12	Name Change Non-Profit Company
2010/06/10	Change Address
2010/06/10	Articles of Association Change Non-Profit Company
2014/03/02	Status Changed to Start for Failure to File Annual Returns
2015/10/08	Enter Annual Returns for Society and Non-Profit Company
2015/10/08	Change Officer / Director / Shareholder for a Non-Profit Company
2015/10/08	Change Officer / Director / Shareholder for a Non-Profit Company

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Articles of Association	10000607104926956	2009/01/30
Memorandum of Association	10000407104926957	2009/01/30
Notice of Address	10000207104926958	2009/01/30
Notice of Directors	10000007104926959	2009/01/30
Annual Return Form	10000607106889452	2010/01/12
Special Resolution	10000407106889453	2010/01/12
Nuans	10000207106889454	2010/01/12

Notice of Address	10000807108066102	2010/06/10
Notice of Directors	10000007108066101	2010/06/10
Special Resolution/Articles of Association	10000607108066103	2010/06/10
Annual Return Form	10000107114301791	2013/02/05
Annual Return Form	10000207117947947	2014/05/30
Annual Return Form	10000007117947948	2014/05/30
Annual Return Form	10000807117947949	2014/05/30
Annual Return Form	10000207117279395	2015/10/08
Notice of Directors	10000607117279398	2015/10/08
Notice of Directors	10000907117279392	2015/10/08

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.

REGISTRAR OF CORPORATIONS

Exhibit 11 – BECII PPR Search

Government of Alberta ■

Personal Property Registry Search Results Report

Search ID#: Z07429183

Transmitting Party
ERNST & YOUNG INC.

2200 TELUS HOUSE, 10020-100 STREET
EDMONTON, AB T5J 0N3

Party Code: 60005313
Phone #: 780 423 5811
Reference #: GPHH

Search ID #: Z07429183 **Date of Search:** 2015-Dec-07 **Time of Search:** 09:51:21

Business Debtor Search For:

BIOWASTE-TO-ENERGY FOR CANADA

Inexact 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.

REGISTRAR OF PERSONAL PROPERTY

Government of Alberta ■

Personal Property Registry Search Results Report

Search ID#: Z07429183

Business Debtor Search For:

BIOWASTE-TO-ENERGY FOR CANADA

Search ID #: Z07429183 **Date of Search:** 2015-Dec-07 **Time of Search:** 09:51:21

Registration Number: 11052526600 Registration Type: SECURITY AGREEMENT

Registration Date: 2011-May-25 Registration Status: Current

Expiry Date: 2021-May-25 23:59:59

Inexact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	BIOWASTE TO ENERGY FOR CANADA INTERGRATION INITIATIVE (BECII) CORP Box 130 Vegreville, AB T9C 1R1	Current

Secured Party / Parties

Block		Status
1	ALBERTA TREASURY BRANCHES-08559 9888 JASPER AVE EDMONTON, AB T5J1P1 Phone #: 780 408 7500 Fax #: 780 408 7523	Current

Collateral: General

Block	Description	Status
1	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY	Current
2	ALL MONIES ON DEPOSIT WITH ALBERTA TREASURY BRANCHES	Current
3	ALL ACCOUNTS, INSTRUMENTS, DEBTS AND CHATTEL PAPER WHICH ARE NOW DUE, OWING OR ACCRUING DUE, OR WHICH MAY HEREAFTER BECOME DUE, OWING OR ACCURING DUE, TO THE DEBTOR, TOGETHER WITH ALL RECORDS (WHETHER IN WRITING OR NOT) AND OTHER DOCUMENTS OF ANY KIND WHICH IN ANY WAY EVIDENCE OR RELATE TO ANY OR ALL OF THE ACCOUNTS, INSTRUMENTS, DEBTS, OR CHATTEL PAPER.	Current

Result Complete

Exhibit 12 – Ground Lease

GROUND LEASE

GROUND LEASE dated as at the 24th day of March, 2011.

BETWEEN:

GROWING POWER MANAGEMENT LTD.
(hereinafter called the "Lessor")

OF THE FIRST PART

- and -

BIOWASTE TO ENERGY FOR CANADA INTEGRATION INITIATIVE (BECII) CORP.
a not for profit private company duly incorporated under the laws of Alberta
(hereinafter called the "Lessee")

OF THE SECOND PART

THIS LEASE AGREEMENT WITNESSETH that for and in consideration of the covenants and agreements by the Lessee to pay the rent herein provided for and to perform the terms, covenants and conditions on the Lessee's part herein contained, the Lessor hereby leases to the Lessee, upon the following terms and conditions, the land legally described as follows:

PLAN 1121639
BLOCK 1
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
("the Lands"),

being more particularly set out on the plan attached as Schedule "A" hereto, together with all rights, easements and appurtenances pertaining thereto, including, without limitation, any and all rights of ingress and egress to streets, street beds and roadways, if any, associated therewith and all improvements located thereon. The Lands, all improvements now or hereafter located thereupon and the rights, easements and appurtenances pertaining thereto are hereinafter collectively referred to as the "**Premises**". If Lessee constructs a building on the Premises, including without limitation the BEC – II Laboratory and Office complex, such building is hereinafter referred to as the "**Buildings and Improvements**", and the Lessor hereby permits the Lessee to undertake the construction and erection of any other buildings, parking lots or other improvements and any appurtenants or ancillary improvements thereto on the Premises as the Lessee may determine necessary.

The Lessor and the Lessee hereby covenant and agree with each other as follows:

1. QUIET ENJOYMENT

1.1 Lessor covenants and warrants that Lessor is the true and lawful owner in fee simple of the Lands and has good right and full power to let and lease the same. Lessor agrees that, contingent upon Lessee's compliance with the terms of this Lease, Lessee shall quietly and peaceably hold, possess and enjoy the Premises and the Buildings and Improvements for the full Term of this Lease without any hindrance or molestation by any party whomsoever.

2. TERM

2.1 The term of this agreement and the rights herein granted shall be for a period of Ninety Nine (99) years and shall commence on the 1st day of February 2011 (the "Commencement Date") and expire on the 31st day of January, 2110, (the "Term").

3. RENT

3.1 For the use and enjoyment of the Premises and the Buildings and Improvements the Lessee shall pay to the Lessor annual rent in the amount of One ($1.00) Dollar on each anniversary of the Commencement Date.

4. LESSEE TO PAY ALL CHARGES AND FEES

4.1 Subject to Section 8.2, the Lessee shall keep the Premises and the Buildings and Improvements free of levies, liens and encumbrances and shall pay all license fees, registration fees, assessments, charges and taxes (municipal, provincial and federal) which may be levied or assessed directly or indirectly against or on account of the Buildings and Improvements or any interest therein or use thereof. In case of the failure of the Lessee to pay the said license fees, registration fees, assessments, charges and taxes, all as hereinbefore specified, the Lessor may pay the said license fees, registration fees, assessments, charges and taxes as the case may be, in which event the cost thereof together with interest at the rate of 12% per annum shall constitute so much additional rent which shall be forthwith due and payable and the Lessor shall be entitled to all the rights and remedies provided herein in the event of default of payment of rent.

5. REAL ESTATE TAXES

5.1 Lessor represents to Lessee that the Lands is a separate legal parcel with its own parcel identification number and that the Premises are separately assessed for the purpose of paying all real estate taxes and assessments for betterments and improvements that are levied or assessed by any lawful authority on the Premises ("Real Estate Taxes"). From and after the Commencement Date, Lessee shall pay all Real Estate Taxes on the Premises on or prior to the last day on which Real Estate Taxes can be paid without interest or penalty.

6. UTILITIES

6.1 From and after the Commencement Date, Lessee shall pay directly to the applicable utility companies or governmental agencies for all utilities (including, but not limited to, electric, gas, water, sewage or telephone) consumed on the Premises by Lessee during the Term. Lessor shall not take or permit any person claiming under Lessor to take any action which shall interrupt or interfere with any utility service to the Premises, except for such time as is reasonably required to repair any such utilities.

7. USE

7.1 The Premises may be used for any lawful purpose. Without limiting the generality of the foregoing, Lessee shall have the right to use the entire Premises as Lessee sees fit in connection with the operation of business on the Premises.

8. ASSIGNMENT AND SUBLETTING

8.1 Lessee shall have the right to assign this Lease and to sublet all or any portion of the Premises without Lessor's consent, but in no event shall Lessee be released from liability hereunder upon any such assignment or subletting; provided, however, in the event Lessor and any assignee modify or amend this Lease without Lessee's consent so as to increase the obligations of Lessee hereunder, Lessee's liability hereunder shall not be increased, but instead shall continue as it existed prior to such modification or amendment.

8.2 Notwithstanding anything to the contrary in this Lease, Lessee may at any time execute and deliver one or more mortgages, deeds to secure debt or deeds of trust (any such mortgage, deed to secure debt or deed of trust is herein called a "Leasehold Mortgage") granting a lien or security interest in Lessee's leasehold estate and rights hereunder without the consent of Lessor; provided, however, that Lessee shall remain liable hereunder for the payment of Rent and any additional rent payable hereunder and for performance of all the obligations of Lessee under this Lease. In no event shall any such Leasehold Mortgage encumber Lessor's fee interest in the Premises. If either Lessee or the holder of any such Leasehold Mortgage notifies Lessor of the existence of such Leasehold Mortgage and the address of the holder thereunder for the service of notices, such holder shall be deemed to be a "Leasehold Mortgagee" as such term is used in this Lease. Lessor shall be under no obligation under this provision to any holder of a Leasehold Mortgage of whom Lessor has not received such notice.

8.3 If an event of default by Lessee under this Lease occurs, Lessor shall give written notice thereof to any Leasehold Mortgagee, and Lessor shall take no action to terminate this Lease or to interfere with the occupancy, use or enjoyment of the Premises, provided that (A) if such event of default is a default in the payment of any instalment of Rent or any additional rent, such Leasehold Mortgagee cures such default not later than thirty (30) days after receipt of such notice; (B) if such event of default is a default in observing or performing any other covenant or condition to be observed or performed by Lessee hereunder, and such default can be cured by such Leasehold Mortgagee without obtaining possession of the Premises, such Leasehold Mortgagee remedies such default within sixty (60) days after receipt of such notice; provided, however, in the case of a default that cannot with diligence be cured, or the curing of which cannot be commenced, within such sixty (60) days, such Leasehold Mortgagee shall have such additional period as may be necessary to cure such default with diligence and continuity; or (C) if such event of default is a default that can only be remedied by such Leasehold Mortgagee upon obtaining possession of the Premises, such Leasehold Mortgagee obtains such possession with diligence and continuity, through a receiver or otherwise, and cures such default within sixty (60) days after obtaining such possession; provided, however, in the case of a default that cannot with diligence be cured, or the curing of which cannot be commenced, within such period of sixty (60) days, such Leasehold Mortgagee shall have such additional period as may be necessary to cure such default with diligence and continuity.

8.4 If any Leasehold Mortgagee or a person designated by such Leasehold Mortgagee either becomes the owner of the interest of Lessee hereunder upon the exercise of any remedy provided for in the Leasehold Mortgage, or enters into a new lease with Lessor, such Leasehold Mortgagee or such person shall have the right to assign to any person such interest or such new lease.

8.5 If this Lease terminates for any reason or is rejected or disaffirmed pursuant to bankruptcy law or other law affecting creditors' rights, any Leasehold Mortgagee or a person designated by such Leasehold Mortgagee shall have the right, exercisable by notice to Lessor, within thirty (30) days after the date of such termination, to enter into a new lease of the Premises with Lessor. The term of said new lease shall begin on the date of the termination of this Lease and shall continue for the remainder of the Term. Such new lease shall otherwise contain the same terms and conditions as those set forth herein, except for requirements that are no longer applicable or have already been performed, provided that such Leasehold Mortgagee shall have cured all defaults on the part of Lessee hereunder that are susceptible of being cured by the payment of money, and that such new lease shall require the Lessee thereunder promptly to commence, and expeditiously to continue, to cure all other defaults on the part of Lessee hereunder to the extent susceptible of being cured. This provision shall survive the termination of this Lease and shall continue in full force and effect thereafter to the same extent as if this provision were a separate and independent contract among Lessor, Lessee and each Leasehold Mortgagee.

8.6 No Leasehold Mortgagee shall become liable for the performance or observation of any covenants or conditions to be performed or observed by Lessee unless and until such Leasehold Mortgagee becomes the owner of Lessee's interest hereunder upon the exercise of any remedy provided for in any Leasehold Mortgage or enters into a new lease with Lessor. Thereafter, such Leasehold Mortgagee shall be liable for (A) the performance and observance of such covenants and conditions only so long as such Leasehold Mortgagee owns such interest or is the lessee under such new lease, and (B) any defaults by such Leasehold Mortgagee occurring during the period it owned such interest or was the lessee under such new lease.

8.7 Upon the reasonable request of any Leasehold Mortgagee, Lessor and Lessee shall cooperate in including in this Lease by suitable amendment from time to time any provision for the purpose of implementing the protective provisions contained in this Lease for the benefit of such Leasehold Mortgagee in allowing such Leasehold Mortgagee reasonable means to protect or preserve the lien of its proposed Leasehold Mortgage on the occurrence of a default under the terms of the Lease. Lessor and Lessee shall execute, deliver and acknowledge any amendment reasonably necessary to affect any such requirement; provided, however, that any such amendment shall not in any way affect the Term or rental under this Lease nor otherwise in any material respect adversely affect any rights of Lessor under this Lease.

8.8 Notwithstanding any other provision of this Lease, the Leasehold Mortgagee shall be permitted and shall have such additional period of time to cure any defaults of the Lessee under this Lease, as may be necessary to cure such default with diligence and continuity.

9. COMPLIANCE WITH REQUIREMENTS

9.1 Subject to the terms below applicable to Hazardous Substances, Lessee shall, at Lessee's own cost and expense, comply with all Requirements applicable to the Premises. The term "Requirements" shall mean all requirements of all laws, orders, ordinances, rules and regulations of federal, provincial and municipal authorities, and of any certificate of occupancy or other direction issued pursuant to law by any public officer or officers, which shall relate to the Premises or the use, occupancy or control thereof or the conduct of any business thereon, including those relating to or which necessitate structural changes or improvements or alteration, repair or removal of any improvements on any part of the Premises. Notwithstanding the foregoing, Lessor, not Lessee, shall be responsible for any violations or breaches of the Requirements arising prior to the Commencement Date or otherwise caused by Lessor.

10. **MAINTENANCE AND REPAIRS; IMPROVEMENTS**

10.1 Lessee's Repairs to Premises. Lessee shall maintain the Premises in good condition and shall be responsible for all repairs to the Premises except repairs or replacements necessitated by damage caused by the wilful acts or negligence of Lessor, its employees, agents and contractors (which repairs shall be made by Lessee at Lessor's cost). All development and construction on and to the Premises and all maintenance, repair and other work with respect thereto required hereunder shall be Lessee's sole responsibility and Lessor shall have no obligation with respect thereto, except as may be specifically otherwise set forth herein.

11. **DEMOLITION AND CONSTRUCTION OF IMPROVEMENTS**

11.1 Lessee shall have the right, at its sole cost and without the necessity of obtaining Lessor's consent, to make at any time and from time to time, improvements and alterations to the Premises and to raze or demolish any existing improvements and construct other improvements on the Premises, so long as Lessee complies with all applicable Requirements. Lessor shall cooperate with Lessee and shall execute all instruments necessary or appropriate to obtain all permits, licenses and other approvals to make such alterations and improvements from the applicable governmental authorities to satisfy the Requirements.

11.2 Any structures, trade fixtures, furniture, equipment, systems and other personal property that Lessee places or installs in the Premises, at its expense prior to or during the Term hereof, shall remain Lessee's property and may be removed at any time and from time to time by Lessee.

12. **INSURANCE**

12.1 General Requirements

(a) The Lessee covenants and agrees that throughout the Term and any period of overholding, it shall purchase, provide and maintain, at its expense the Insurance set out in Schedule "B" subject to reasonable deductibles and the requirements, terms and conditions set out below. Notwithstanding the provisions of Schedule "B and the coverage limits or absence of coverage limits of Insurance set forth in Schedule "B, the Lessee agrees that the Lessee will purchase, provide and maintain such additional Insurance, including sudden and accidental pollution insurance, with such increased or other coverage limits as the Lessor acting reasonably may, from time to time, by written notice direct the Lessee so to do, provided additional Insurance or such increased or other coverage limits are commercially reasonable based on then current industry standards.

(b) The Lessee agrees that it will be solely responsible for payment of any deductible amounts under the Insurance notwithstanding that the Lessor and the Lessee Mortgagee are to be named as additional insureds.

(c) In requesting increased or other limits pursuant to Section 12.1, the Lessor may, without limitation, consider:

(i) the current replacement cost of any property which the Lessee is required by this Lease to cover with property insurance;

(ii) the normal inflation since the Commencement Date;

(iii) any judgment of any Court with respect to damages for bodily injury (including death), personal injury and property damage; and

(iv) any other matter which a prudent Lessor would take into consideration.

(d) The Lessee agrees to obtain and provide to the Lessor an insurance appraisal for the full replacement value of the Existing Buildings within one (1) year from the Commencement Date. The Lessee further agrees, upon the Lessor's request being made from time to time, to obtain and provide to the Lessor a further insurance appraisal or appraisals for the full replacement value of the Leasehold Improvements; PROVIDED THAT such requests by the Lessor may not be made more often than once during every five (5) year period of time during the Term.

12.2 Policies of Insurance

(a) Each policy of the Insurance shall:

(i) be enforceable by any party named as an insured (or additional insured) thereunder;

(ii) be primary to, and non-contributing with any other insurance available to or placed by the Lessor;

(iii) contain a prohibition against cancellation or material change that reduces or restricts the Insurance except on not less than thirty (30) days' prior written notice to the Lessor; and

(iv) be in a form and with insurers satisfactory to the Lessor, acting reasonably.

(b) Each policy of property insurance shall:

(i) name the Lessor as a loss payee to the extent of its interest or in the alternative, name the Lessee Mortgagee and the Lessor as additional insureds to the extent of their respective interests;

(ii) contain a waiver of any subrogation rights that the insurers may have against either the Lessor or the Lessee Mortgagee and against those for whom either the Lessor or the Lessee Mortgagee are responsible in law to the extent of the Lessee's obligations hereunder; and

(iii) not contain any co-insurance requirements or, in the alternative, be written on a stated amount of co-insurance acceptable to the Lessor.

(c) Except for the automobile liability insurance referred to in clause (c) of Schedule "B, each policy of liability insurance shall:

(i) contain a cross liability and severability of interest clause; and

(ii) specify that the Lessor is an additional insured to the extent of the Lessee's obligations hereunder.

12.3 Compliance with Policies of Insurance

(a) The Lessee covenants not to do anything, omit to do anything, or permit anything to be done, or omitted to be done which will invalidate, adversely affect or limit either any insurance policy required to be maintained by the Lessee or any insurance policy which is maintained by the Lessor.

(b) The Lessee covenants to ensure that no Occupant does anything, omits to do anything or permits anything to be done or omitted to be done which will invalidate, adversely affect or limit either any insurance policy required to be maintained by the Lessee or any insurance policy which is maintained by the Lessor.

12.4 Lessor's Right to Remedy. If any policy of Insurance shall be: (i) cancelled or shall be threatened by the insurer to be cancelled, (ii) refused to be renewed or the coverage thereunder reduced in any way by the insurer by reason of the use, occupation, operation or maintenance of the Leased Premises or any part thereof by the Lessee or anyone permitted by the Lessee to be upon the Leased Premises, or if (iii) the Lessee neglects or omits to pay any premiums or other sums of money payable for maintaining Insurance, and if the Lessee fails to commence to remedy and fails to diligently proceed to remedy the condition giving rise to cancellation, threatened cancellation or reduction in coverage within forty-eight (48) hours after notice thereof from the insurer or if the Lessee is unable or unwilling to purchase, provide or maintain any Insurance, the Lessor, in addition to any other remedy, may, at its option:

(a) enter upon the Leased Premises and remedy the condition giving rise to such cancellation, threatened cancellation or reduction in coverage and the Lessee shall forthwith pay the costs thereof to the Lessor as Additional Rent; and

(b) without assuming any obligation in connection therewith and without prejudice to any other rights and remedies of the Lessor, pay such premiums or other amounts or effect such Insurance at the sole cost of the Lessee, and all outlays and expenses incurred by the Lessor shall be immediately paid by the Lessee to the Lessor as Additional Rent.

12.5 Proof of Insurance. The Lessee shall, no later than the Commencement Date, deliver to the Lessor certificates of insurance reasonably acceptable to the Lessor signed by the Lessee's insurer, agent or broker evidencing the Insurance and shall provide evidence from time to time within thirty (30) days of receipt of a request from the Lessor, that any such policy is in full force and effect during the Term and any period of overholding, and shall provide to the Lessor evidence of renewal of the Insurance. Delivery to and examination by the Lessor of any certificate of insurance or other evidence of insurance in no way shall relieve the Lessee of any of its obligations to ensure strict compliance with the provisions of this Article 2 and any of its obligations to indemnify as contained in this Lease, and in no way shall operate as a waiver by the Lessor of any of its rights.

12.6 Coverage Not Available - Notwithstanding anything contained in this Article 12, in the event that any specific obligation contained in Article 12 becomes obsolete or that Insurance to meet such obligation is not available on commercially reasonable terms, then the Lessee shall obtain Insurance providing for similar coverage which is then available which shall be satisfactory to the Lessor acting reasonably. In the event the Lessee is unable or unwilling to provide such other similar coverage, then the Lessor may obtain such other similar coverage and recover the cost thereof from the Lessee as Additional Rent. If no such similar coverage is available, then a mutually agreeable replacement for such coverage shall be effected by the Lessee. Until the replacement policy is put into effect, the Lessor may place such coverage as it deems advisable to protect its interest or comply with the Head Lease and recover the cost thereof from the Lessee as Additional Rent.

12.7 Liabilities of the Lessee. The Lessee's liabilities and obligations shall not be restricted to any sums mentioned as minimums in any of the insurance clauses contained herein or by an approval of the Lessor and, furthermore, the unavailability of any Insurance required herein or the approval by the Lessor of the terms, form or amount of any Insurance or the approval of the Lessor of any insurer shall not reduce or waive any of the Lessee's obligations to indemnify the Lessor as required by this Lease.

13. INSURANCE CERTIFICATES

13.1 Lessee shall name Lessor as an additional insured under the policies carried above. All of the foregoing insurance policies will be written with companies of recognized standing and will provide that the party named as an additional insured shall be given a minimum of ten (10) days written notice by any such insurance company prior to the cancellation, termination or alteration of the terms or limits of such coverage. Lessee will deliver to Lessor copies of the foregoing insurance policies or certificates thereof within thirty (30) days after the Commencement Date and evidence of all renewals or replacements of same not less than ten (10) days prior to the expiration date of such policies.

13.2 Lessor and Lessee hereby each release the other party and anyone claiming through or under the other party by way of subrogation or otherwise from any and all insured loss of or damage to Premises, or Lessee's personal property, whether or not caused by the negligence or fault of the other party. In addition, Lessee shall cause any property insurance policy carried by it insuring the Premises or the contents thereof to be written to provide that the insurer waives all rights of recovery by way of subrogation against Lessor in connection with any loss or damage covered by the policy.

13.3 Subject to the terms of Section 13.2 above, each of Lessor and Lessee covenants and agrees to indemnify, defend, protect and hold the other harmless against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever (including, without limitation, attorneys' and experts' fees and disbursements) which may at any time be imposed upon, incurred by or asserted or awarded against the other arising from or in connection with the loss of life, personal injury and/or damage to property occasioned by any negligent or wilful act or omission of the indemnifying party or its agents, contractors, servants or employees. In addition, Lessee covenants and agrees to indemnify, defend, protect and hold the other harmless against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever (including, without limitation, attorneys' and experts' fees and disbursements) which may at any time be imposed upon, incurred by or asserted or awarded against the other and arising from or in connection with the loss of life, personal injury and/or damage to property arising from or out of any occurrence in or upon the Premises, unless caused by any negligent or wilful act or omission of Lessor or its agents, contractors, servants or employees. If an indemnified party shall, without fault, be made a party to any litigation commenced by or against the other party, or if a party shall, in its reasonable discretion, determine that it must intervene in such litigation to protect its interest hereunder, the indemnifying party shall defend such other party using attorneys reasonably satisfactory to such other party and shall pay all costs, expenses and reasonable attorneys' fees and costs in connection with such litigation. An indemnified party shall have the right to engage its own attorneys in connection with any of the provisions of this Section or any of the provisions of this Agreement, including, but not limited to, any defense of or intervention by such party, notwithstanding any contrary provisions of the laws or court decisions of the state in which the Premises is located.

14. DAMAGE OR DESTRUCTION

14.1 If the Building and Improvements or any of Lessee's other improvements on the Lands are damaged or destroyed during the Term by a casualty loss, Lessee shall, at its election and at its expense, either (i) rebuild and restore the Building and Improvements and/or construct other improvements; or (ii) raze the Building and Improvements and such improvements and place the Premises in a safe condition. Lessee shall have full use of and the right to apply any insurance proceeds available for such rebuilding and restoration.

15. DEFAULT

15.1 In the event (i) Lessee shall at any time fail to pay Rent or other monetary amounts herein required to be paid by Lessee, such failure shall continue for ten (10) days after receipt by Lessee of an initial written notice from Lessor and such failure shall continue for an additional ten (10) days after a second written notice by Lessor given after the expiration of the ten (10) day period following the first notice from Lessor, or (ii) Lessee shall fail to observe or perform any of the other covenants and agreements required to be performed and observed by Lessee hereunder and any such default shall continue for a period of thirty (30) days after receipt by Lessee of written notice from Lessor and Lessee shall not thereafter cure such default [if such default is by its nature not reasonably susceptible of being cured within such thirty (30) day period, such thirty (30) day period shall be extended as necessary to provide Lessee the opportunity to cure the default, provided Lessee within said period commences and thereafter diligently proceeds to cure such default without interruption until such cure is completed], then Lessor shall be entitled at its election, to exercise concurrently or successively, any one or more of the following rights:

(a) to bring suit for the collection of the Rent or other amounts for which Lessee may be in default, or for the performance of any other covenant or agreement of Lessee hereunder, all without entering into possession of the Premises or terminating this Lease;

(b) in the case of a default with respect to a payment of Rent by Lessee to Lessor, to re-enter the Premises with process of law and take possession thereof, without thereby terminating this Lease, and thereupon Lessor may expel all persons and remove all property therefrom, without becoming liable therefor, and relet the Premises and receive the rent therefrom, applying the same first to the payment of the reasonable expenses of such re-entry, and then to the payment of the monthly Rent accruing hereunder, with the balance, if any, to be held by Lessor for application against future Rent due hereunder. In such event, Lessor shall be obligated to mitigate its damages. The commencement and prosecution of any action by Lessor in forcible entry, ejectment or otherwise, or the appointment of a receiver, or any execution of any decree obtained in any action to recover possession of the Premises, or any re-entry, shall not be construed as an election to terminate this Lease unless Lessor shall, in writing, expressly exercise its election to terminate this Lease, and, unless this Lease be expressly terminated, such re-entry or entry by Lessor, whether had or taken under summary proceedings or otherwise, shall not be deemed to have absolved or discharged Lessee from any of its obligations and liabilities for the remainder of the Term of this Lease; or

(c) in the case of a default with respect to a payment of Rent by Lessee to Lessor, to terminate this Lease, re-enter the Premises and take possession thereof. In the event Lessor shall elect to terminate this Lease, all rights and obligations of Lessee, and of any permitted successors or assigns, shall cease and terminate, except that Lessor shall have and retain full right to sue for and collect all Rent of which Lessee shall then be in default and all damages to Lessor by reason of any such breach. In such event, Lessor shall be obligated to mitigate its damages. Lessee shall surrender and deliver up the Premises to Lessor and upon any default by Lessee in so doing, Lessor shall have the right to recover possession by summary proceedings or otherwise and to apply for the appointment of a receiver and for other ancillary relief in such action, provided that Lessee shall have fifteen (15) days written notice after such application may have been filed and before any hearing thereon. In such event, Lessor shall again have and enjoy the Premises, fully and completely, as if this Lease had never been made. Lessee hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Lessor's obtaining possession of the Premises by reason of the breach or violation by Lessee of any of the covenants and conditions in this Lease contained.

15.2 In the event that Lessor shall at any time be in default in the observance or performance of any of the covenants and agreements required to be performed and observed by Lessor hereunder and any such default shall continue for a period of thirty (30) days after written notice to Lessor [if such default is by its nature not reasonably susceptible of being cured within such thirty (30) day period, such thirty (30) day period shall be extended as necessary to provide Lessor the opportunity to cure the default, provided Lessor within said period commences and thereafter diligently proceeds to cure such default without interruption until such cure is completed], Lessee shall be entitled at its election, in addition to all remedies otherwise provided in this Lease and otherwise available at law or in equity under the laws of the United States or the State in which the Premises is located:

(a) to bring suit for the collection of any amounts for which Lessor may be in default, or for the performance of any other covenant or agreement devolving upon Lessor, without terminating this Lease, and/or

(b) to terminate this Lease without waiving Lessee's rights to damages for Lessor's failure to perform any of its covenants or agreements hereunder. In the event Lessee shall elect to terminate this Lease, all rights and obligations of Lessee, and of any permitted successors or assigns, shall cease and terminate, except that Lessee shall have and retain full right to sue for and collect all amounts for the payment of which Lessor shall then be in default and all damages to Lessee by reason of any such breach.

15.3 Each of Lessor and Lessee covenants and agrees to indemnify, defend, protect and hold the other harmless against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever (including, without limitation, attorneys' and experts' fees and disbursements) which may at any time be imposed upon, incurred by or asserted or awarded against the other arising from or in connection with the loss of life, personal injury and/or damage to property in connection with the failure to comply with the provisions of this Lease or the breach of any warranty or representation of the indemnifying party contained herein.

15.4 All remedies of Lessor and Lessee herein created or remedies otherwise existing at law or in equity are cumulative and the exercise of one or more rights or remedies shall not be taken to exclude or waive the right to the exercise of any other, but in no event shall Lessor have the right to accelerate rental reserved hereunder. All such rights and remedies may be exercised and enforced concurrently and whenever and as often as either Lessor or Lessee shall, as applicable, deem necessary.

16. SIGNAGE

16.1 Lessee shall have the right to install such free-standing pylon and monument signs, directional signs and signs on the interior and exterior of the Building and Improvements or elsewhere on the Premises as may be desired by Lessee, subject to compliance with the Requirements. Lessor agrees to cooperate with Lessee in obtaining any permits and approvals required by the Requirements, as well as any waivers, special use permits and other special permits as may be required in order for Lessee to install any signs which exceed or differ from the signs permitted by the Requirements.

17. APPROVALS

17.1 Lessor and Lessee shall attempt to obtain, within a reasonable period after the Commencement Date (said period being herein referred to as the "Approval Period"), the valid and irrevocable grant, on terms and conditions satisfactory to Lessee, in its sole and absolute discretion, of those permits, licenses and approvals necessary to permit Lessee to construct and operate the Building and Improvements, from all governmental and quasi-governmental authorities with jurisdiction including, without limitation, permits, licenses and approvals pertaining to demolition, zoning, building, detention and environmental matters, grading, curb cuts, zero curb lines, building setbacks, signage, driveways, turn lanes and traffic signalization, platting and/or subdivision of the Premises, (collectively, the "Approvals").

17.2 The obligations of Lessee hereunder shall be conditioned upon all of such Approvals being validly granted on terms and conditions satisfactory to Lessee without qualification, limitation or restriction, except such qualifications, limitations and restrictions as shall be acceptable to Lessee in its sole and absolute discretion, and no longer being subject to appeal. Lessor shall cooperate in good faith with Lessee to obtain such Approvals. Lessor hereby authorizes Lessee to seek and apply for all Approvals in Lessor's name and on Lessor's behalf. If Lessee does not obtain the Approvals, on terms and conditions satisfactory to Lessee without qualification, limitation or restriction, except such qualifications, limitations and restrictions as shall be acceptable to Lessee in its sole and absolute discretion, prior to the expiration of the Approval Period, then Lessee may by written notice to Lessor terminate this Lease, whereupon this Lease shall be of no further force or effect and neither party hereto shall have any further rights, duties or liabilities hereunder other than those rights, duties and liabilities which have arisen or accrued hereunder prior to the Commencement Date of such termination.

17.3 Lessor shall cooperate reasonably with Lessee in making changes and improvements to areas located outside of the Premises required in connection with the Approvals.

18. HAZARDOUS SUBSTANCES

18.1 Lessor warrants and represents to Lessee that the Premises do not now contain nor have they ever contained any Hazardous Substances or any tanks, and that Lessor and its predecessors and their respective agents, employees and Lessees have not caused or permitted any such Hazardous Substances to be released, discharged or deposited onto or in the vicinity of the Premises. Lessor warrants and represents further that (i) Lessor and/or the Premises are not subject to any existing, pending or threatened investigation by any governmental authority under any applicable federal, state or local law, regulation or ordinance pertaining to soil, groundwater, air and water quality, the handling, transportation, storage, treatment, usage or disposal of Hazardous Substances, air emissions and other environmental matters (collectively, "Environmental Laws"); (ii) any handling, transportation, storage, treatment or use of Hazardous Substances that has occurred on the Premises to date has been in compliance with all Environmental Laws and all other applicable federal, state, and local laws, regulations and ordinances; and (iii) no leak, spill, release, discharge, emission or disposal of Hazardous Substances has occurred on or in vicinity of the Premises to date.

18.2 "Hazardous Substances" for purposes of this Lease shall be interpreted broadly to include, but not be limited to, any material or substance that is defined, regulated or classified under any Environmental Law of other applicable federal, provincial or local laws and the regulations promulgated thereunder as toxic or hazardous or presenting a risk to human health or the environment. "Hazardous Substances" shall also mean any substance that after release into the environment or upon exposure, ingestion, inhalation or assimilation, either directly from the environment or directly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer or genetic abnormalities and specifically includes, but is not limited to, asbestos, polychlorinated biphenyls ("PCBs"), radioactive materials, including radon and naturally occurring radio nuclides, natural gas, natural gas liquids, liquefied natural gas, synthetic gas, oil, petroleum and petroleum-based derivatives and urea formaldehyde.

18.3 If at any time Hazardous Substances are determined to be present on the Premises (other than Hazardous Substances introduced by Lessee or parties claiming under Lessee), Lessor shall take all steps necessary to promptly remove or otherwise abate all such Hazardous Substances in accordance with all applicable Requirements. Lessor shall use its best efforts not to interfere with the conduct of Lessee's business during any such removal or abatement process. If Lessee determines, in its sole judgment, that Lessor is unable or unwilling to take such steps to remove or abate the Hazardous Substances condition, and that said condition has or will have a negative impact upon the conduct of Lessee's business or the safety and health of its employees or customers, then Lessee may, upon giving Lessor at least thirty (30) days' advance notice, elect to (i) terminate this Lease without further liability to Lessee; or (ii) expend such sums as Lessee reasonably determines are necessary to remove or abate the condition and to offset said amounts against the next Rent and other charges due under this Lease. Notwithstanding the foregoing, if Lessor is able to demonstrate to Lessee's sole satisfaction that Lessor is able to remove or abate the Hazardous Substances condition within a reasonable period of time and Lessor is diligently pursuing such removal or abatement, Lessee shall have no right to terminate the Lease, but Lessee's Rent and other charges payable hereunder shall be equitably reduced to take into account the economic loss to Lessee during the period in which the Hazardous Substances condition is being removed or abated. Nothing herein shall be deemed to limit any other rights or remedies to which Lessee may be entitled by reason of the existence of Hazardous Substances. If Lessee terminates this Lease, then this Lease shall be of no further force or effect and neither party hereto shall have any further rights, duties or liabilities hereunder other than those rights, duties and liabilities which have arisen or accrued hereunder prior to the Commencement Date of such termination.

18.4 Lessor further covenants and agrees to indemnify, defend, protect and hold Lessee harmless against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever (including, without limitation, attorneys' and experts' fees and disbursements) which may at any time be imposed upon, incurred by or asserted or awarded against Lessee and arising from or out of any Hazardous Substances on, in, under or affecting all or any portion of the Premises (other than any Hazardous Substances introduced by Lessee or parties claiming under Lessee) including, without limitation, (i) the costs of removal of any and all Hazardous Substances from all or any portion of the Premises; (ii) additional costs required to take necessary precautions to protect against the release of Hazardous Substances on, in, under or affecting the Premises into the air, any body of water, any other public domain or any surrounding areas; and (iii) compliance, in connection with all or any portion of the Premises, with all applicable Requirements, and (iv) any additional construction costs incurred by Lessee on account of such Hazardous Substances.

18.5 Lessor acknowledges that Lessee handles certain Hazardous Substances as part of its intended operations. Lessee shall handle, store, and dispose of such Hazardous Substances in compliance with all applicable Requirements. Lessee further covenants and agrees to indemnify, defend, protect and hold Lessor harmless against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever (including, without limitation, attorneys' and experts' fees and disbursements) which may at any time be imposed upon, incurred by or asserted or awarded against Lessor and arising from or out of any Hazardous Substances on, in, under or affecting all or any portion of the Premises introduced by Lessee or parties claiming under Lessee including, without limitation, (i) the costs of removal of any and all Hazardous Substances from all or any portion of the Premises; (ii) additional costs required to take necessary precautions to protect against the release of Hazardous Substances on, in, under or affecting the Premises into the air, any body of water, any other public domain or any surrounding areas; and (iii) compliance, in connection with all or any portion of the Premises, with all applicable Requirements.

19. SURVIVAL

19.1 The provisions of Article 18 shall survive the expiration or earlier termination of this Lease.

20. PROPER LAW

20.1 This agreement shall be deemed to have been made within and shall be construed in accordance with the laws of the Province of Alberta.

21. NON-WAIVER

21.1 No covenant or condition of this lease can be waived except by the written consent of the Lessor and forbearance or indulgence by the Lessor in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by the Lessee to which the same may apply, and, until complete performance by the Lessee of said covenant or condition, the Lessor shall be entitled to invoke any remedy available unto the Lessor under this lease or by law, despite said forbearance or indulgence.

22. TIME OF THE ESSENCE

22.1 Time is of the essence of this lease and each and all of its provisions.

23. SUCCESSORS AND ASSIGNS

23.1 This Lease shall enure to the benefit of and be binding upon the successors and permitted assigns of the respective parties hereto and the heirs, executors and administrators of the Lessee, if an individual, provided that nothing in this paragraph contained shall impair any of the provisions hereinbefore set forth prohibiting assignment without the written consent of the Lessor.

24. NOTICE

24.1 Any notice required hereunder shall be sufficiently given if otherwise in accordance with the terms hereof if sent by prepaid registered post addressed to the Lessor and to the Lessee at the address for service specified in clause A of the Schedule hereto, or to such other address as either party may hereafter duly notify the other and such notice shall be deemed to have been received on the second business day following the day on which it was posted at a Post Office in the Province of Alberta, and on the fifth business day after posting if posted at a Post Office in Canada, outside of the Province of Alberta.

25. HEADINGS

25.1 The article headings contained in this lease are for reference purposes only and shall not affect in any way the meaning or interpretation of this lease.

IN WITNESS WHEREOF the parties hereto have set their hands and seals the day and year first above written.

Witness
David N. Thomlinson
Barrister & Solicitor

GROWING POWER MANAGEMENT LTD.

Per:
Title
Per: Evan V Chrapko
Title
Founder, Pres., Chair

Witness
David N. Thomlinson
Barrister & Solicitor

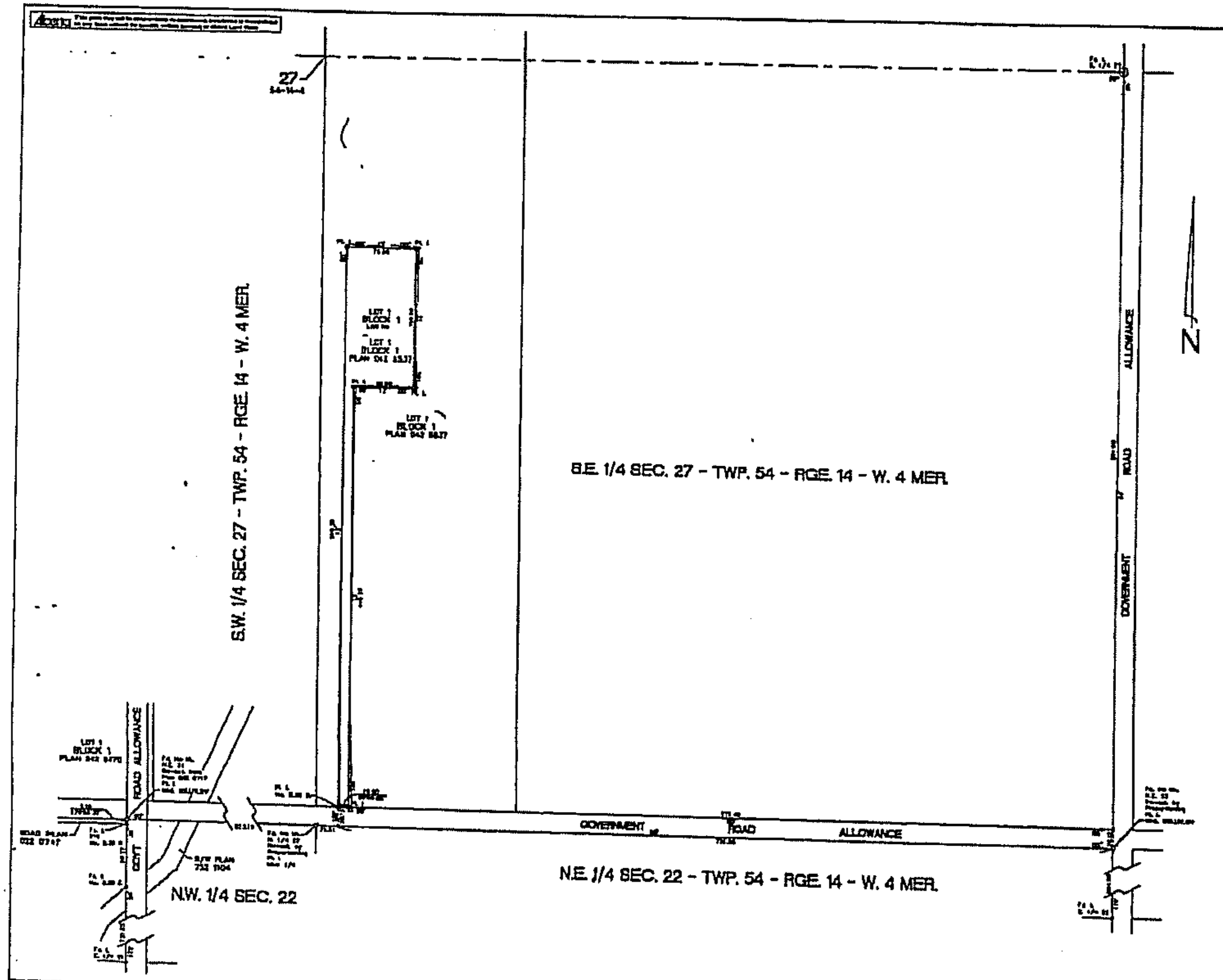
BIOWASTE TO ENERGY FOR CANADA INTEGRATION INITIATIVE (BECII) CORP.

Per:
Title
Per: Evan V Chrapko
Title
Founder, President & Chair

SCHEDULE A

The Lands

See attached.



LAND TITLES OFFICE

PLAN NO. 112 1839

ENTERED AND REGISTERED

ON March 17, 2011

INSTRUMENT NO. 112 074 146

Shawn Lovell
A.D. REGISTRAR
N.A.L.R.D.

ABBREVIATIONS

PLAN
SHOWING
SUBDIVISION
OF PART OF
LOT 1 BLOCK 1 PLAN 042 5337
WITHIN
S.E. 1/4 SEC. 27 – TWP. 54 – RGE. 14 – W. 4 MER.
COUNTY OF TWO HILLS NO. 21, ALBERTA
2010

SCALE 1:3000

LEGEND

SURVEYOR

A. RACHYNSKI, A.L.S.

P166

SURVEYED ON THE DATE OF

SUBDIVISION AUTHORITY

REGISTERED OWNERS

NOTE

SCHEDULE B

INSURANCE

The Insurance shall be as follows:

(a) with respect to property insurance:

(i) shall provide coverage in an amount not less than the full replacement cost of the Buildings and all Leasehold Improvements with reasonable deductibles as the Lessor may, acting reasonably, approve;

(ii) shall be all risks including flood, earthquake and water damage (resulting from, inter alia, utility interruption or breakdowns of equipment), and, if required by the Lessor, shall include broad comprehensive boiler and machinery insurance;

(iii) shall include increased bylaws coverage.

(b) Five million ($5,000,000.00) dollars of a broad form of inclusive limits comprehensive general liability insurance on an occurrence basis, covering all operations and activities of the Lessee, including, without limitation, coverages, extensions or additions for:

(i) owners' and contractors' protective;

(ii) products and completed operations;

(iii) bodily injury (including death);

(iv) personal injury;

(v) blanket contractual liability;

(vi) occurrence property damage;

(vii) defence costs;

(viii) cross liability;

(ix) non-owned automobile liability coverage; and

(x) contractual liability coverage.

(c) Two million ($2,000,000.00) dollars inclusive limits automobile liability insurance covering all licensed or unlicensed vehicles owned or operated by the Lessee and the Lessee shall ensure such coverage is in place with respect to any licensed vehicle operated on its behalf; and

(d) during any time during which the Lessee is constructing any Leasehold Improvements, renovations or Alterations to the Land or Buildings, insurance which provides for:

(i) liability Insurance written on a wrap-up basis covering the Lessor and the Lessee for damages because of property damage, bodily injury (including death) and personal injury arising out of the existence of the Leased Premises as well as any construction operation or arising out of the control or use of the Leased Premises by the Lessee; the policy shall be subject to such terms, conditions, endorsements, extensions and limits consistent with industry standards as the Lessor, acting reasonably, shall require; and

(ii) All Risks – Builders Risk Insurance in the names of the Lessor and Lessee in an amount not less than the full cost to reproduce the Leasehold Improvements being constructed; the policy shall be subject to such terms, conditions, endorsements, extensions and limits consistent with industry standards as the Lessor, acting reasonably, shall require.

For the purposes of the insurance coverage, "replacement cost" means the cost of repairing, replacing, or reinstating any item of property with new materials of like kind and quality without deduction for physical, accounting or any other depreciation and includes, without limitation, the full coverage for loss resulting from the enforcement of by-laws as if the by-law or statute pursuant to which the by-law was passed were applicable to the Lessor.

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY

We, Evan V. Chrapko of the City of Edmonton, in the Province of Alberta and Bern Kotelko, of the Town of Vegreville, in the Province of Alberta, make oath and say:

1. We are directors of Growing Power Management Ltd. named in the within or annexed instrument.

2. We are authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN before me at the City of Edmonton, in the Province of Alberta, this 24th day of March, 2011.

A Commissioner For Oaths in and for the Province of Alberta

David N. Thomlinson
Barrister & Solicitor

Evan V Chrapko

Evan V. Chrapko

Bern Kotelko

5968488.1

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY

We, Evan V. Chrapko of the City of Edmonton, in the Province of Alberta and Bern Kotelko, of the Town of Vegreville, in the Province of Alberta, make oath and say:

1. We are directors of Biowaste To Energy For Canada Integration Initiative (BECII) Corp. named in the within or annexed instrument.

2. We are authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN before me at the City of Edmonton, in the Province of Alberta, this 24 day of March, 2011.

Evan V Chrapko

Evan V. Chrapko

Bern Kotelko

A Commissioner For Oaths in and for the Province of Alberta

David N. Thomlinson
Barrister & Solicitor

AFFIDAVIT OF EXECUTION

CANADA	)	I, David N. Thomlinson
PROVINCE OF ALBERTA	)	of the City of Edmonton
TO WIT:	)	in the Province of Alberta

MAKE OATH AND SAY THAT:

1. I WAS PERSONALLY present and did see Evan V. Chrapko and Bern Kotelko, named in the attached instrument, who are personally known to me to be the persons named therein, duly sign and execute the same for the purposes named therein.

2. THE SAME was executed at the City of Edmonton, in the Province of Alberta, and that I am the subscribing witness thereto.

3. I KNOW the said persons and each is, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of Edmonton, in the Province of Alberta, this 24th day of March, 2011.

A COMMISSIONER FOR OATHS in and for the Province of Alberta

RHENA L. ST. LAURENT
EXP. DATE JULY 4, 2012

David N. Thomlinson

5968448.1

Exhibit 13 – Property Tax Notice

EY

0000449

COUNTY OF TWO HILLS NO. 21
Box 490
Two Hills, AB T0B 4K0

Phone: 780-657-3358
Toll Free: 1-877-657-3359

PROPERTY ASSESSMENT AND TAX NOTICE

---- Please retain this portion for your records ----

Tax Year
2015

Legal Description					Municipal:				Roll Number
MER	RNG	TWP	SEC	QTR	LOT	BLOCK	PLAN	AREA	
4	14	54	27	SE	1	1	1121639	3.710 Acres	536002

Issued to: BIOWASTE TO ENERGY FOR CANADA INTEGRATION
INITIATIVE (BECII) CORP.
2700, 10155 - 102 STREET
EDMONTON AB T5J 4G8

If you wish to make an appeal to the Assessment Review Board, see the reverse side of this notice for further details.
Final Date for Appeal AUG 31,2015

Notice Date:		JUNE 30,2015
Total Levy:	$	27,266.41
Credit or Arrears:	$	61,613.87
Amount Due on: OCT 31,2015	$	88,880.28
Amount Due on: NOV 1,2015	$	91,606.92
Amount Due on: JAN 1,2016	$	96,187.27

A copy of this notice has been sent to the following:
Additional Owners: Mortgagor:
Reference#:

ASSESSMENT DETAILS

Assessment Class	Current Year Land	Improvement	Total
NR NON-RESIDENTIAL	56,220	994,290	1,050,510

Assessment Total: 1,050,510
Taxable Total: 1,050,510

School Support
Public: 100.00
Separate:
Undeclared:

Alberta School Foundation (ASF) Taxes are collected on behalf of the Province of Alberta. ASF tax rate is determined by the Province.

TAX ACCOUNT DETAILS

Tax Category	Current Year Assessment	Mill Rate	Levy
Municipal			
NR Municipal	1,050,510	21.8709 $	22,975.60
		Sub-total: $	22,975.60
School			
NR Alta. Sch Foundation	1,050,510	3.5870 $	3,768.18
		Sub-total: $	3,768.18
Other			
EagleHill Foundation	1,050,510	.4975 $	522.63
		Sub-total: $	522.63

Local Improvement

Description			Amount
Bylaw:	Expiry:	$	
Bylaw:	Expiry:	$	
Bylaw:	Expiry:	$	
		$	.00

Previous Year Levy: 52,148.65

----- Please return this portion with your payment -----

Tax Year	Roll Number	Owner #	Legal Description	
2015	536002	8067	4-14-054-27-SE	1121639 -1 -1

Please make cheque payable to:
County of Two Hills No. 21

After Due Date Amount	Due Date	Amount Due
$ 91,606.92	OCT 31,2015	$ 88,880.28

BIOWASTE TO ENERGY FOR CANADA INTEGRATION
INITIATIVE (BECII) CORP.
2700, 10155 - 102 STREET
EDMONTON AB T5J 4G8

Amount Paid

Exhibit 14 – BECII SubLease Agreement

EY

Tenancy at Will

Biowaste to energy Canada Integration Initiative Corp.

("the Landlord")

-and-

Highland Feeders Limited

("the Tenant")

Whereas it has come to the attention of the Landlord that the insurance on the building erected on the Leased Premises has been allowed to lapse;

And Whereas the Landlord has been informed that the current Tenant, Growing Power Hairy Hill Limited Partnership has defaulted on its leaseback of the premises with the Landlord; and

And Whereas Growing Power Management Ltd. the general partner of Growing Power Hairy Hill Limited Partnership has advised the Landlord that it wishes to relinquish the lease back as a result of its distressed financial status.

The Landlord is the registered leasehold title holder under a 99 year lease of lands legally described as follows:

DESCRIPTIVE PLAN 1121639
BLOCK 1
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
3.71 ACRES MORE OR LESS

("the Leased Premises")

Now therefore the parties agree as follows:

1. The Landlord shall lease to the Tenant and the Tenant agrees to lease from the Landlord as a preservation lease the Leased Premises for the rental of $1.00 per year plus the payment to of the utilities to preserve the building through the winter season or until such time as the Landlord or its shareholders or grantees shall wish to assume occupancy of the building. Further the Tenant shall procure and pay the insurance on the building as a farm use of the Leased

Premises and add the Leased Premises to its existing farm insurance coverage until such time as the as the Landlord or its shareholders or grantees shall wish to assume the occupancy of the Leased Premises.

2. This lease shall be for a term of 5 year or until such time as the Landlord or its shareholders or the grantees of the Landlord shall assume occupancy of the building on the proviso that should the Landlord wish to assume occupancy of the building it shall first reimburse the Tenant for all amounts paid by the Tenant during the currency of this Lease as well as all the amounts paid as premiums to keep that insurance ion the building.

3. The Tenant states that it does not require the premises for its use but enters this lease for the purpose of ensuring that the building on the leased Premises is preserved and that in exchange for the lease payments as provided herein the Tenant reserves the right to use the building on the Leased Premises in a commercially reasonable manner.

4. Nothing in this lease shall obligate the Tenant to pay or otherwise assume responsibility for or become liable to pay any property taxes or other taxes, either in arrears or in the future, and all such liability for taxes shall remain with the Landlord exclusively.

5. This lease may be terminated by the Tenant on 10 days' notice and may be terminated by the Landlord if the Landlord, its shareholders or grantees of the Landlord shall wish to assume occupancy as provided in paragraph 2 hereof.

Dated at the district of Hairy Hill in the Province of Alberta this 6th day of October, 2015

Biowaste to Energy Canada Integration Initiative (BECii) Corp.

Per: ____________________

Highland Feeders Limited

Per: ____________________