

Attachment 2.1

METHANE UPGRADING - CLEAN, SIMPLE, PROVEN, RELIABLE

When upgrading biogas into an economical source of renewable energy, choose a compact XEBEC pressure swing adsorption (PSA) system featuring simple and reliable XEBEC rotary valves and rapid cycle PSA technology. XEBEC PSA systems are being used worldwide to effectively remove carbon dioxide (CO₂) from landfill, digester or well gas streams to meet stringent quality specifications for pipeline natural gas and vehicle fuel.



XEBEC M-3100 processing landfill gas in Ohio for distribution to customers via Duke Energy natural gas pipelines.



XEBEC M-3200 processes dairy farm biogas for distribution to customers via Michigan Gas Utility natural gas pipelines.

XEBEC PSA ADVANTAGES:

Compact and skid mounted

Proven reliability and simple to maintain

Minimal utilities and consumables required

Automatic purity control

Standard plant designs

Configurable process design

XEBEC PSA BENEFITS:

Simple and economical to integrate, install, or re-locate

Maximize revenues

Minimal operating costs

Simple to operate and maintain product purity with changing feed conditions

Minimized cost

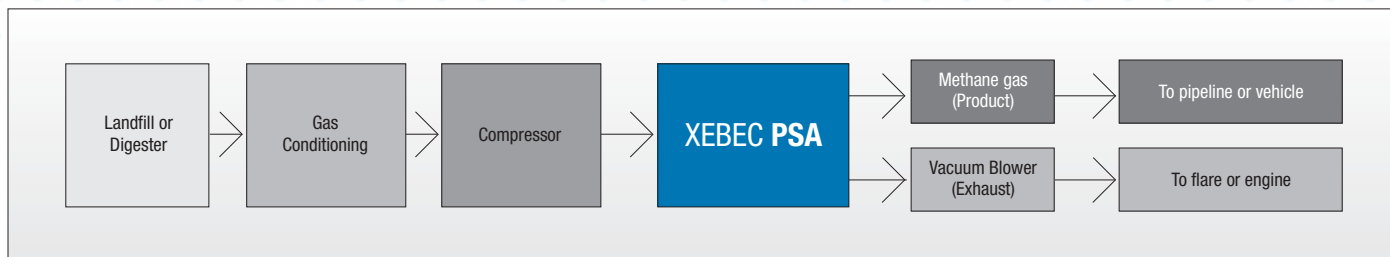
Optimized performance for specific projects including facilities with existing power or combined heat and power assets

XEBEC METHANE UPGRADING PSA SYSTEMS

PROCESS DESCRIPTION

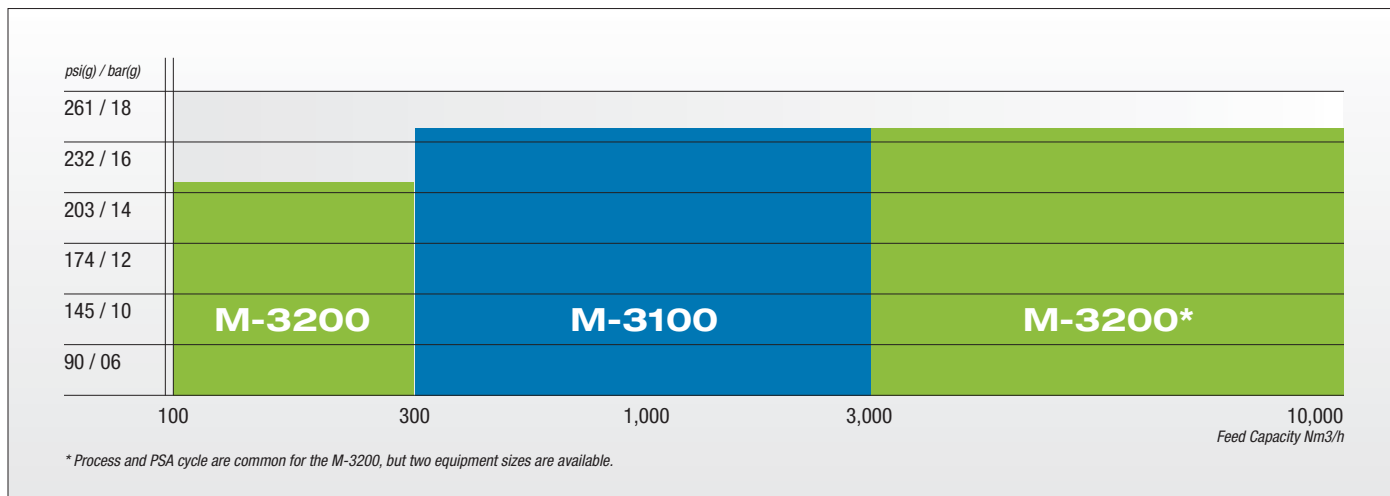
The XEBEC M-3200 and M-3100 PSA systems remove carbon dioxide (CO₂), water vapor and most trace gases present in biogas streams to meet and exceed levels for natural gas pipelines or vehicle fuel requirements. In some applications pre-treatment is required to reduce contaminants such as non-methane organics (NMOC's) and hydrogen sulfide (H₂S). The PSA process is based on physical adsorption of gas molecules on specially selected adsorbent materials. At operating pressure the adsorbents remove contaminants such as carbon dioxide and water vapor from the biogas stream and allow upgraded methane to pass through at near operating pressure. Typical pressure loss of the bio-methane product is less than 1 bar or 15 psi. The off-gas or exhaust stream removes the contaminants as part of the continuous PSA cycle by allowing the adsorbents to regenerate under vacuum pressure (typically 0.5 bar or 7.4 psia). The process repeats continuously to provide constant production of high-quality methane gas unlike other upgrading processes which require re-compression of the product bio-methane.

SIMPLIFIED BIOGAS UPGRADING SYSTEM



XEBEC PSA FOR METHANE PURIFICATION PRODUCT RANGE AND SPECIFICATION

Feed Pressure vs. Biogas Feed Flowrate (higher operating pressures are possible)



XEBEC PROVIDES

- > International engineering and design experience for project specific requirements and codes
- > System feasibility and optimization studies
- > PSA only or full gas treatment engineering and procurement solutions
- > Short delivery times to meet tight project schedules
- > Technical training programs for integrators and operators
- > Product and engineering support through-out the life of the plant

ABOUT XEBEC ADSORPTION INC.

XEBEC ADSORPTION INC. is a developer and supplier of proprietary and conventional gas purification systems for several large international markets, including biogas production, natural gas processing, natural gas for NGV's, oil refining and compressed air. XEBEC is based in Blainville, Quebec.

NOTE TO READER: At the time this document went to print, Xebec Adsorption Inc. and QuestAir Technologies Inc. were in the process of a merger transaction. All Questair IP will become the property of the combined company under Xebec Adsorption Inc.

Attachment 2.4

Renewable Gas Installations

Project	Location	Biogas Source	End-Use
2006 - 2009			
Scenic View Dairy	MI, US	Digester	Pipeline
Rumpke Landfill	OH, US	Landfill	Pipeline
Widnau	Switzerland	Digester	Pipeline
Lavigny Farm	Switzerland	Digester	Pipeline
UNH	NH, US	Landfill	Turbine
SKS	Austria	Digester	CNG
Swiss Farmer	Switzerland	Digester	Pipeline
STEP	Switzerland	Digester	Pipeline
Hilarides Dairy	CA, US	Digester	CNG
Daesung	Seoul, Korea	Landfill	CNG/LNG
SKS	Austria	Digester	CNG
2010 - YTD			
Sempra Energy	CA, US	Waste Water	Pipeline
Halla Engineering	Seoul, Korea	Digester	CNG
SKS	Austria	MSW	Pipeline
SKS	Austria	MSW	Pipeline
SKS	Austria	Waste Water	CNG
Verdemobil	France	MSW	CNG
Potlach	Korea	Digester	CNG
FortisBC	Canada	Landfill	Pipeline
Golden Green	China	Landfill	CNG



Salmon Arm, British Columbia - landfill gas to pipeline



Escondido, California - Waste Water Treatment Plant gas to pipeline

BIOMETHANE PURCHASE AGREEMENT

THIS AGREEMENT made as of November 30, 2012 (the “**Effective Date**”)

BETWEEN:

FORTISBC ENERGY INC., 16705 Fraser Highway, Surrey, BC V4N 0E8
(“**FEI**”)

AND:

DICKLANDS FARMS, a partnership carrying on business at 41984 Sinclair Rd.,
Chilliwack, BC V2R 4N8
(the “**Supplier**”)

AND:

GEORGE ROBERT DICK and **MICHELLE ELAINE DICK**, both of 42388
Sinclair Rd, Chilliwack, BC
(collectively, the “**Property Owner**”)

WHEREAS:

- A. FEI is a natural gas utility with a distribution system in British Columbia.
- B. The Property Owner is the legal and beneficial owner of certain lands and premises located at 42388 Sinclair Rd, Chilliwack, British Columbia (the “**Lands**”) on which the Supplier operates a dairy farm and which will be used for the purpose of anaerobic digestion of agricultural waste and related activities.
- C. The Supplier intends to finance, design, construct, operate and maintain facilities on the Lands to capture, purify and upgrade the biogas to pipeline quality biomethane (the “**Biomethane**”) for injection into FEI’s existing natural gas distribution system.
- D. In order to monitor the quality and quantity of the Biomethane and inject the Biomethane into FEI’s existing natural gas distribution system adjacent to Lands, FEI intends to finance, construct, own and operate the FEI Facilities (as hereinafter defined) on the Lands to connect the Supplier’s facilities to FEI’s gas distribution system.
- E. The Supplier has agreed to grant FEI continued access to and use of the Lands for the purpose of operating and maintaining the FEI Facilities on the Lands on the terms and conditions provided in this Agreement.
- F. FEI wishes to purchase and the Supplier wishes to sell the Biomethane to FEI on the terms and conditions provided in this Agreement.

- G. The Property Owner acknowledges FEI's ownership of the FEI Facilities and consents to the Supplier granting FEI access to and use of the Lands for the purpose of installing, operating and maintaining the FEI Facilities pursuant to the terms and conditions this Agreement.

NOW THEREFORE, in consideration of the mutual promises set out herein and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the parties agree as follows:

ARTICLE 1 – CONDITION PRECEDENT

- 1.1 **Approvals.** This Agreement will not come into effect and does not bind the parties until FEI has obtained the necessary approvals for this Agreement from all regulatory or other applicable governmental authorities having jurisdiction, including the British Columbia Utilities Commission (“BCUC”), on terms and conditions which are satisfactory to FEI and the Supplier.
- 1.2 **Costs Incurred Prior to Condition Removal.** The parties acknowledge and agree that if either party elects to undertake any work or incur any costs with respect to this Agreement prior to the waiver or satisfaction of the foregoing conditions precedent, such party will be solely responsible for all costs so incurred.

ARTICLE 2 - TERM

- 2.1 **Term.** Subject to section 1.1, this Agreement will commence on the Effective Date and expire [REDACTED] unless terminated earlier or renewed in accordance with the terms of this Agreement (the “Term”), where, subject to section 2.2, “First Delivery Date” means the earlier of:
- (a) the business day after FEI has accepted the minimum quantity of 75 gigajoules (“GJ”) of Biomethane per day for seven (7) consecutive days; and
 - (b) the business day after FEI has accepted Biomethane for a cumulative period of 30 days.
- 2.2 **Restriction on First Delivery Date:** In no event will the First Delivery Date be earlier than October 31st, 2013.
- 2.3 **Renewal.** This Agreement will renew automatically for [REDACTED] (each a “Renewal Term”) unless a party provides the other party with written notice of its intention to terminate this Agreement at least one (1) year prior to the expiry of the Initial Term and six (6) months prior to the expiry of the Renewal Term.

ARTICLE 3 - DIVISION OF RESPONSIBILITIES

- 3.1 **Supplier Facilities.** The Supplier will design, build, operate, maintain, repair, upgrade, replace and support facilities on the Lands, as more particularly identified in Schedule C

(the “**Supplier Facilities**”), to capture and purify biogas and deliver Biomethane to the FEI Facilities.

- 3.2 **FEI Facilities** - FEI will design, build, operate, maintain, repair, upgrade, replace and support facilities on the Lands, as more particularly identified in Schedule C (the “**FEI Facilities**”), to connect to the Supplier Facilities, measure and monitor Biomethane quantity and quality and inject the accepted Biomethane into FEI’s existing gas distribution system.
- 3.3 **Prime Contractor.** For the purposes of the *Workers Compensation Act* (British Columbia), FEI is designated the prime contractor in relation to the construction, operation, maintenance and support of the FEI Facilities.
- 3.4 **Letter of Credit.** The Supplier shall, if requested by FEI, provide FEI with a letter of credit issued by a Canadian Chartered Bank, or other form of security acceptable to FEI, in an amount not less than the value of the underground portions of the FEI Facilities which can reasonably be expected to be stranded in the event of early termination of this Agreement. FEI shall be entitled to draw on the letter of credit or realize on any other security provided for any amounts due and owing under this Agreement by the Supplier, including the termination payment set out in section 9.2.
- 3.5 **FEI Approvals.** FEI shall obtain and maintain any consents, permits, filings, orders or other approvals, including governmental consents and approvals, building and construction permits, environmental permits, zoning changes or variances (collectively the “**Approvals**”) required, affecting or necessary for the ownership, installation, maintenance and operation of the FEI Facilities.
- 3.6 **Supplier Approvals.** The Supplier shall obtain and maintain the Approvals required, affecting or necessary for the ownership, installation, maintenance and operation of the Supplier Facilities.
- 3.7 **Application of *Utility Commission Act*.** The Supplier acknowledges FEI is a public utility as defined in the *Utilities Commission Act (British Columbia)* and this Agreement, including the terms and conditions contained herein and any amendments thereto, are subject to BCUC approval. If BCUC approval is granted subject to terms and conditions which are not reasonably satisfactory to FEI having regard to its *bona fide* business interests, the parties will negotiate in good faith to address the impacts thereof, including mitigation of costs.
- 3.8 **Ownership of FEI Facilities.** The FEI Facilities are, and shall at all times remain, personalty and the property of FEI despite the degree to which they may be annexed or affixed to the Lands and despite any rule of law or equity to the contrary. FEI shall be entitled at any time and from time to time to remove the FEI Facilities in whole or in part, and the FEI Facilities shall be freely alienable by FEI as its own property. FEI shall be entitled to install notices on the FEI Facilities identifying FEI’s ownership.
- 3.9 **System Improvement.** Recognizing the value in continued improvement in operating efficiency and Biomethane production, the parties agree to meet periodically to discuss

methods and future initiatives that may improve system operability or improve the environmental benefit of the project.

- 3.10 **Existing Operating Certificates.** The Supplier will ensure any relevant permits or operating certificates are updated to reflect the operation of the FEI Facilities on the Lands.
- 3.11 **Utilities.** The Supplier will, at no cost to FEI, provide the electrical and telephone connections to the limits of the FEI Facilities. FEI will pay for utility consumption as directly invoiced to FEI by the service provider. The Supplier shall not be liable for any disruptions in such services, unless caused by any negligent act or omission of the Supplier.
- 3.12 **Preference for Biomethane.** In order to maximize Biomethane and project benefits for both parties, including GHG reduction credits, the Supplier covenants and agrees to make commercially reasonable efforts to operate the Supplier Facilities and process all biogas generated on the Lands in excess of its own operational needs to produce Biomethane.
- 3.13 **Cooperation.** In order to facilitate the connectivity between the Supplier Facilities and the FEI Facilities and maximize the production of Biomethane, the parties agree to:
- (a) cooperate in the design, permitting, construction and connection of the respective facilities, including any upgrades and modifications to such facilities; provided that despite the exchange or review of, or comment on, any design drawings, by the other party, each party shall be solely responsible for the design and construction of their respective facilities;
 - (b) share operating data and work together to optimize operation of their respective facilities; and
 - (c) notify each other in advance of proposed operational changes or system modifications or upgrades to their respective facilities to ensure such changes, modifications or upgrades do not negatively impact the operation of the other parties facilities.

ARTICLE 4 – ACCESS TO AND USE OF LANDS

- 4.1 **Grant of License.** The Property Owner and Supplier hereby grant to FEI, at no cost, a non-exclusive irrevocable license to those portions of the Lands shown outlined on the drawings attached as Schedule B (the “**License Area**”) at all times and from time to time, with or without vehicles, machinery and equipment, for FEI and its authorized employees, contractors and agents, to excavate, install, place, construct, renew, alter, repair, maintain, use, abandon, remove or replace the FEI Facilities, in whole or in part.
- 4.2 **Access over the Lands.** The Property Owner and Supplier hereby grant to FEI, at no cost, the free and unobstructed right to access over and across the Lands, with or without vehicles, machinery and equipment, as required from time to time, for FEI and its authorized employees, contractors and agents to access the FEI Facilities; provided

however this right shall in no way restrict the Property Owner or Supplier from maintaining, changing or improving the Lands as long as FEI and its authorized employees, contractors and agents continue to have access to the FEI Facilities. FEI's right of access over the Lands is subject to FEI's compliance with the reasonable requirements of the Property Owner and Supplier for the safety and security of the Lands, including as to access points and limitation on access during normal working hours except in the case of emergency.

4.3 **Grant of Rights to Third Parties.** Subject to section 4.5, the grant of rights to FEI hereunder does not preclude or prevent the Property Owner or Supplier from granting easements, statutory rights of way or other grants, leases or licences over the Lands to any other person.

4.4 **Use of Lands.** FEI shall:

- (a) not do, suffer or permit anything in, on or from the License Area that may be or become a nuisance or annoyance to the owners, occupiers or users of land or premises adjacent to or near the Lands or to the public, including the accumulation of rubbish or unused personal property of any kind;
- (b) not do, suffer or permit any act or neglect that may in any manner directly or indirectly cause injury to the License Area;
- (c) use the License Area only for the purposes set out in this Agreement;
- (d) except as otherwise provided in this Agreement, pay all costs and expenses of any kind whatsoever associated with and payable in respect of FEI's use of the License Area, the FEI Facilities and all equipment, furniture and other personal property brought onto the License Area by FEI, including without limitation, property all taxes, levies, charges and assessments, permit and license fees, repair and maintenance costs, administration and service fees, gas, water, sewage disposal and other utility and service charges and payments for work and materials;
- (e) carry on and conduct its activities in, on and from the License Area in compliance with any and all Laws from time to time in force, and to obtain all required approvals and permits thereunder, and not to do or omit to do anything in, on or from the License Area in contravention thereof; and
- (f) discharge any builders lien which may be filed against the title to the Lands within 30 days of filing, and comply at all times with the *Builders Lien Act* (British Columbia), in respect of any improvements, work or other activities undertaken by or on behalf of FEI.

4.5 **Non-Interference.** Neither the Property Owner or the Supplier will do or knowingly permit to be done anything in, under, over, upon or with respect to the Lands which, in the reasonable opinion of FEI, may interfere with, diminish or injure FEI's rights

hereunder or the installation, maintenance use or operation of the FEI Facilities, including but not limited to, anything which:

- (a) interrupts, endangers, impedes, disturbs or causes damage to the FEI Facilities or its operation, use, security or functionality;
- (b) removes, diminishes or impairs any vertical or lateral support for, or causes the movement or settlement of, the FEI Facilities; and
- (c) causes, permits or suffers any structure, equipment, act or function to exert any vertical load or lateral load upon or against, or impair the structural integrity of, the FEI Facilities;

without the prior written consent of FEI and in accordance with any conditions FEI may specify as a condition of such consent.

ARTICLE 5 – QUALITY, QUANTITY, TITLE AND INDEMNITY

5.1 Biomethane Quality and Monitoring. In order to be accepted by FEI, the Biomethane must meet the specifications set out in Schedule A (the “**Specifications**”) as determined by FEI. FEI shall monitor Biomethane quality to ensure the Biomethane meets the Specifications prior to injection into its natural gas distribution system.

5.2 Biomethane Volume and Delivery Quantity. Subject to section 5.3, the Supplier agrees to sell the Biomethane to FEI subject to the following limitations, as measured by equipment forming part of the FEI Facilities:

- (a) **Maximum Yearly Delivery** - 70,000 GJ per year;
- (b) **Maximum Daily Delivery:**
 - (i) 150 GJ per day, in the months of June, July and August;
 - (ii) 225 GJ per day, during the remainder of the year.

5.3 Excess Production – If, from time to time, the Supplier anticipates Biomethane production may exceed the maximum limits set out in section 5.2, the Supplier shall immediately notify FEI of the anticipated delivery quantity, and FEI may, in its discretion, accept the additional production volume. The Supplier will notify FEI at least six (6) months in advance of any proposed changes or improvements to the Supplier Facilities or the Lands that could result in long term increase to Biomethane flow by more than 10% above the Maximum Yearly Delivery quantity set out above to allow FEI to evaluate the impacts of such increase on the FEI Facilities and its gas distribution system and FEI’s ability to accommodate and accept such increased production volume.

5.4 Exclusivity. The Supplier covenants and agrees to exclusively sell the Biomethane to FEI; provided that if FEI is, from time to time, unable to accommodate and accept all the Biomethane, the Supplier shall be entitled to use, sell or otherwise dispose of the excess

production in a commercially and environmentally reasonable manner after consultation with FEI.

- 5.5 **Title and Warranty.** Title to and responsibility for the Biomethane shall pass from the Supplier to FEI upon delivery to the connection point between the Supplier Facilities and the FEI Facilities. Any Biomethane not meeting the Specifications will be redirected by FEI back to the Supplier Facilities and title to and responsibility for such Biomethane shall revert back to the Supplier upon return to the Supplier Facilities. The Supplier warrants that it has the right to convey and will transfer good and merchantable title to the Biomethane free and clear of all liens, encumbrances and claims.
- 5.6 **Indemnity.** The Supplier hereby agrees to indemnify and save FEI harmless from all losses, liabilities or claims including reasonable legal fees and costs of court arising from or out of claims of title, personal injury or property damage from the Biomethane or other charges thereon ("**Claims**") which attach before title passes to FEI. FEI hereby agrees to indemnify and save the Supplier harmless from all Claims which attach after title passes to FEI. Despite the foregoing, the Supplier will be liable for all Claims arising from the failure to deliver title to the Biomethane to FEI free and clear of any encumbrances.

ARTICLE 6 – PURCHASE PRICE AND PAYMENT

- 6.1 **Purchase Price.** Commencing from the First Delivery Date, FEI shall pay the Supplier for the quantity of Biomethane delivered to the FEI Facilities and accepted by FEI, as determined by meter readings, at the rates and subject to the adjustments set out in Schedule D. The Supplier shall not be entitled to receive any payment from FEI on account of Biomethane delivered to the FEI Facilities which does not meet the Specifications as determined by FEI.
- 6.2 **Payment Terms.**
- (a) On or about the 15th day of each month, FEI shall generate a statement for the preceding month showing the quantity of Biomethane accepted by FEI in GJ, the applicable rates and adjustments, the amount payable and the cumulative quantity of Biomethane accepted for the then current year up to that month. If the quantity of Biomethane accepted is not known by the billing date, FEI will issue the statement based on a reasonable estimate of the quantity accepted and make the necessary adjustments as soon as practical and in any event by the next billing period.
 - (b) FEI will pay the purchase price within 30 days of delivery of the statement to the Supplier .
 - (c) Any errors in any statement or disputes as to amounts due shall be promptly reported to FEI and any resulting underpayments or overpayments identified will be refunded or repaid with accrued interest at the rate of 1.5% per month (19.56% per annum).

ARTICLE 7 - GREENHOUSE GAS (GHG)

- 7.1 **Offsets for Natural Gas Displacement.** The parties agree FEI will own any environmental attributes associated with the displacement of traditional natural gas by carbon neutral biomethane. FEI will administer the GHG offsets associated with the displacement, including quantifying, validating and registering the GHG credits, and retain the associated GHG credits for the supply of the Biomethane into FEI's distribution system. The parties agree to explore ways to cooperate in the administration of GHG credits.
- 7.2 **Verification by Supplier.** At the request and to the satisfaction of FEI, the Supplier will verify the Biomethane is carbon neutral.
- 7.3 **Right of First Refusal.** If the Supplier generates and is entitled to any GHG credits for the capture and destruction of methane through the use and operation of the Supplier Facilities, FEI retains the first right of refusal to purchase such GHG credits in excess of those the Supplier may retain for its own use at fair market price.

ARTICLE 8 – DEFAULT

- 8.1 **Default.** Either party (the “**Defaulting Party**”) shall be in default of this Agreement if the Defaulting Party is in breach of any term, covenant, agreement, condition or obligation imposed on it under this Agreement, provided that:
- (a) the other party (the “**Non-Defaulting Party**”) provides the Defaulting Party with a written notice of such default and a 10-day period within which to cure such a default (the “**Cure Period**”); and
 - (b) the Defaulting Party fails to cure such default during the Cure Period, or if such default is not capable of being cured within the Cure Period, fails in good faith to commence the curing of such default upon receipt of notice of default and to continue to diligently pursue the curing of such default thereafter until cured.
- 8.2 **Effect of Default.** Upon default, the Non-Defaulting Party may, at its option and in addition to and without liability therefore or prejudice to any other right or remedy it may have:
- (a) cease performing its obligations under this Agreement, including suspending or refusing to make any payment due hereunder, until the default has been fully remedied, and no such action shall relieve the Defaulting Party from any of its obligations under this Agreement;
 - (b) undertake the necessary steps to remedy the default at the Defaulting Party's expense, and such action shall not relieve the Defaulting Party from any of its obligations under this Agreement; or
 - (c) terminate this Agreement immediately upon notice to the other party, whereupon the provisions of ARTICLE 9 shall apply.

ARTICLE 9 - EFFECT OF EXPIRY OR TERMINATION.

9.1 **Removal of FEI Facilities.** Upon the expiry of this Agreement or in the event of termination upon default pursuant to section 8.2(c), FEI will, within 90 days following the expiry date or termination date, as the case may be, remove the FEI Facilities from the Lands; provided that FEI will be obligated to remove only those portions of the FEI Facilities located above surface level and may leave any un-removed portions in a safe manner in accordance with FEI standard practice. Any portion of the FEI Facilities not removed by FEI will become the property of the Supplier.

9.2 **Termination Payment.** If:

- (a) FEI terminates this Agreement pursuant to 8.2(c) as a result of default of the Supplier; or
 - (b) the Supplier vacates the Lands or otherwise ceases to operate from the Lands without this Agreement being assigned to the Property Owner pursuant to section 16.9; or
 - (c) the Property Owner sells or otherwise transfers its interest in and to the Lands;
- the Supplier shall, within 30 days of the date of termination, pay to FEI a termination payment representing a genuine pre-estimate of FEI's damages for such default, calculated as the depreciated cost to construct any of FEI Facilities that will be stranded.

ARTICLE 10 - INSURANCE REQUIREMENTS

10.1 **Insurance.** The Supplier and FEI shall obtain and maintain the following insurance coverage and provide proof of coverage to the other party:

- (a) General Commercial Liability Insurance from insurers registered in and licensed to underwrite insurance in British Columbia for bodily injury, death and property damage in the amount of not less than \$5,000,000 per occurrence naming the other party as an additional insured with respect to this Agreement; and
- (b) Such other insurance as reasonably required by the other party from time to time.

The Supplier and FEI shall be responsible for payment of any deductibles of their policies. All such policies shall provide that the insurance shall not be cancelled or changed in any way without the insurer giving at least 10 calendar days written notice to the other party.

ARTICLE 11 - ENVIRONMENTAL PROVISIONS

11.1 **Definition of Contaminants.** "Contaminants" means collectively, any contaminant, toxic substances, dangerous goods, or pollutant or any other substance which when released to the natural environment is likely to cause, at some immediate or future time, material harm or degradation to the natural environment or material risk to human health, and includes any radioactive materials, asbestos materials, urea formaldehyde, underground or aboveground tanks, pollutants, contaminants, deleterious substances,

dangerous substances or goods, hazardous, corrosive or toxic substances, hazardous waste or waste of any kind, pesticides, defoliants, or any other solid, liquid, gas, vapour, odour or any other substance the storage, manufacture, disposal, handling, treatment, generation, use, transport, remediation or release into the environment of which is now or hereafter prohibited, controlled or regulated by law.

- 11.2 **Supplier and Property Owner Release and Indemnity.** Despite any other provision of this Agreement, the Supplier and Property Owner acknowledge and agree that FEI is not and shall not be responsible for any Contaminants now present, or present in the future, in, on or under the Lands, or that may or may have migrated on or off the Lands and hereby releases and agrees to indemnify FEI and its directors, officers, employees, successors and permitted assigns, from any and all liabilities, actions, damages, claims (including remediation cost recovery claims), losses, costs, orders, fines, penalties and expenses whatsoever (including all consulting and legal fees and expenses on a solicitor-client basis) arising from or in connection with:

- (a) any release or alleged release of any Contaminants at or from the Lands;
- (b) the presence of any Contaminants on or off the Lands before or after the Effective Date;

except with respect to any Contaminants brought onto the Lands by FEI or any Contaminants released from the Lands as a result of any negligent act or omission of FEI.

- 11.3 **FEI Release and Indemnity.** Despite any other provision of this Agreement, FEI shall release and indemnify the Supplier and the Property Owner and their respective directors, officers, employees, successors and permitted assigns, from any and all liabilities, actions, damages, claims (including remediation cost recovery claims), losses, costs, orders, fines, penalties and expenses whatsoever (including all consulting and legal fees and expenses on a solicitor-client basis) arising from or in connection with to any Contaminants brought onto the Lands by FEI or any Contaminants released from the Lands as a result of any negligent act or omission of FEI.

ARTICLE 12 - INDEMNIFICATION AND LIMITATION OF LIABILITY.

- 12.1 **Indemnification.** Each party hereby indemnifies and holds harmless the other party and its employees, directors and officers from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of:
- (a) the negligence or wilful misconduct of such party, its employees, directors, officers or contractors; or
 - (b) the breach by such party of any of the provisions contained in this Agreement.
- 12.2 **Limitation of Liability.** Each party's liability to the other party under this ARTICLE 12 shall be limited to the payment of direct damages. In no event shall either party be responsible or liable to the other party for any indirect, consequential, punitive,

exemplary or incidental damages of the other party or any third party arising out of or related to this Agreement even if the loss is directly attributable to the gross negligence or wilful misconduct of such party, its employees, or contractors.

- 12.3 **Duty to Mitigate.** Each party has a duty to mitigate the damages that would otherwise be recoverable from the other party pursuant to this Agreement by taking appropriate and commercially reasonable actions to reduce or limit the amount of such damages or amounts.

ARTICLE 13 - FORCE MAJEURE

- 13.1 **Effect of Force Majeure.** Neither party will be in default of this Agreement by reason only of any failure in the performance of such party's obligations pursuant to this Agreement if such failure arises without the fault or negligence of such party and is caused by any event of Force Majeure (as defined below) that makes it commercially impracticable or unreasonable for such party to perform its obligations under this Agreement and, in such event, the obligations of the parties will be suspended to the extent necessary for the period of the Force Majeure condition, save and except neither party will be relieved of or released from its obligations to make payments to the other party as a result of an event of Force Majeure. For the purpose of this section, "**Force Majeure**" means any cause which is unavoidable or beyond the reasonable control of any party to this Agreement and which, by the exercise of its reasonable efforts, such party is unable to prevent or overcome, including, acts of God, war, riots, intervention by civil or military authority, strikes, lockouts, accidents, acts of civil or military authority, or orders of government or regulatory bodies having jurisdiction, or breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines or the failure of gas supply, temporary or otherwise; provided however, the lack of funds or other financial cause shall not be an event of Force Majeure.
- 13.2 **Notice of Force Majeure.** The party whose performance is prevented by an event of Force Majeure must provide notification to the other party of the occurrence of such event as soon as reasonably possible.

ARTICLE 14 - DISPUTE RESOLUTION

- 14.1 **Dispute Resolution.** The parties will make a *bona fide* attempt to settle any dispute which may arise under, out of, in connection with or in relation to this Agreement by amicable negotiations between their respective senior representatives and will provide frank and timely disclosure to one another of all relevant facts and information to facilitate negotiations. If the parties are unable to resolve the dispute within fifteen (15) days, or if the parties agree to waive such discussions in respect of a particular issue, either party may refer the dispute to a single arbitrator who is appointed and renders a decision in accordance with the then current "Shorter Rules for Domestic Commercial Arbitration" or similar rules of the British Columbia International Commercial Arbitration Centre ("**BCICAC**"). The decision of the arbitrator shall be final and binding. The costs and expenses of the arbitration, but not those incurred by the parties, shall be shared equally, unless the arbitrator determines that a specific party prevailed,

and in such a case the non-prevailing party shall pay all costs and expenses of the arbitration, but not those of the prevailing party. The arbitration will take place in Vancouver, British Columbia and be conducted in English.

- 14.2 **Performance of Obligations.** The parties shall continue to fulfill their respective obligations pursuant to this Agreement during the resolution of any dispute in accordance with this section.
- 14.3 **Litigation.** Nothing contained in this Article precludes either party from having a dispute that has not been referred to arbitration be determined by a court of competent jurisdiction in the Province of British Columbia.

ARTICLE 15 - CONFIDENTIALITY

- 15.1 **Confidentiality.** All information or documentation received by a party (the "**Receiving Party**") which has been specifically marked by other party (the "**Disclosing Party**") as confidential (the "**Information**") shall be deemed to be confidential and proprietary to the Disclosing Party. Except as otherwise provided herein, the Receiving Party shall not directly or indirectly disclose the Information to any third party without the prior written consent of the Disclosing Party. Such consent is not required where the third party is another contractor or consultant retained by the Receiving Party for the purposes contemplated in this Agreement and to the extent that such disclosure is necessary for the proper performance of this Agreement or such disclosure is required by law.
- 15.2 **Exception for Regulatory Submission.** Despite the foregoing, the Receiving Party may use the Information in the preparation of and submissions to regulatory agencies.
- 15.3 **Exclusions.** The obligation of confidentiality set out above shall not apply to material, data or information which is known to either party prior to their receipt thereof, which is generally available to the public or which has been obtained from a third party which has the right to disclose the same.

ARTICLE 16 – GENERAL

- 16.1 **Costs.** Except as otherwise set out in this Agreement, each party will be responsible for the payment of its own costs related to performing its obligations under this Agreement.
- 16.2 **Publicity.** No party shall initiate any media releases, interviews, or presentations to the media relating to this Agreement without the agreement and approval of the other party, not to be unreasonably withheld or delayed
- 16.3 **Compliance with Laws.** Each party covenants, as a material provision of this Agreement, it will comply with all codes, statutes, by-laws, regulations or other laws in force in British Columbia during the Term.
- 16.4 **Governing law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada. The parties hereby attorn to the jurisdiction of the courts of British Columbia and all courts competent to hear appeals therefrom.

- 16.5 **Notice.** Any invoices, payments, notices or other communication required to be given or made pursuant to the Agreement shall, unless otherwise expressly provided herein, shall be in writing and shall be personally delivered to or sent by facsimile to either party at its address set forth below and deemed to have been received the next business day following delivery or facsimile transmittal:

If to: **FortisBC Energy Inc.**
16705 Fraser Highway, Surrey, BC
V4N 0E8

Attention: Doug Stout, VP Energy
Solutions & External Relations
Fax: 604-592-7670

With a copy to: Scott Gramm
scott.gramm@fortisBC.com

If to: **Dicklands Farms**
41984 Sinclair Rd, Chilliwack,
BC, V2R 4N8

Attention: George Dick
Fax: 604-823-6437

With a copy to: George Dick
jmdick@telus.net

If to: **George Robert Dick and Michelle Elaine Dick**
41984 Sinclair Rd, Chilliwack, BC,
V2R 4N8

Attention: George Dick
Fax: 604-823-6437

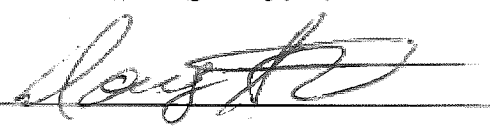








With a copy to: George Dick
jmdick@telus.net

- 16.6 **Schedules.** The schedules attached to this agreement are an integral part of this Agreement and are hereby incorporated into this Agreement as a part thereof.
- 16.7 **Amendments to be in writing.** Except as set out in this Agreement, no amendment or variation of the Agreement shall be effective or binding upon the parties unless such amendment or variation is set forth in writing and duly executed by the parties.
- 16.8 **Waiver.** No party is bound by any waiver of any provision of this Agreement unless such waiver is consented to in writing by that party. No waiver of any provisions of this Agreement constitutes a waiver of any other provision, nor does any waiver constitute a continuing waiver unless otherwise provided.
- 16.9 **Assignment.** Neither party shall assign its rights and obligations under this Agreement without the prior written consent of the other party, such consent not to be unreasonably withheld, delayed or conditioned. Despite the foregoing, FEI may assign this Agreement, or parts thereof, to any of its affiliates and in the event the Supplier vacates the Lands or otherwise fails to cease carrying on business from the Lands for any reason, the Property Owner shall be entitled to assume the obligations of the Supplier hereunder by written agreement with FEI.

- 16.10 **Enurement.** This Agreement enures to the benefit of and is binding on the parties and their respective successors and permitted assigns.
- 16.11 **Survival.** The following provisions shall survive the termination or expiration of this Agreement: Section 5.6 [*Indemnity*], ARTICLE 11 [*Environmental Provisions*], ARTICLE 12 [*Indemnification and Limitation of Liability*], ARTICLE 14 [*Dispute Resolution*], ARTICLE 15 [*Confidentiality*], Section 16.4 [*Governing Law*] and Section 16.5 [*Notice*].
- 16.12 **Remedies Cumulative.** All rights and remedies of each party under this Agreement are cumulative and may be exercised at any time and from time to time, independently and in combination.
- 16.13 **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination does not impair or affect the validity, legality or enforceability of any other provision of this Agreement.
- 16.14 **Further Assurances.** The parties shall sign such further and other documents and do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement.
- 16.15 **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, covenants, representations, warranties or other provisions, whether express or implied, collateral, statutory or otherwise, relating to the subject matter of this Agreement except as provided in this Agreement.
- 16.16 **Time is of the essence.** Time is of the essence of this Agreement.
- 16.17 **Execution.** This Agreement may be executed in counterparts, each of which shall be deemed as an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or electronic transmission hereof shall be as effective as delivery of an originally executed counterpart hereof.
- 16.18 **Interpretation.** In and for the purpose of this Agreement:
- (a) this “**Agreement**” means this agreement as the same may from time to time be modified, supplemented or amended in effect,
 - (b) the headings are for convenience only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement, and
 - (c) the singular of any term includes the plural, and vice versa, the use of any term is generally applicable to any gender and, where applicable, a corporation, the word

“or” is not exclusive and the word “including” is not limiting (whether or not non-limiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto).

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

FORTISBC ENERGY INC. by its authorized signatory(ies):  D.L. Stout, Vice-President Energy Solutions & External Relations	  George Robert Dick  Michelle Elaine Dick
DICKLANDS FARMS, by its partners:  Jacob Aron Dick  Maire Ann Dick  Aron Dick	  Shari Dick  George Robert Dick  Michelle Elaine Dick

Schedules attached:

Schedule A – Specifications

Schedule B – Drawing of License Area

Schedule C – Description of Supplier Facilities and FEI Facilities

Schedule D – Purchase Rates and Adjustments

SCHEDULE A
BIOMETHANE SPECIFICATIONS

1. The Biomethane must meet the pipeline quality specifications identified in the Westcoast Energy General Terms and Conditions, Article 12, item 12.07, as may be amended, replaced or superseded from time to time, provided that if, during the Term, such terms and conditions cease to exist, then the applicable specifications shall be those prescribed by FEI, acting reasonably, at such time and from time to time.

For references purposes only, the applicable Westcoast Energy General Terms and Conditions, Article 12, item 12.07 as at the Effective Date of this Agreement are recreated below:

12.07 Residue Gas at Receipt Points - Residue gas delivered to Westcoast by or for the account of a Shipper at a Receipt Point shall:

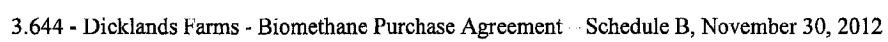
- (a) not contain sand, dust, gums, oils and other impurities or other objectionable substances in such quantities as may be injurious to pipelines or may interfere with the transmission or commercial utilization of the gas;*
- (b) not contain more than six milligrams per cubic meter of hydrogen sulphide;*
- (c) not contain water in the liquid phase and not contain more than 65 milligrams per cubic meter of water vapour;*
- (d) be free of hydrocarbons in liquid form and not have a hydrocarbon dew-point in excess of minus 9°C at the delivery pressure;*
- (e) not contain more than 23 milligrams per cubic meter of total sulphur;*
- (f) not contain more than two percent by volume of carbon dioxide;*
- (g) be as free of oxygen as Shipper can keep it through the exercise of all reasonable precautions and shall not in any event contain more than 0.4 percent by volume of oxygen;*
- (h) have a temperature not exceeding 54°C; and*
- (i) have a total heating value of not less than 36.00 megajoules per cubic meter."*

2. In addition to the foregoing, the Biomethane shall:
- (a) contain not more than 1 milligram per cubic meter of total siloxanes;
 - (b) must be free of objectionable materials; and
 - (c) be delivered at a pressure not less than 420 kilopascals.

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An aerial photograph of an industrial complex, possibly a refinery or chemical plant. The facility features several large, rectangular storage tanks and processing units. A scale bar in the upper left corner indicates a distance of 100 meters. A line with an arrow points to a specific area of interest within the complex. The surrounding area appears to be a mix of industrial land and some vegetation.

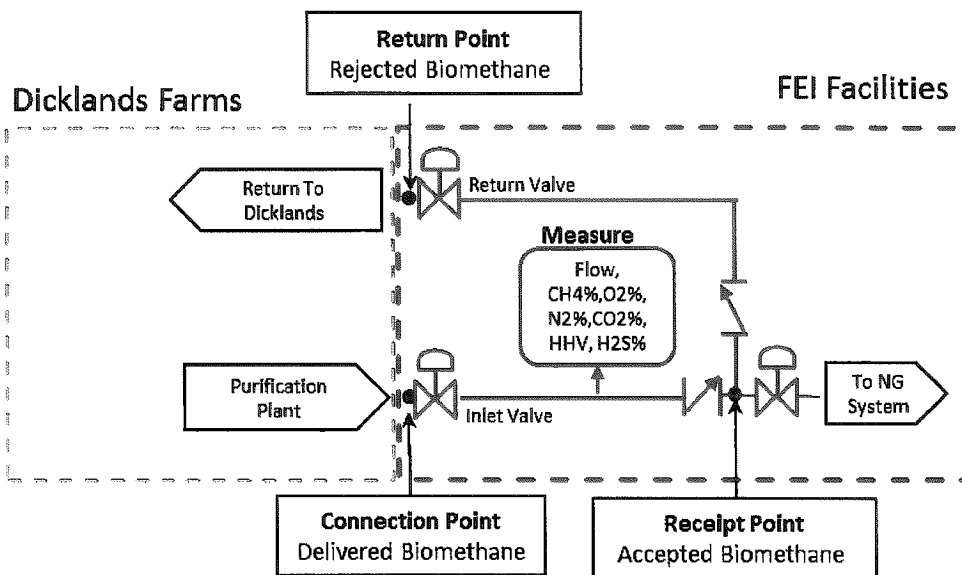
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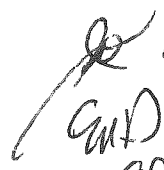


SCHEDULE C
DESCRIPTION OF OWNER FACILITIES AND FEI FACILITIES

- A. Owner Facilities** means those facilities necessary to capture and purify biogas and deliver the resulting Biomethane to the FEI Facilities, including but not limited to:
- (a) anaerobic digesters
 - (b) waste receiving and conditioning facilities (such as pasteurizer);
 - (c) biogas purification/upgrading equipment;
 - (d) control systems;
 - (e) compression equipment to reach the minimum delivery pressure;
 - (f) a flare system; and
 - (g) piping between the purification/upgrading equipment and the FEI Facilities;
- as more particularly shown on the schematic diagram attached to this Schedule C.
- B. FEI Facilities** means those facilities necessary to connect to the Owner Facilities, measure and monitor Biomethane quantity and quality and inject the accepted Biomethane into FEI's existing gas distribution system, including but not limited to:
- (a) main extension and connection;
 - (b) metering;
 - (c) gas quality monitoring;
 - (d) pressure regulation;
 - (e) odorizing;
 - (f) safety shut offs;
 - (g) monitoring sensors and communications equipment capable of automatically re-starting injection of Biomethane into the distribution system once Biomethane has met the Specifications, in the event that the Biomethane has temporarily failed to meet the Specifications;
 - (h) foundation; and
 - (i) fence (if required);
 - (j) outlet piping from fenced area to main line located adjacent to the Lands; and
 - (k) inlet shut-off valves located immediately adjacent to fenced area built by FEI;
- as more particularly shown on the schematic diagram attached to this Schedule C.

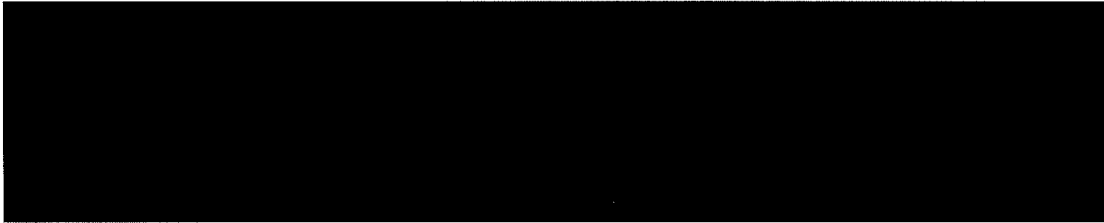
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SCHEDULE D
PURCHASE RATES AND ADJUSTMENTS

- 1.1 **Purchase Price.** Subject to section 1.3 of this Schedule, FEI shall pay the Owner for the quantity of Biomethane accepted by FEI per month, commencing the First Delivery Date, at the following rates, subject annual adjustment pursuant to section 1.2 of this Schedule, plus applicable taxes thereon:



- 1.2 **Annual Adjustment.** Subject to section 1.4 of this Schedule, [REDACTED]
[REDACTED] on the anniversary date of the 1st day of the month following the First Delivery Date.

- 1.3 **Application of Natural Gas Rate:** Subject to section 1.4 of this Schedule, if the per GJ natural gas commodity prices identified as the Sumas Monthly Index Price contained in 'Inside FERC' published by Platts (the "Natural Gas Rate") exceeds the Base Rate or the Excess Rate in any month, FEI shall pay the Natural Gas Rate in lieu of the Base Rate or Excess Rate for that month.

- 1.4 **Maximum Rate.** No adjustment will be made which results in the applicable rate payable by FEI exceeding the then current BCUC - approved maximum rate for delivered biomethane.

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BIOMETHANE PURCHASE AGREEMENT

THIS AGREEMENT made as of 16 September, 2012 (the “**Effective Date**”)

BETWEEN:

FORTISBC ENERGY INC., 16705 Fraser Highway, Surrey, British Columbia
V4N 0E8

(“**FEI**”)

AND:

SEABREEZE FARM LTD., 4790 112th St. Delta, BC, V4K 3N3

(the “**Owner**”)

WHEREAS:

- A. FEI is a natural gas utility with a transmission and distribution system in British Columbia.
- B. The Owner intends to design and construct an anaerobic digester, which will be located in the City of Delta on lands legally described as follows:

Lot 3, Plan 8563, Section 1, Township 4, New Westminster Land District, Except Plan 40313, 24717, REF 47175, 54731, & SEC 36 TWP 3; Lot 2, Plan 8563, Section 1, Township 4, New Westminster Land District, Except Plan 24717, & SEC 36 TWP 3, & EXC PART IN PCL A, REF PL 47175

(the “**Lands**”) and which will produce biogas through the anaerobic digestion process.

- C. The Owner intends to finance, design, construct, operate and maintain facilities on the Lands to capture and purify biogas to pipeline quality biomethane (the “**Biomethane**”) for injection into FEI’s existing nature gas distribution system.
- D. In order to monitor the quality and quantity of the Biomethane and inject the Biomethane into FEI’s existing natural gas distribution system adjacent to Lands, FEI intends to finance, construct and operate facilities on the Lands to connect the Owner’s facilities to FEI’s gas distribution system.
- E. The Owner has agreed to grant FEI continued access to and use of the Lands for the purpose of operating and maintaining its facilities on the Lands on the terms and conditions provided in this Agreement.
- F. FEI wishes to purchase and the Owner wishes to sell the Biomethane to FEI on the terms and conditions provided in this Agreement.

NOW THEREFORE, in consideration of the mutual promises set out herein and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the parties agree as follows:

ARTICLE 1 – CONDITION PRECENT

- 1.1 **Condition Precedent.** This Agreement will not come into effect and does not bind the parties until FEI has obtained the necessary approvals for this Agreement from all regulatory or other applicable governmental authorities having jurisdiction, including the British Columbia Utilities Commission (“BCUC”), on terms and conditions which are satisfactory to FEI and the Owner.
- 1.2 **Costs Incurred Prior to Condition Removal.** The parties acknowledge and agree that if either party elects to undertake any work or incur any costs with respect to this Agreement prior to the waiver or satisfaction of the foregoing conditions precedent, such party will be solely responsible for all costs so incurred.

ARTICLE 2 - TERM

- 2.1 **Term.** This Agreement will commence on the Effective Date and expire on [REDACTED] unless terminated earlier or renewed in accordance with the terms of this Agreement (the “Term”), where, subject to section 2.2, “**First Delivery Date**” means the earlier of:
- (a) the business day after FEI has accepted the minimum quantity of 75 gigajoules (“GJ”) per day of Biomethane into the FEI Facilities for seven (7) consecutive days; and
 - (b) the business day after the Owner Facilities have produced Biomethane meeting the Specifications for a cumulative period of 30 days.
- 2.2 **Restriction on First Delivery Date:** The Owner agrees the First Delivery Date will be no earlier than September 30, 2013.
- 2.3 **Renewal.** This Agreement will renew automatically for [REDACTED] unless a party provides the other party with written notice of its intention to terminate this Agreement at least one (1) year prior to the expiry of the Initial Term and six (6) months prior to the expiry of the Renewal Term.

ARTICLE 3 - DIVISION OF RESPONSIBILITIES

- 3.1 **Owner Facilities.** The Owner will design, build, operate, maintain, repair, upgrade, replace and support facilities on the Lands to capture and purify biogas and deliver Biomethane to the FEI Facilities, as more particularly identified in Schedule C (the “Owner Facilities”).
- 3.2 **FEI Facilities** - FEI will design, build, operate, maintain, repair, upgrade, replace and support facilities on the Lands to connect to the Owner Facilities, measure and monitor Biomethane quantity and quality and inject the accepted Biomethane into FEI’s existing

gas distribution system, as more particularly identified in Schedule C (the “**FEI Facilities**”).

- 3.3 **Letter of Credit.** The Owner shall, if requested by FEI, provide FEI with a letter of credit issued by a Canadian Chartered Bank, or other form of security acceptable to FEI, in an amount not less than the value of the underground portions of the FEI Facilities which can reasonably be expected to be stranded in the event of early termination of this Agreement. FEI shall be entitled to draw on the letter of credit or realize on any other security provided for any amounts due and owing under this Agreement by the Owner, including the termination payment set out in section 9.2.
- 3.4 **FEI Approvals.** FEI shall obtain and maintain any consents, permits, filings, orders or other approvals, including governmental consents and approvals, building and construction permits, environmental permits, zoning changes or variances (collectively the “**Approvals**”) required, affecting or necessary for the ownership, installation, maintenance and operation of the FEI Facilities.
- 3.5 **Owner Approvals.** The Owner shall obtain and maintain the Approvals required, affecting or necessary for the ownership, installation, maintenance and operation of the Owner Facilities.
- 3.6 **Application of *Utility Commission Act*.** The Owner acknowledges FEI is a public utility as defined in the *Utilities Commission Act (British Columbia)* and this Agreement, including the terms and conditions contained herein and any amendments thereto, are subject to BCUC approval. If BCUC approval is granted subject to terms and conditions which are not reasonably satisfactory to FEI having regard to its *bona fide* business interests, the parties will negotiate in good faith to address the impacts thereof, including mitigation of costs.
- 3.7 **Ownership of FEI Facilities.** The FEI Facilities are, and shall at all times remain, personalty and the property of FEI despite the degree to which they may be annexed or affixed to the Lands and despite any rule of law or equity to the contrary. FEI shall be entitled at any time and from time to time to remove the FEI Facilities in whole or in part, and the FEI Facilities shall be freely alienable by FEI as its own property. FEI shall be entitled to install notices on the FEI Facilities identifying FEI’s ownership.
- 3.8 **System Improvement.** Recognizing the value in continued improvement in operating efficiency and Biomethane production, the parties agree to meet periodically to discuss methods and future initiatives that may improve system operability or improve the environmental benefit of the project.
- 3.9 **Existing Operating Certificates.** The Owner will ensure any relevant permits or operating certificates are updated to reflect the operation of the FEI Facilities on the Lands.
- 3.10 **Utilities.** The Owner will provide the electrical and telephone connections to the limits of the FEI Facilities, all at no cost to FEI. The Owner shall not be liable for any

disruptions in such services, unless caused by any negligent act or omission of the Owner. FEI will pay for usage of the utilities as directly invoiced to FEI by the service provider.

- 3.11 **Preference for Biomethane.** In order to maximize Biomethane and project benefits for both parties, including GHG reduction credits, the Owner covenants and agrees to make commercially reasonable efforts to operate the Owner Facilities and process all biogas generated on the Lands in excess of its own operational needs to produce Biomethane.
- 3.12 **Cooperation.** In order to facilitate the connectivity between the Owner Facilities and the FEI Facilities and maximize the production of Biomethane, the parties agree to:
- (a) cooperate in the design, permitting, construction and connection of the respective facilities, including any upgrades and modifications to such facilities; provided that despite the exchange or review of, or comment on, any design drawings, by the other party, each party shall be solely responsible for the design and construction of their respective facilities;
 - (b) share operating data and work together to optimize operation of their respective facilities; and
 - (c) notify each other in advance of proposed operational changes or system modifications or upgrades to their respective facilities to ensure such changes, modifications or upgrades do not negatively impact the operation of the other parties facilities.

ARTICLE 4 – ACCESS TO AND USE OF LANDS

- 4.1 **Grant of License.** The Owner hereby grants to FEI, at no cost, a non-exclusive irrevocable license to those portions of the Lands shown outlined in Schedule B (the “**License Area**”) at all times and from time to time, with or without vehicles, machinery and equipment, for FEI and its authorized employees, contractors and agents, to excavate, install, place, construct, renew, alter, repair, maintain, use, abandon, remove or replace the FEI Facilities, in whole or in part.
- 4.2 **Access over the Lands.** The Owner hereby grants to FEI, at no cost, the free and unobstructed right to access over and across the Lands, with or without vehicles, machinery and equipment, as required from time to time, for FEI and its authorized employees, contractors and agents to access the FEI Facilities; provided however this right shall in no way restrict the Owner from maintaining, changing or improving the Lands as long as FEI and its authorized employees, contractors and agents continue to have access to the FEI Facilities. FEI’s right of access over the Lands is subject to FEI’s compliance with the reasonable requirements of the Owner for the safety and security of the Lands, including as to access points and limitation on access during normal working hours except in the case of emergency.

4.3 **Grant of Rights to Third Parties.** Subject to section 4.5, the grant of rights to FEI hereunder does not preclude or prevent the Owner from granting easements, statutory rights of way or other grants, leases or licences over the Lands to any other person.

4.4 **Use of Lands.** FEI shall:

- (a) not do, suffer or permit anything in, on or from the License Area that may be or become a nuisance or annoyance to the owners, occupiers or users of land or premises adjacent to or near the Lands or to the public, including the accumulation of rubbish or unused personal property of any kind;
- (b) not do, suffer or permit any act or neglect that may in any manner directly or indirectly cause injury to the License Area;
- (c) use the License Area only for the purposes set out in this Agreement;
- (d) except as otherwise provided in this Agreement, pay all costs and expenses of any kind whatsoever associated with and payable in respect of FEI's use of the License Area, the FEI Facilities and all equipment, furniture and other personal property brought onto the License Area by FEI, including without limitation, property all taxes, levies, charges and assessments, permit and license fees, repair and maintenance costs, administration and service fees, gas, water, sewage disposal and other utility and service charges and payments for work and materials;
- (e) carry on and conduct its activities in, on and from the License Area in compliance with any and all Laws from time to time in force, and to obtain all required approvals and permits thereunder, and not to do or omit to do anything in, on or from the License Area in contravention thereof; and
- (f) discharge any builders lien which may be filed against the title to the Lands within 30 days of filing, and comply at all times with the *Builders Lien Act* (British Columbia), in respect of any improvements, work or other activities undertaken by or on behalf of FEI.

4.5 **Non-Interference.** The Owner will not do or knowingly permit to be done anything in, under, over, upon or with respect to the Lands which, in the reasonable opinion of FEI, may interfere with, diminish or injure FEI's rights hereunder or the installation, maintenance use or operation of the FEI Facilities, including but not limited to, anything which:

- (a) interrupts, endangers, impedes, disturbs or causes damage to the FEI Facilities or its operation, use, security or functionality;
- (b) removes, diminishes or impairs any vertical or lateral support for, or causes the movement or settlement of, the FEI Facilities; and

- (c) causes, permits or suffers any structure, equipment, act or function to exert any vertical load or lateral load upon or against, or impair the structural integrity of, the FEI Facilities;

without the prior written consent of FEI and in accordance with any conditions FEI may specify as a condition of such consent.

ARTICLE 5 – QUALITY, QUANTITY, TITLE AND INDEMNITY

5.1 **Biomethane Quality and Monitoring.** In order to be accepted by FEI, the Biomethane must meet the specifications set out in Schedule A (the “**Specifications**”). FEI shall monitor Biomethane quality to ensure the Biomethane meets the Specifications prior to injection into its natural gas distribution system.

5.2 **Biomethane Volume and Delivery Quantity.** The parties expect the volume of Biomethane produced by the Owner Facilities to range from approximately 40,000 to 50,000 GJ per year. Subject to section 5.3, the Owner agrees to sell the Biomethane to FEI subject to the following limitations, as measured by equipment forming part of the FEI Facilities:

- (a) **Maximum Yearly Delivery** - 70,000 GJ per year;
- (b) **Maximum Daily Delivery** – 375 GJ per day, calculated by dividing the monthly delivery amount by the number of days in that calendar month.
- (c) **Minimum Yearly Delivery** - 30,000 GJ per year;

FEI will be responsible for measurement of Biomethane flow and the calculation of energy delivered for the purpose of determining delivery quantities.

5.3 **Excess Production** – If, from time to time, the Owner anticipates Biomethane production may exceed the maximum limits set out above, the Owner shall immediately notify FEI of the anticipated delivery quantity, and FEI may, in its discretion, accept the additional production volume. The Owner will notify FEI at least six (6) months in advance of any proposed changes or improvements to the Owner Facilities or the Lands that could result in long term increase to Biomethane flow by more than 10% above the Maximum Yearly Delivery quantity set out above to allow FEI to evaluate the impacts of such increase on the FEI Facilities and its gas distribution system and FEI’s ability to accommodate and accept such increased production volume.

5.4 **Exclusivity.** The Owner covenants and agrees to exclusively sell the Biomethane to FEI; provided that if FEI is, from time to time, unable to accommodate and accept all the Biomethane, the Owner shall be entitled to use, sell or otherwise dispose of the excess production in a commercially and environmentally reasonable manner after consultation with FEI.

5.5 **Title and Warranty.** Provided the Biomethane meets the Specifications, title to and responsibility for the Biomethane shall pass from the Owner to FEI upon delivery to the

connection point between the Owner Facilities and the FEI Facilities. Any Biomethane rejected by FEI will be redirected back to the Owner Facilities and title to and responsibility for such Biomethane shall not pass to FEI. The Owner warrants that it has the right to convey and will transfer good and merchantable title to the Biomethane free and clear of all liens, encumbrances and claims.

- 5.6 **Indemnity.** The Owner hereby agrees to indemnify and save FEI harmless from all losses, liabilities or claims including reasonable legal fees and costs of court arising from or out of claims of title, personal injury or property damage from the Biomethane or other charges thereon (“**Claims**”) which attach before title passes to FEI. FEI hereby agrees to indemnify and save the Owner harmless from all Claims which attach after title passes to FEI. Despite the foregoing, the Owner will be liable for all Claims to the extent that such Claims arise from the failure of the Biomethane to meet the Specifications or to deliver title to the Biomethane to FEI free and clear of any encumbrances.

ARTICLE 6 – PURCHASE PRICE AND PAYMENT

- 6.1 **Purchase Price.** Commencing the First Delivery Date, FEI shall pay the Owner for the quantity of Biomethane delivered to the FEI Facilities and accepted by FEI, as determined by meter readings, at the rates and subject to the adjustments set out in Schedule D. The Owner shall not be entitled to receive any payment from FEI on account of Biomethane delivered to the FEI Facilities which does not meet the Specifications as determined by FEI.

6.2 **Payment Terms.**

- (a) On or about the 15th day of each month, FEI shall generate a statement for the preceding month showing the quantity of Biomethane accepted by FEI in GJ, the applicable rates and adjustments and the amount payable. If the quantity of Biomethane is not known by the billing date, FEI will issue the statement based on a reasonable estimate of the amount accepted and make the necessary adjustments as soon as practical and in any event by the next billing period.
- (b) FEI will pay the purchase price within 30 days of delivery of the Biomethane delivery statement to the Owner.
- (c) Any errors in any statement or disputes as to amounts due shall be promptly reported to FEI and any resulting underpayments or overpayments identified will be refunded or repaid with accrued interest at the rate set out in section 6.2(d).
- (d) Overdue payments shall be subject to a late payment charge of 1.5% per month (19.56% per annum).

ARTICLE 7 - GREENHOUSE GAS (GHG)

- 7.1 **Offsets for Natural Gas Displacement.** The parties agree FEI will own any environmental attributes associated with the displacement of traditional natural gas by carbon neutral biomethane. FEI will administer the GHG offsets associated with the

displacement, including quantifying, validating and registering the GHG credits, and retain the associated GHG credits for the supply of Biomethane into FEI's distribution system. The parties agree to explore ways to cooperate in the administration of GHG credits.

- 7.2 **Verification by Owner.** At the request of FEI, the Owner will verify the Biomethane is carbon neutral in accordance with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
- 7.3 **Right of First Refusal.** If the Owner generates and is entitled to any GHG credits for the capture and destruction of methane through the use and operation of the Owner Facilities, FEI retains the first right of refusal to purchase such GHG credits in excess of those the Owner may retain for its own use at fair market price.

ARTICLE 8 – DEFAULT

- 8.1 **Default.** Either party (the “**Defaulting Party**”) shall be in default of this Agreement if the Defaulting Party is in breach of any term, covenant, agreement, condition or obligation imposed on it under this Agreement, provided that:
- (a) the other party (the “**Non-Defaulting Party**”) provides the Defaulting Party with a written notice of such default and a 10-day period within which to cure such a default (the “**Cure Period**”); and
 - (b) the Defaulting Party fails to cure such default during the Cure Period, or if such default is not capable of being cured within the Cure Period, fails in good faith to commence the curing of such default upon receipt of notice of default and to continue to diligently pursue the curing of such default thereafter until cured.
- 8.2 **Effect of Default.** Upon default, the Non-Defaulting Party may, at its option and in addition to and without liability therefore or prejudice to any other right or remedy it may have:
- (a) cease performing its obligations under this Agreement, including suspending or refusing to make any payment due hereunder, until the default has been fully remedied, and no such action shall relieve the Defaulting Party from any of its obligations under this Agreement;
 - (b) undertake the necessary steps to remedy the default at the Defaulting Party's expense, and such action shall not relieve the Defaulting Party from any of its obligations under this Agreement; or
 - (c) terminate this Agreement immediately upon notice to the other party, whereupon the provisions of ARTICLE 9 shall apply.

ARTICLE 9 - EFFECT OF EXPIRY OR TERMINATION.

- 9.1 **Removal of FEI Facilities.** Upon the expiry of this Agreement or in the event of termination upon default pursuant to section 8.2(c), FEI will, within 90 days following the expiry date or termination date, as the case may be, remove the FEI Facilities from the Lands; provided that FEI will be obligated to remove only those portions of the FEI Facilities to surface level and leave the un-removed portions in a safe manner in accordance with FEI standard practice, and any portion of the FEI Facilities not removed by FEI will become the property of the Owner.
- 9.2 **Termination Payment.** If FEI terminates this Agreement pursuant to 8.2(c) as a result of default of the Owner, or if owner sells or otherwise transfers its interest in and to the Lands, the Owner shall, within 30 days of the date of termination, pay to FEI a termination payment representing a genuine pre-estimate of FEI's damages for such default, calculated as the depreciated cost to construct any of FEI Facilities that will be stranded.

ARTICLE 10 - INSURANCE REQUIREMENTS

- 10.1 **Insurance.** Each party shall obtain and maintain the following insurance coverage and provide proof of coverage to the other party:
- (a) General Commercial Liability Insurance from insurers registered in and licensed to underwrite insurance in British Columbia for bodily injury, death and property damage in the amount of \$5,000,000 per occurrence naming the other party as an additional insured with respect to this Agreement; and
 - (b) Such other insurance as reasonably required by the other party from time to time.

Each party shall be responsible for payment of any deductibles of their policies. All such policies shall provide that the insurance shall not be cancelled or changed in any way without the insurer giving at least 10 calendar days written notice to the other party.

ARTICLE 11 - ENVIRONMENTAL PROVISIONS

- 11.1 **Definition of Contaminants.** "Contaminants" means collectively, any contaminant, toxic substances, dangerous goods, or pollutant or any other substance which when released to the natural environment is likely to cause, at some immediate or future time, material harm or degradation to the natural environment or material risk to human health, and includes any radioactive materials, asbestos materials, urea formaldehyde, underground or aboveground tanks, pollutants, contaminants, deleterious substances, dangerous substances or goods, hazardous, corrosive or toxic substances, hazardous waste or waste of any kind, pesticides, defoliants, or any other solid, liquid, gas, vapour, odour or any other substance the storage, manufacture, disposal, handling, treatment, generation, use, transport, remediation or release into the environment of which is now or hereafter prohibited, controlled or regulated by law.

11.2 **Owner Release and Indemnity.** Despite any other provision of this Agreement, the Owner acknowledges and agrees that FEI is not and shall not be responsible for any Contaminants now present, or present in the future, in, on or under the Lands, or that may or may have migrated on or off the Lands and hereby releases and agrees to indemnify FEI and its directors, officers, employees, successors and permitted assigns, from any and all liabilities, actions, damages, claims (including remediation cost recovery claims), losses, costs, orders, fines, penalties and expenses whatsoever (including all consulting and legal fees and expenses on a solicitor-client basis) arising from or in connection with:

- (a) any release or alleged release of any Contaminants at or from the Lands;
- (b) the presence of any Contaminants on or off the Lands before or after the date of execution of this Agreement;

except with respect to any Contaminants brought onto the Lands by FEI or any Contaminants released from the Lands as a result of any negligent act or omission of FEI.

11.3 **FEI Release and Indemnity.** Despite any other provision of this Agreement, FEI shall release and indemnify the Owner and its directors, officers, employees, successors and permitted assigns, from any and all liabilities, actions, damages, claims (including remediation cost recovery claims), losses, costs, orders, fines, penalties and expenses whatsoever (including all consulting and legal fees and expenses on a solicitor-client basis) arising from or in connection with to any Contaminants brought onto the Lands by FEI or any Contaminants released from the Lands as a result of any negligent act or omission of FEI.

ARTICLE 12 - INDEMNIFICATION AND LIMITATION OF LIABILITY.

12.1 **Indemnification.** Each party shall indemnify and hold harmless the other party and its employees, directors and officers from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of:

- (a) the negligence or wilful misconduct of such party, its employees, directors, officers or contractors; or
- (b) the breach by such party of any of the provisions contained in this Agreement.

12.2 **Limitation of Liability.** Each party's liability to the other party under this ARTICLE 12 shall be limited to the payment of direct damages. In no event shall either party be responsible or liable to the other party for any indirect, consequential, punitive, exemplary or incidental damages of the other party or any third party arising out of or related to this Agreement even if the loss is directly attributable to the gross negligence or wilful misconduct of such party, its employees, or contractors.

12.3 **Duty to Mitigate.** Each party has a duty to mitigate the damages that would otherwise be recoverable from the other party pursuant to this Agreement by taking appropriate and

commercially reasonable actions to reduce or limit the amount of such damages or amounts.

ARTICLE 13 - FORCE MAJEURE

- 13.1 **Effect of Force Majeure.** Neither party will be in default of this Agreement by reason only of any failure in the performance of such party's obligations pursuant to this Agreement if such failure arises without the fault or negligence of such party and is caused by any event of Force Majeure (as defined below) that makes it commercially impracticable or unreasonable for such party to perform its obligations under this Agreement and, in such event, the obligations of the parties will be suspended to the extent necessary for the period of the Force Majeure condition, save and except neither party will be relieved of or released from its obligations to make payments to the other party as a result of an event of Force Majeure. For the purpose of this section, "**Force Majeure**" means any cause which is unavoidable or beyond the reasonable control of any party to this Agreement and which, by the exercise of its reasonable efforts, such party is unable to prevent or overcome, including, acts of God, war, riots, intervention by civil or military authority, strikes, lockouts, accidents, acts of civil or military authority, or orders of government or regulatory bodies having jurisdiction, or breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines or the failure of gas supply, temporary or otherwise; provided however, the lack of funds or other financial cause shall not be an event of Force Majeure.
- 13.2 **Notice of Force Majeure.** The party whose performance is prevented by an event of Force Majeure must provide notification to the other party of the occurrence of such event as soon as reasonably possible.

ARTICLE 14 - DISPUTE RESOLUTION

- 14.1 **Dispute Resolution.** Where any dispute arises out of or in connection with this Agreement, including failure of the parties to reach agreement hereunder, either party may request the other party to appoint senior representatives to meet and attempt to resolve the dispute either by direct negotiations or mediation. Unresolved disputes shall be settled by arbitration under the National Arbitration Rules of the ADR Institute of Canada Inc. for Dispute Resolution conducted by a single arbitrator.
- 14.2 **Performance of Obligations.** The parties shall continue to fulfill their respective obligations pursuant to this Agreement during the resolution of any dispute in accordance with this section.

ARTICLE 15 - CONFIDENTIALITY

- 15.1 **Confidentiality.** All information or documentation received by a party (the "**Receiving Party**") which has been specifically marked by other party (the "**Disclosing Party**") as confidential (the "**Information**") shall be deemed to be confidential and proprietary to the Disclosing Party. Except as otherwise provided herein, the Receiving Party shall not directly or indirectly disclose the Information to any third party without the prior written

consent of the Disclosing Party. Such consent is not required where the third party is another contractor or consultant retained by the Receiving Party for the purposes contemplated in this Agreement and to the extent that such disclosure is necessary for the proper performance of this Agreement or such disclosure is required by law.

- 15.2 **Exception for Regulatory Submission.** Despite the foregoing, the Receiving Party may use the Information in the preparation of and submissions to regulatory agencies.
- 15.3 **Exclusions.** The obligation of confidentiality set out above shall not apply to material, data or information which is known to either party prior to their receipt thereof, which is generally available to the public or which has been obtained from a third party which has the right to disclose the same.

ARTICLE 16 – GENERAL

- 16.1 **Costs.** Except as otherwise set out in this Agreement, each party will be responsible for the payment of its own costs related to performing its obligations under this Agreement.
- 16.2 **Publicity.** Neither party shall initiate any media releases, interviews, or presentations to the media relating to this Agreement without the agreement and approval of the other party, not to be unreasonably withheld or delayed
- 16.3 **Compliance with Laws.** Each party covenants, as a material provision of this Agreement, it will comply with all codes, statutes, by-laws, regulations or other laws in force in British Columbia during the Term.
- 16.4 **Governing law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada. The parties hereby attorn to the jurisdiction of the courts of British Columbia and all courts competent to hear appeals therefrom.
- 16.5 **Notice.** Any invoices, payments, notices or other communication required to be given or made pursuant to the Agreement shall, unless otherwise expressly provided herein, shall be in writing and shall be personally delivered to or sent by facsimile to either party at its address set forth below and deemed to have been received the next business day following delivery or facsimile transmittal:

If to: **FortisBC Energy Inc.**

16705 Fraser Highway, Surrey, BC V4N 0E8

Attention: Doug Stout, VP Energy Solutions & External Relations

Fax: 604-592-7670

With a copy to: Scott Gramm, Business Development Manager

Email: scott.gramm@fortisbc.com

If to: **Seabreeze Farms Ltd.**

4790 112th St. Delta, BC, V4K 3N3

Attention: Jerry Keulen

Fax: 604-594-3551

With a copy to: Jerry Keulen

Email: seabreeze@dccnet.com

- 16.6 **Schedules.** The schedules attached to this agreement are an integral part of this Agreement and are hereby incorporated into this Agreement as a part thereof.
- 16.7 **Amendments to be in writing.** Except as set out in this Agreement, no amendment or variation of the Agreement shall be effective or binding upon the parties unless such amendment or variation is set forth in writing and duly executed by the parties.
- 16.8 **Waiver.** No party is bound by any waiver of any provision of this Agreement unless such waiver is consented to in writing by that party. No waiver of any provisions of this Agreement constitutes a waiver of any other provision, nor does any waiver constitute a continuing waiver unless otherwise provided.
- 16.9 **Assignment.** Neither party shall assign its rights and obligations under this Agreement without the prior written consent of the other party, such consent not to be unreasonably withheld, delayed or conditioned. Despite the foregoing, FEI may assign this Agreement, or parts thereof, to any of its affiliates.
- 16.10 **Enurement.** This Agreement enures to the benefit of and is binding on the parties and their respective successors and permitted assigns.
- 16.11 **Survival.** The following provisions shall survive the termination or expiration of this Agreement: Section 5.6 [*Indemnity*], ARTICLE 11 [*Environmental Provisions*], ARTICLE 12 [*Indemnification and Limitation of Liability*], ARTICLE 14 [*Dispute Resolution*], ARTICLE 15 [*Confidentiality*], Section 16.4 [*Governing Law*] and Section 16.5 [*Notice*].
- 16.12 **Remedies Cumulative.** All rights and remedies of each party under this Agreement are cumulative and may be exercised at any time and from time to time, independently and in combination.
- 16.13 **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination does not impair or affect the validity, legality or enforceability of any other provision of this Agreement.
- 16.14 **Further Assurances.** The parties shall sign such further and other documents and do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement.

16.15 **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, covenants, representations, warranties or other provisions, whether express or implied, collateral, statutory or otherwise, relating to the subject matter of this Agreement except as provided in this Agreement.

16.16 **Time is of the essence.** Time is of the essence of this Agreement.

16.17 **Execution.** This Agreement may be executed in counterparts, each of which shall be deemed as an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or electronic transmission hereof shall be as effective as delivery of an originally executed counterpart hereof.

16.18 **Interpretation.** In and for the purpose of this Agreement

- (a) this “**Agreement**” means this agreement as the same may from time to time be modified, supplemented or amended in effect,
- (b) the headings are for convenience only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement, and
- (c) the singular of any term includes the plural, and vice versa, the use of any term is generally applicable to any gender and, where applicable, a corporation, the word “or” is not exclusive and the word “including” is not limiting (whether or not non-limiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto).

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

FORTISBC ENERGY INC.

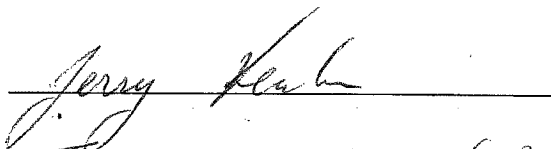
by its authorized signatory:



D.L. Stout, Vice-President
Energy Solutions &
External Relations

SEABREEZE FARM LTD.

by its authorized signatory:



JERRY KEULEN (President)

Schedules attached:

Schedule A – Specifications

Schedule B – Drawing of License Area

Schedule C – Description of Owner Facilities and FEI Facilities

Schedule D – Purchase Rates and Adjustments

SCHEDULE A
BIOMETHANE SPECIFICATIONS

1. The Biomethane must meet the pipeline quality specifications identified in the Westcoast Energy General Terms and Conditions, Article 12, item 12.06, as may be amended, replaced or superseded from time to time, provided that if, during the Term, such terms and conditions cease to exist, then the applicable specifications shall be those prescribed by FEI, acting reasonably, at such time and from time to time.

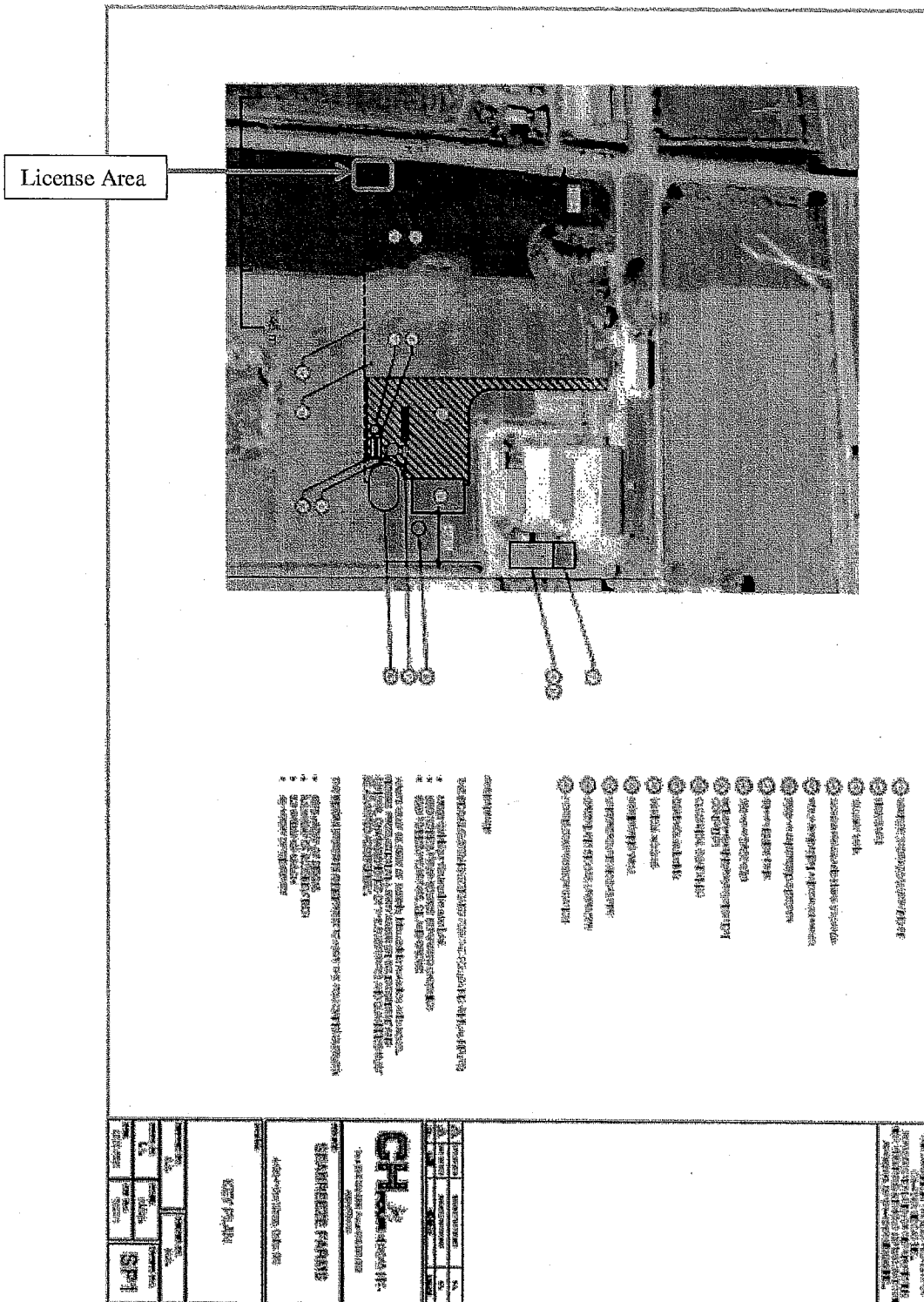
For references purposes only, the applicable Westcoast Energy General Terms and Conditions, Article 12, item 12.06 as at the Effective Date of this Agreement are recreated below:

- 12.06 *Residue Gas at Receipt Points - Residue gas delivered to Westcoast by or for the account of a Shipper at a Receipt Point shall:*
- (a) *not contain sand, dust, gums, oils and other impurities or other objectionable substances in such quantities as may be injurious to pipelines or may interfere with the transmission or commercial utilization of the gas;*
 - (b) *not contain more than six milligrams per cubic meter of hydrogen sulphide;*
 - (c) *not contain water in the liquid phase and not contain more than 65 milligrams per cubic meter of water vapour;*
 - (d) *be free of hydrocarbons in liquid form and not have a hydrocarbon dew-point in excess of minus 9°C at the delivery pressure;*
 - (e) *not contain more than 23 milligrams per cubic meter of total sulphur;*
 - (f) *not contain more than two percent by volume of carbon dioxide;*
 - (g) *be as free of oxygen as Shipper can keep it through the exercise of all reasonable precautions and shall not in any event contain more than 0.4 percent by volume of oxygen;*
 - (h) *have a temperature not exceeding 54°C; and*
 - (i) *have a total heating value of not less than 36.00 megajoules per cubic meter."*

2. In addition to the foregoing, the Biomethane shall:
- (a) contain not more than 1 milligram per cubic meter of total siloxanes;
 - (b) must be free of objectionable materials; and
 - (c) be delivered at a pressure not less than 1200 kilopascals.

J.R.


SCHEDULE B **LICENCE AREA**



J.K.
[Signature]

SCHEDULE C
DESCRIPTION OF OWNER FACILITIES AND FEI FACILITIES

- A. Owner Facilities** means those facilities necessary to capture and purify biogas and deliver the resulting Biomethane to the FEI Facilities, including but not limited to:
- (a) anaerobic digesters
 - (b) waste receiving and conditioning facilities (such as pasteurizer);
 - (c) biogas purification/upgrading equipment;
 - (d) control systems,
 - (e) compression equipment to reach the minimum delivery pressure of 1200 kilopascals;
 - (f) a flare system; and
 - (g) piping between the purification/upgrading equipment and the FEI Facilities;
- as more particularly shown on the schematic diagram in Figure 1 below.
- B. FEI Facilities** means those facilities necessary to connect to the Owner Facilities, measure and monitor Biomethane quantity and quality and inject the accepted Biomethane into FEI's existing gas distribution system, including but not limited to:
- (a) main extension and connection;
 - (b) metering;
 - (c) gas quality monitoring;
 - (d) pressure regulation;
 - (e) odorizing;
 - (f) safety shut offs;
 - (g) monitoring sensors and communications equipment capable of automatically re-starting injection of Biomethane into the distribution system once Biomethane has met the Specifications, in the event that the Biomethane has temporarily failed to meet the Specifications;
 - (h) foundation; and
 - (i) fence (if required);
 - (j) outlet piping from fenced area to main line located adjacent to the Lands; and
 - (k) inlet shut-off valves located immediately adjacent to fenced area built by FEI;
- as more particularly shown on the schematic diagram in Figure 1 below.

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J.R.

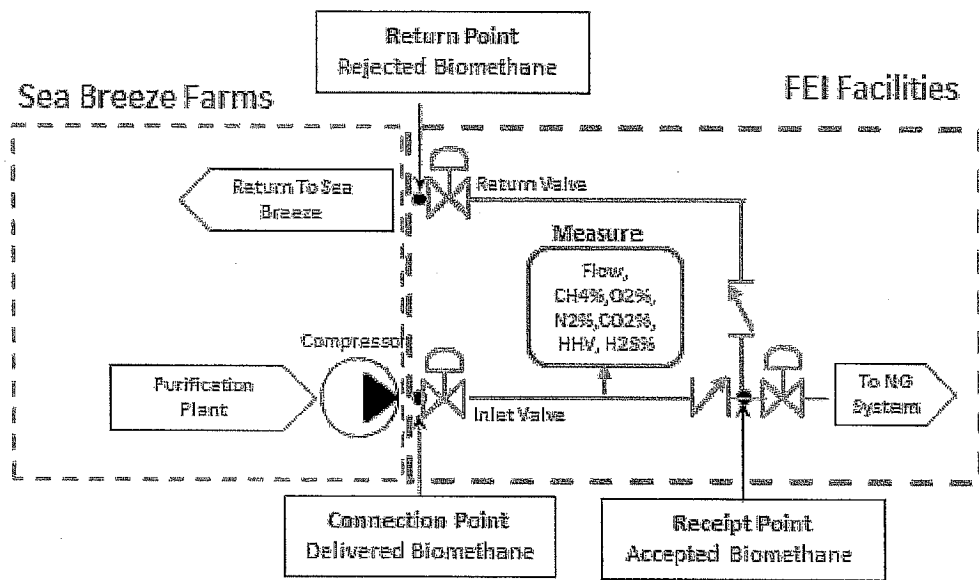



Figure 1 - Facility Schematic

J.K.

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SCHEDULE D
PURCHASE RATES AND ADJUSTMENTS

- 1.1 **Purchase Price.** FEI shall pay the Owner for the quantity of Biomethane accepted by FEI per month at the following rates, subject annual adjustment pursuant to section 1.2 of this Schedule, plus applicable taxes thereon:



- 1.2 **Annual Adjustment.** Subject to section 1.1 of this Schedule, the Base Rate and Excess Rate shall be subject to an annual increase of [REDACTED] on the anniversary date of the 1st day of the month following the First Delivery Date.
- 1.3 **Application of Natural Gas Rate:** Subject to section 1.4 of this Schedule, if the per GJ natural gas commodity prices identified as the Sumas Monthly Index Price contained in 'Inside FERC' published by Platts (the "Natural Gas Rate") exceeds the Base Rate in any month, FEI shall pay the Natural Gas Rate in lieu of the Base Rate for that month.
- 1.4 **Maximum Rate.** No adjustment will be made which results in the applicable rate payable by FEI exceeding the then current BCUC - approved maximum rate for delivered biomethane.

J.K.
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BIOMETHANE PURCHASE AGREEMENT

THIS AGREEMENT made as of September 21, 2012 (the “**Effective Date**”)

BETWEEN:

FORTISBC ENERGY INC., 16705 Fraser Highway, Surrey, BC V4N 0E8

(“**FEI**”)

AND:

EARTH RENU ENERGY CORP., 420 Audley Blvd., Delta, BC V3M 5S4

(the “**Owner**”)

WHEREAS:

- A. FEI is a natural gas utility with a distribution system in British Columbia.
- B. The Owner, pursuant to a written lease agreement (the “Lease Agreement”) is the tenant of certain lands and premises beneficially owned by Longo Development Corporation (the “Landlord”) located at 660 Caldew Street, Annacis Island, Delta, BC, V3M 5S2 and legally described as follows:

P.I.D. 000-891-711

Lot 14 Except: Firstly: Plan with Bylaw Filed 45754
Secondly: Part Subdivided by Plans 31080 and 34925
Thirdly: Part Subdivided by Plans 38636 and 41106
Fourthly: Part Subdivided by Plans 44428 and 46270
Fifthly: Part Subdivided by Plans 46556 and 48479,
Sixthly: Part Subdivided by Plan 68492
Seventhly: Part Subdivided by Plan 74539,
Eighthly: Part Subdivided by Plan 74540,
District Lot 351 Group 1 New Westminster District Plan 1537

P.I.D. 000-891-690

Lot 13 Except: Firstly: Plan with Bylaw Filed 45754
Secondly: .143 Acres Shown on Plan 23861
Thirdly: Parcel "One" (Explanatory Plan 29512)
Fourthly: Part Subdivided by Plans 29542 and 30002
Fifthly: Part Subdivided by Plans 31078 and 31571
Sixthly: Part Subdivided by Plans 31816 and 34925
Seventhly: Part Subdivided by Plans 35857 and 36941
Eighthly: Part Subdivided by Plans 37874 and 38636
Ninthly: Part Subdivided by Plans 42670 and 44428
Tenthly: Part Subdivided by Plans 47052 and 47092,
Eleventhly: Part Subdivided by Plan 74542,
District Lot 351 Group 1 New Westminster District Plan 1537

(the “**Lands**”).

- C. The Owner intends to finance, design, construct, operate and maintain facilities on the Lands to capture and purify biogas to pipeline quality biomethane (the “**Biomethane**”) for injection into FEI’s existing nature gas distribution system.
- D. In order to monitor the quality and quantity of the Biomethane and inject the Biomethane into FEI’s existing natural gas distribution system adjacent to Lands, FEI intends to finance, construct and operate facilities on the Lands to connect the Owner’s facilities to FEI’s gas distribution system.
- E. The Owner has agreed to grant FEI continued access to and use of the Lands for the purpose of operating and maintaining its facilities on the Lands on the terms and conditions provided in this Agreement. The Landlord, by written agreement (the “**Consent Agreement**”), has consented to the Owner granting FEI access to and use of the Lands for the purpose of operating and maintaining the FEI Facilities pursuant to the terms and conditions herein contained.
- F. FEI wishes to purchase and the Owner wishes to sell the Biomethane to FEI on the terms and conditions provided in this Agreement.

NOW THEREFORE, in consideration of the mutual promises set out herein and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the parties agree as follows:

ARTICLE 1 – CONDITION PRECEDENT

- 1.1 **Conditions Precedent of FEI.** The obligation of FEI to carry out the transactions contemplated by this Agreement is subject to fulfillment of the following conditions on or before the dates set out below, which is for the sole benefit of FEI, and which may be waived by FEI in writing:
 - (a) On or before December 15, 2012, obtaining the necessary approvals of all regulatory or other applicable governmental authorities having jurisdiction, including the British Columbia Utilities Commission (“**BCUC**”), on terms and conditions which are satisfactory to FEI acting reasonably having regard to its bona fide business interests; and
 - (b) Within five (5) business days of execution of this Agreement, the Owner providing FEI a fully executed copy of:
 - (i) the Consent Agreement; and
 - (ii) the Lease Agreement.
- 1.2 **Conditions Precedent of the Owner.** The Owner’s obligation to carry out the transactions contemplated by this Agreement is subject to the fulfillment of each of the following conditions on or before December 15, 2012 which are for the sole and absolute benefit of the Owner and which may be waived by the Owner in whole or in part:
 - (a) The Owner obtaining the necessary approvals of all regulatory or other applicable governmental authorities having jurisdiction for the construction and operation of

the Owner Facilities on terms and conditions which are satisfactory to the Owner acting reasonably having regard to its bona fide business interests.

- 1.3 **Delivery of Notice.** If a party's condition precedent has not been satisfied by the required date, such party may deliver notice to the other party that the condition has not been satisfied, whereupon this Agreement will be null and void without liability between the parties and neither party will be under further obligation to the other to complete the transactions contemplated by this Agreement. If a party fails to deliver notice to the other party of the non-satisfaction of a condition precedent by the required date, then such party will be deemed to have waived the condition.
- 1.4 **Costs Incurred Prior to Condition Removal.** The parties acknowledge and agree that if either party elects to undertake any work or incur any costs with respect to this Agreement prior to the waiver or satisfaction of the foregoing conditions precedent, such party will be solely responsible for all costs so incurred.

ARTICLE 2 - TERM

- 2.1 **Term.** This Agreement will commence on the Effective Date and expire on October 31st [REDACTED] (the "**Initial Term**"), unless terminated earlier or renewed in accordance with the terms of this Agreement (the "**Term**"), where "**First Delivery Date**" means the business day after the Owner has demonstrated the Owner Facilities have produced Biomethane that meet the Specifications for a cumulative total of 7 calendar days.
- 2.2 **First Delivery Date.** The First Delivery Date shall not be prior to October 31, 2013.
- 2.3 **Renewal.** This Agreement will renew [REDACTED] unless a party provides the other party with written notice of its intention to terminate this Agreement at least one (1) year prior to the expiry of the Initial Term and six (6) months prior to the expiry of any Renewal Term.
- 2.4 **Change of Interest in Lands.** In the event of any sale or lease of the Lands to a third party or any other loss or diminishment of the interest of the Owner in the Lands or if the Lease Agreement is terminated for any reason, this Agreement, at the option of FEI, will terminate as at the effective date of any such sale, lease, loss or diminishment of interest or the date of termination of the Lease Agreement, and the provisions of ARTICLE 9 shall apply.

ARTICLE 3 - DIVISION OF RESPONSIBILITIES

- 3.1 **Owner Facilities.** The Owner will design, build, operate, maintain, repair, upgrade, replace and support facilities on the Lands to capture and purify biogas and deliver Biomethane to the FEI Facilities, as more particularly identified in Schedule C (the "**Owner Facilities**").
- 3.2 **FEI Facilities** - FEI will design, build, operate, maintain, repair, upgrade, replace and support facilities on the Lands to connect to the Owner Facilities, measure and monitor Biomethane quantity and quality and inject the accepted Biomethane into FEI's existing

gas distribution system, as more particularly identified in Schedule C (the “**FEI Facilities**”).

- 3.3 **Letter of Credit.** The Owner shall, if requested by FEI, provide FEI with a letter of credit issued by a Canadian Chartered Bank, or other form of security acceptable to FEI, in an amount not less than the value of the underground portions of the FEI Facilities which can reasonably be expected to be stranded in the event of early termination of this Agreement to a maximum amount of \$100,000. The value of the Letter of Credit will be reduced by an amount equal to 10% of the total value each anniversary of the Effective Date until the value is equal to zero. FEI shall be entitled to draw on the letter of credit or realize on any other security provided for any amounts due and owing under this Agreement by the Owner in the event that FEI terminates this Agreement pursuant to 8.2(c) as a result of default of the Owner, including any termination payment, in addition to any and all remedies FEI may have under law, equity or this Agreement. .
- 3.4 **FEI Approvals.** FEI shall obtain and maintain any consents, permits, filings, orders or other approvals, including governmental consents and approvals, building and construction permits, environmental permits, zoning changes or variances (collectively the “**Approvals**”) required, affecting or necessary for the ownership, installation, maintenance and operation of the FEI Facilities.
- 3.5 **Owner Approvals.** The Owner shall obtain and maintain the Approvals required, affecting or necessary for the ownership, installation, maintenance and operation of the Owner Facilities.
- 3.6 **Application of *Utility Commission Act*.** The Owner acknowledges FEI is a public utility as defined in the *Utilities Commission Act (British Columbia)* and this Agreement, including the terms and conditions contained herein and any amendments thereto, are subject to BCUC approval. If BCUC approval is granted subject to terms and conditions which are not reasonably satisfactory to FEI or the Owner having regard to their respective *bona fide* business interests, the parties will negotiate in good faith to address the impacts thereof, including mitigation of costs.
- 3.7 **Ownership of FEI Facilities.** The FEI Facilities are, and shall at all times remain, personalty and the property of FEI despite the degree to which they may be annexed or affixed to the Lands and despite any rule of law or equity to the contrary. FEI shall be entitled at any time and from time to time to remove the FEI Facilities in whole or in part, and the FEI Facilities shall be freely alienable by FEI as its own property. FEI shall be entitled to install notices on the FEI Facilities identifying FEI’s ownership of reasonable size and prominence..
- 3.8 **System Improvement.** Recognizing the value in continued improvement in operating efficiency and Biomethane production, the parties agree to meet periodically to discuss methods and future initiatives that may improve system operability or improve the environmental benefit of the project.

- 3.9 **Utilities.** The Owner will make electrical power and telephone lines available for use by FEI with respect to the FEI Facilities. FEI will be responsible to pay for telephone and electrical usage costs directly associated with the FEI Facilities, without mark-up. The Owner shall not be liable for any disruptions in such services, unless caused by any negligent act or omission of the Owner.
- 3.10 **Cooperation.** In order to facilitate the connectivity between the Owner Facilities and the FEI Facilities and maximize the production of Biomethane, the parties agree to:
- (a) cooperate in the design, permitting, construction and connection of the respective facilities, including any upgrades and modifications to such facilities; provided that despite the exchange or review of, or comment on, any design drawings, by the other party, each party shall be solely responsible for the design and construction of their respective facilities and shall own all copyright, moral rights, and other intellectual property rights with respect to their respective facilities;
 - (b) share operating data and work together to optimize operation of their respective facilities, subject to the obligations of confidentiality under ARTICLE 15 herein; and
 - (c) notify each other in advance of proposed operational changes or system modifications or upgrades to their respective facilities to ensure such changes, modifications or upgrades do not negatively impact the operation of the other parties facilities.

ARTICLE 4 – ACCESS TO AND USE OF LANDS

- 4.1 **Grant of License.** The Owner, with the consent of the Landlord pursuant to the Consent Agreement, hereby grants to FEI, at no cost, a non-exclusive, irrevocable license to use those portions of the Lands shown outlined in Schedule B (the “**License Area**”) at all times and from time to time, with or without vehicles, machinery and equipment, for FEI and its authorized employees, contractors and agents, to excavate, install, place, construct, renew, alter, repair, maintain, use, abandon, remove or replace the FEI Facilities, in whole or in part, subject to the terms, covenants, conditions, provisions, agreements and provisos herein set forth. This Agreement shall grant no interest in the Lands to FEI whatsoever, but only a contractual right to use the License Area solely for the purposes set out herein.
- 4.2 **Access over the Lands.** The Owner, with the consent of the Landlord pursuant to the Consent Agreement, hereby grants to FEI, at no cost, the free and unobstructed right to access over and across the Lands, with or without vehicles, machinery and equipment, as required from time to time, for FEI and its authorized employees, contractors and agents to access the FEI Facilities; provided however this right shall in no way restrict the Owner or its employees, contractors, agents and invitees from using, enjoying, maintaining, changing or improving the Lands as long as FEI and its authorized employees, contractors and agents continue to have reasonable access to the FEI Facilities, subject to the right of the Owner to temporarily interrupt access to the License

Area in the event of emergency. FEI's right of access over the Lands is subject to FEI's compliance with the reasonable requirements of the Owner for the safety, security, and use of the Lands, including, but not limited to, those regarding access points and limitation on access during normal working hours except in the case of emergency.

4.3 **Grant of Rights to Third Parties.** Subject to section 4.5, the grant of rights to FEI hereunder does not preclude or prevent the Owner or the Landlord from granting easements, statutory rights of way or other interests in land, grants, leases or licences over the Lands to any other person.

4.4 **Use of Lands.** FEI shall:

- (a) not do, suffer or permit anything in, on or from the License Area that may be or become a nuisance or annoyance to the owners, occupiers or users of land or premises adjacent to or near the Lands or to the public, including the accumulation of rubbish or unused personal property of any kind;
- (b) not do, suffer or permit any act or neglect that may in any manner directly or indirectly cause injury to the Lands or the Owner Facilities;
- (c) promptly repair any damage to the Lands caused by FEI's use of the Lands or the installation or removal of the FEI Facilities;
- (d) use the License Area only for the purposes set out in this Agreement;
- (e) except as otherwise provided in this Agreement, pay all costs and expenses of any kind whatsoever associated with and payable in respect of FEI's use of the License Area, the Lands, the FEI Facilities and all equipment, furniture and other personal property brought onto the License Area by FEI or by those for whom FEI is in law responsible, including without limitation, property all taxes, levies, charges and assessments, permit and license fees, repair and maintenance costs, administration and service fees, gas, water, sewage disposal and other utility and service charges and payments for work and materials;
- (f) carry on and conduct its activities in, on and from the License Area in compliance with any and all Laws (as hereinafter defined) , from time to time in force, and to obtain all required approvals and permits thereunder, and not to do or omit to do anything in, on or from the License Area in contravention thereof; and
- (g) promptly discharge any builders lien which may be filed against the title to the Lands, in any event within 30 days of filing, and comply at all times with the *Builders Lien Act* (British Columbia), in respect of any improvements, work or other activities undertaken by or on behalf of FEI.

4.5 **Non-Interference.** The Owner will not do or knowingly permit to be done anything in, under, over, upon or with respect to the Lands which, in the reasonable opinion of FEI, may interfere with, diminish or injure FEI's rights hereunder or the installation,

maintenance use or operation of the FEI Facilities, including but not limited to, anything which:

- (a) interrupts, endangers, impedes, disturbs or causes damage to the FEI Facilities or its operation, use, security or functionality;
- (b) removes, diminishes or impairs any vertical or lateral support for, or causes the movement or settlement of, the FEI Facilities; and
- (c) causes, permits or suffers any structure, equipment, act or function to exert any vertical load or lateral load upon or against, or impair the structural integrity of, the FEI Facilities;

without the prior written consent of FEI and in accordance with any conditions FEI may reasonably specify as a condition of such consent..

4.6 **Compliance with Lease.** The Owner covenants and agrees, as a material term of this Agreement, to comply with the terms and conditions of the Lease Agreement.

4.7 **Indemnity.** FEI shall indemnify and hold harmless the Owner and its employees, directors and officers from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) (collectively, the “**Claims**”) arising from or out of the use of the License Area or entrance onto or access through the Lands by FEI or those for whom it is law responsible, save and except to the extent any such Claims are caused by or contributed to by the Owner or those from whom it is in law responsible.

ARTICLE 5 – QUALITY, QUANTITY, TITLE AND INDEMNITY

5.1 **Biomethane Quality and Monitoring.** In order to be accepted by FEI, the Biomethane must meet the specifications set out in Schedule A (the “**Specifications**”). FEI shall monitor Biomethane quality to ensure the Biomethane meets the Specifications prior to injection into its natural gas distribution system.

5.2 **Biomethane Volume and Delivery Quantity.** The parties expect the volume of Biomethane produced by the Owner Facilities to range from approximately 150,000 to 225,000 GJs per year. Subject to section 5.3, the Owner agrees to sell the Biomethane to FEI subject to the following limitations, as measured by equipment forming part of the FEI Facilities:

- (a) **Minimum Yearly Delivery** – 73,000 GJ
- (b) **Maximum Yearly Delivery** – 205,000 GJ per year;
- (c) **Maximum Daily Delivery** – 545 GJ per day, in the months of June, July and August, calculated by dividing the monthly delivery amount by the number of days in that calendar month. In other calendar months the Maximum Daily Delivery is 600 GJ per day.

FEI will, be responsible for the measurement of Biomethane flow and the calculation of energy delivered for the purpose of determining delivery quantities,.

- 5.3 **Excess Production** – If, from time to time, the Owner anticipates Biomethane production may exceed the maximum limits set out above, the Owner shall immediately notify FEI of the anticipated delivery quantity, and FEI may, in its discretion, accept the additional production volume. The Owner will notify FEI at least six (6) months in advance of any proposed changes or improvements to the Owner Facilities or the Lands that could result in long term increase to Biomethane flow by more than 10% above the Maximum Yearly Delivery quantity set out above to allow FEI to evaluate the impacts of such increase on the FEI Facilities and its gas distribution system and FEI's ability to accommodate and accept such increased production volume. The Owner shall be entitled to use, sell or otherwise dispose of any excess production of Biomethane not accepted by FEI as the Owner may, in its sole discretion, determine.
- 5.4 **Title and Warranty.** Provided the Biomethane meets the Specifications, title to and responsibility for the Biomethane shall pass from the Owner to FEI upon delivery to the connection point between the Owner Facilities and the FEI Facilities. Any Biomethane rejected by FEI will be redirected back to the Owner Facilities and title to and responsibility for such Biomethane shall not pass to FEI. The Owner warrants that it has the right to convey and will transfer good and merchantable title to the Biomethane free and clear of all liens, encumbrances and claims, excepting any lien, encumbrance and claim arising as a result of or in relation to the operations of FEI.
- 5.5 **Indemnity.** The Owner hereby agrees to indemnify and save FEI harmless from all losses, liabilities or claims including reasonable legal fees and costs of court arising from or out of claims of title, personal injury or property damage from the Biomethane or other charges thereon ("**Claims**") which attach before title to the Biomethane passes to FEI. FEI hereby agrees to indemnify and save the Owner harmless from all Claims which attach after title to the Biomethane passes to FEI. Despite the foregoing, the Owner will be liable for all Claims to the extent that such Claims arise from the failure of the Biomethane to meet the Specifications or to deliver title to the Biomethane to FEI free and clear of any encumbrances, excepting any lien, encumbrance and claim arising as a result of or in relation to the operations of FEI.

ARTICLE 6 – PURCHASE PRICE AND PAYMENT

- 6.1 **Purchase Price.** FEI shall pay the Owner for the quantity of Biomethane delivered to the FEI Facilities and accepted by FEI, as determined by meter readings, at the rates and subject to the adjustments set out in Schedule D. The Owner shall not be entitled to receive any payment from FEI on account of:
- (a) Biomethane received prior to the First Delivery Date unless this Agreement is terminated prior to such date for any reason other than the Owner's breach of its obligations hereunder;
 - (b) Biomethane delivered to the FEI Facilities which does not meet the Specifications as determined by FEI.

6.2 **Payment Terms.**

- (a) On or about the 15th day of each month, FEI shall generate a statement for the preceding month showing the quantity of Biomethane accepted by FEI in GJ, the applicable rates and adjustments and the amount payable. If the quantity of Biomethane is not known by the billing date, FEI will issue the statement based on a reasonable estimate of the amount accepted and make the necessary adjustments as soon as practical and in any event by the next billing period.
- (b) FEI will pay the purchase price within 30 days of delivery of the Biomethane delivery statement to the Owner.
- (c) Overdue payments shall be subject to a late payment charge of 1.5% per month (19.56% per annum).

6.3 **Purchase of Biomethane by Owner.** The Owner agrees to purchase from FEI a minimum of one thousand (1,000) GJ annually of Biomethane for its own use at the then current rate for Biomethane as approved by the BCUC. FEI shall be entitled to deduct the purchase price from such Biomethane acquired by the Owner from any amounts due and owing to the Owner pursuant to this Agreement.

6.4 **Verification of Statements.**

- (a) Subject to sub- section 6.4(c), the Owner shall notify FEI of any errors or disputes with respect to any statement within 30 days of receipt of such statement, failing which, such statement shall be deemed conclusively to be correct. Upon receipt of notification of any errors or disputes, FEI shall promptly deliver to the Owner all relevant documentation necessary to enable the Owner to verify the accuracy of the statements, including meter verification results and methodology where the dispute relates to meter accuracy.
- (b) Any errors in any statement or disputes as to amounts due shall be promptly reported to FEI and any resulting underpayments or overpayments identified will be refunded or repaid with accrued interest at the rate set out in section 6.2(c).
- (c) If the Owner disputes the accuracy of any meters forming part of the FEI Facilities, the meters will be tested by a third party, and if found to be correct or to be in error of not more than 2%, the expense of such testing shall be borne by the Owner and, despite any resulting adjustment to the meters, previous meter readings will be deemed to be correct. If the meters are found to be in error by more than 2%, the expense of such testing shall be borne by FEI, the meters adjusted, and prior readings corrected to reflect such adjustments for any previous period which is known definitely or is agreed upon, failing which such correction shall be for a period covering the last half of the time lapsed since the date of the last meter test.
- (d) If it is determined the meters are in error by more than 2%, and, as a result of such error, FEI has refused to accept Biomethane and such refused Biomethane cannot be recovered and delivered into the FEI Facilities (the “**Lost Biomethane**”), the

Owner shall be deemed to have delivered, and FEI shall be deemed to have accepted, such Lost Biomethane, for such period and in such amount as reasonably determined by the parties;

- (e) If it is determined the meters are in error by more than 2%, and, as a result of such error, FEI has overpaid the Owner for Biomethane, the Owner shall repay the overpayment.

ARTICLE 7 - GREENHOUSE GAS (GHG)

- 7.1 **Offsets from Natural Gas Displacement.** The parties agree FEI will own any environmental attributes associated with the displacement of traditional natural gas through the use of Biomethane, arising after title to the Biomethane has passed from the Owner to FEI (the “**FEI Offset Credits**”). FEI will administer the FEI Offset Credits, including quantifying, validating and registering any such credits, and FEI will retain the associated FEI Offset Credits for the supply of Biomethane into FEI’s distribution system. The parties agree to cooperate in the administration of FEI Offset Credits. The Owner hereby releases any and all claims, legal or otherwise, to the FEI Offset Credits and agrees that it will not seek any payment or compensation from FEI in connection with the FEI Offset Credits.
- 7.2 **Offsets from Operations and Landfill Diversion.** Despite Section 7.1, the parties agree the Owner will own any environmental attributes associated with the capture and destruction of methane through the use and operation of the Owner Facilities and related supply chain processes (the “**Owner Offset Credits**”), including but not limited to any offset credits resulting from: (i) the displacement of any emissions by the use of Biomethane in the operations of the Owner Facilities; (ii) the displacement of any emissions through operational improvements, efficiencies, cogeneration or utilization of other renewable energy sources; and (iii) emission reductions achieved by any feedstock diverted from landfill sites. The Owner will administer the Owner Offset Credits including quantifying, validating and registering any such credits, and the Owner will retain the Owner Offset credits for such displacement and diversion activities. FEI hereby releases all claims, legal or otherwise, to the Owner Offset Credits and agrees that it will not seek any payment or compensation from the Owner in connection with the Owner Offset Credits.
- 7.3 **Verification by Owner.** At the request of FEI, the Owner will confirm that, based on the feedstock selection, the Biomethane is considered biogenic when used in place of fossil fuels, as determined in accordance with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. The Owner shall bear the cost of such confirmation to a maximum of \$24,000 per annum, and any third part costs in excess of such amount shall be borne equally by FEI and the Owner.
- 7.4 **Right of First Refusal.** In each instance of sale by the Owner of the Owner Offset Credits, not more than once per calendar year, the Owner hereby grants to FEI the first right of refusal to purchase the Owner Offset Credits in excess of those the Owner may retain for its own use as follows:

- (a) the Owner will notify FEI in writing of the terms and conditions (including consideration) on which it will sell such excess Owner Offset Credits;
- (b) FEI will have 10 days from receipt of such notice to inform the Owner of its willingness to purchase such excess Owner Offset Credits on the terms and conditions set out in the notice, failing which the Owner will be free to sell such excess Owner Offset Credits on the same terms and conditions or on terms and conditions no more favourable than offered to FEI.

ARTICLE 8 – DEFAULT

8.1 **Default.** Either party (the “**Defaulting Party**”) shall be in default of this Agreement if the Defaulting Party is in breach of any term, covenant, agreement, condition or obligation imposed on it under this Agreement, provided that:

- (a) the other party (the “**Non-Defaulting Party**”) provides the Defaulting Party with a written notice of such default and a 10-day period within which to cure such a default (the “**Cure Period**”); and
- (b) the Defaulting Party fails to cure such default during the Cure Period, or if such default is not capable of being cured within the Cure Period, fails in good faith to commence the curing of such default upon receipt of notice of default and to continue to diligently pursue the curing of such default thereafter until cured.

8.2 **Effect of Default.** Upon default, the Non-Defaulting Party may, at its option and in addition to and without liability therefore or prejudice to any other right or remedy it may have:

- (a) cease performing its obligations under this Agreement, including suspending or refusing to make any payment due hereunder, until the default has been fully remedied, and no such action shall relieve the Defaulting Party from any of its obligations under this Agreement;
- (b) undertake the necessary steps to remedy the default at the Defaulting Party’s expense, and such action shall not relieve the Defaulting Party from any of its obligations under this Agreement; or
- (c) terminate this Agreement immediately upon notice to the other party, whereupon the provisions of ARTICLE 9 shall apply.

ARTICLE 9 - EFFECT OF EXPIRY OR TERMINATION.

9.1 **Removal of FEI Facilities.** Upon the expiry of this Agreement or in the event of termination upon default pursuant to section 8.2(c), FEI will, within 90 days following the expiry date or termination date, as the case may be, remove the FEI Facilities from the Lands; provided that FEI will be obligated to remove only those portions of the FEI Facilities to surface level and leave the un-removed portions in a safe manner in

accordance with FEI standard practice, and any portion of the FEI Facilities not removed by FEI will become the property of the Owner.

- 9.1 **Termination Payment.** If FEI terminates this Agreement pursuant to 8.2(c) as a result of default of the Owner or the Agreement is terminated early as a result of termination of the Lease Agreement pursuant to section 2.4, the Owner shall, within 30 days of invoice, make a termination payment to FEI representing a genuine pre-estimate of FEI's damages which equals the depreciated cost of the FEI Facilities that will be stranded, to a maximum of \$863,000.00, as reasonably determined by FEI and subject to BCUC approval. The invoice shall provide reasonable description as to FEI's calculations of such termination payment.

ARTICLE 10 - INSURANCE REQUIREMENTS

- 10.1 **Insurance.** Each party shall obtain and maintain the following insurance coverage and provide proof of coverage to the other party:
- (a) General Commercial Liability Insurance from insurers registered in and licensed to underwrite insurance in British Columbia for bodily injury, death and property damage in the amount of \$5,000,000 per occurrence naming the other party as an additional insured with respect to this Agreement; and
 - (b) Such other insurance as reasonably required by the other party from time to time.

Each party shall be responsible for payment of any deductibles of their policies. All such policies shall provide that the insurance shall not be cancelled or changed in any way without the insurer giving at least 10 calendar days written notice to the other party.

ARTICLE 11 - ENVIRONMENTAL PROVISIONS

- 11.1 **Definition of Contaminants.** "Contaminants" means collectively, any contaminant, toxic substances, dangerous goods, or pollutant or any other substance which when released to the natural environment is likely to cause, at some immediate or future time, material harm or degradation to the natural environment or material risk to human health, and includes any radioactive materials, asbestos materials, urea formaldehyde, underground or aboveground tanks, pollutants, contaminants, deleterious substances, dangerous substances or goods, hazardous, corrosive or toxic substances, hazardous waste or waste of any kind, pesticides, defoliants, or any other solid, liquid, gas, vapour, odour or any other substance the storage, manufacture, disposal, handling, treatment, generation, use, transport, remediation or release into the environment of which is now or hereafter prohibited, controlled or regulated by law.
- 11.2 **Owner Release and Indemnity.** Despite any other provision of this Agreement, the Owner acknowledges and agrees that FEI is not and shall not be responsible for any Contaminants now present, or present in the future, in, on or under the Lands, or that may or may have migrated on or off the Lands and hereby releases and agrees to indemnify FEI and its directors, officers, employees, successors and permitted assigns, from any and all liabilities, actions, damages, claims (including remediation cost recovery claims),

losses, costs, orders, fines, penalties and expenses whatsoever (including all consulting and legal fees and expenses on a solicitor-client basis) arising from or in connection with:

- (a) any release or alleged release of any Contaminants at or from the Lands;
- (b) the presence of any Contaminants on or off the Lands before or after the date of execution of this Agreement;

except with respect to any Contaminants brought onto the Lands by FEI or any Contaminants released from the Lands as a result of any act or omission of FEI.

- 11.3 **FEI Release and Indemnity.** Despite any other provision of this Agreement, FEI shall release and indemnify the Owner and its directors, officers, employees, successors and permitted assigns, from any and all liabilities, actions, damages, claims (including remediation cost recovery claims), losses, costs, orders, fines, penalties and expenses whatsoever (including all consulting and legal fees and expenses on a solicitor-client basis) arising from or in connection with to any Contaminants brought onto the Lands by FEI or any Contaminants released from or onto the Lands as a result of any act or omission of FEI.

ARTICLE 12 - INDEMNIFICATION AND LIMITATION OF LIABILITY.

- 12.1 **Indemnification.** Each party shall indemnify and hold harmless the other party and its employees, directors and officers from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of:
- (a) the negligence or wilful misconduct of such party, its employees, directors, officers or contractors; or
 - (b) the breach by such party of any of the provisions contained in this Agreement.
- 12.2 **Limitation of Liability.** Each party's liability to the other party under this ARTICLE 12 shall be limited to the payment of direct damages. In no event shall either party be responsible or liable to the other party for any indirect, consequential, punitive, exemplary or incidental damages of the other party or any third party arising out of or related to this Agreement even if the loss is directly attributable to the gross negligence or wilful misconduct of such party, its employees, or contractors.
- 12.3 **Duty to Mitigate.** Each party has a duty to mitigate the damages that would otherwise be recoverable from the other party pursuant to this Agreement by taking appropriate and commercially reasonable actions to reduce or limit the amount of such damages or amounts.

ARTICLE 13 - FORCE MAJEURE

- 13.1 **Effect of Force Majeure.** Neither party will be in default of this Agreement by reason only of any failure in the performance of such party's obligations pursuant to this

Agreement if such failure arises without the fault or negligence of such party and is caused by any event of Force Majeure (as defined below) that makes it commercially impracticable or unreasonable for such party to perform its obligations under this Agreement and, in such event, the obligations of the parties will be suspended to the extent necessary for the period of the Force Majeure condition, save and except neither party will be relieved of or released from its obligations to make payments to the other party as a result of an event of Force Majeure. For the purpose of this section, "**Force Majeure**" means any cause which is unavoidable or beyond the reasonable control of any party to this Agreement and which, by the exercise of its reasonable efforts, such party is unable to prevent or overcome, including, acts of God, war, riots, intervention by civil or military authority, strikes, lockouts, accidents, acts of civil or military authority, or orders of government or regulatory bodies having jurisdiction, or breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines or the failure of gas supply, temporary or otherwise; provided however, the lack of funds or other financial cause shall not be an event of Force Majeure.

- 13.2 **Notice of Force Majeure.** The party whose performance is prevented by an event of Force Majeure must provide notification to the other party of the occurrence of such event as soon as reasonably possible.

ARTICLE 14 - DISPUTE RESOLUTION

- 14.1 **Dispute Resolution.** Where any dispute arises out of or in connection with this Agreement, including failure of the parties to reach agreement hereunder, either party may request the other party to appoint senior representatives to meet and attempt to resolve the dispute either by direct negotiations or mediation. Unresolved disputes shall be settled by arbitration under the National Arbitration Rules of the ADR Institute of Canada Inc. for Dispute Resolution conducted by a single arbitrator to be agreed upon by the parties. If the parties cannot agree to a single arbitrator, they shall have one appointed by the ADR Institute of Canada Inc.
- 14.2 **Performance of Obligations.** The parties shall continue to fulfill their respective obligations pursuant to this Agreement during the resolution of any dispute in accordance with this section.

ARTICLE 15 - CONFIDENTIALITY

- 15.1 **Confidentiality.** All information or documentation received by a party (the "**Receiving Party**") which has been specifically marked by other party (the "**Disclosing Party**") as confidential (the "**Information**") shall be deemed to be confidential and proprietary to the Disclosing Party. Except as otherwise provided herein, the Receiving Party shall not directly or indirectly disclose the Information to any third party without the prior written consent of the Disclosing Party. Such consent is not required where the third party is another contractor or consultant retained by the Receiving Party for the purposes contemplated in this Agreement and to the extent that such disclosure is necessary for the proper performance of this Agreement or such disclosure is required by law.

- 15.2 **Exception for Regulatory Submission.** Despite the foregoing, the Receiving Party may use the Information in the preparation of and submissions to regulatory agencies.
- 15.3 **Exclusions.** The obligation of confidentiality set out above shall not apply to material, data or information which is known to either party prior to their receipt thereof, which is generally available to the public or which has been obtained from a third party which has the right to disclose the same.

ARTICLE 16 – GENERAL

- 16.1 **Costs.** Except as otherwise set out in this Agreement, each party will be responsible for the payment of its own costs related to performing its obligations under this Agreement.
- 16.2 **Publicity.** Neither party shall initiate any media releases, interviews, or presentations to the media relating to this Agreement without the agreement and approval of the other party, not to be unreasonably withheld or delayed
- 16.3 **Compliance with Laws.** Each party covenants, as a material provision of this Agreement, it will comply with all codes, statutes, by-laws, regulations or other laws in force in British Columbia including the laws of Canada applicable therein (collectively, the “**Laws**”) during the Term.
- 16.4 **Governing law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada. The parties hereby attorn to the jurisdiction of the courts of British Columbia and all courts competent to hear appeals therefrom.
- 16.5 **Notice.** Any invoices, payments, notices or other communication required to be given or made pursuant to the Agreement shall, unless otherwise expressly provided herein, shall be in writing and shall be personally delivered to or sent by facsimile to either party at its address set forth below and deemed to have been received the next business day following delivery or facsimile transmittal:

If to: **FortisBC Energy Inc.**

16705 Fraser Highway, Surrey, BC V4N 0E8

Attention: Doug Stout, VP Energy Solutions & External Relations

Fax: 604-592-7670

With a copy to: Scott Gramm
scott.gramm@fortisbc.com

If to: **Earth Renu Energy Corp.**

1010 Derwent Way, Delta, BC V3M 5R1

Attention: Steve Harpur

Fax: (778) 297-5311

With a copy to:

Richards Buell Sutton LLP
700 – 401 West Georgia Street, Vancouver, BC V6B 5A1

Attention: Sharon White
Fax: 604-688-3830

- 16.6 **Schedules.** The schedules attached to this agreement are an integral part of this Agreement and are hereby incorporated into this Agreement as a part thereof.
- 16.7 **Amendments to be in writing.** Except as set out in this Agreement, no amendment or variation of the Agreement shall be effective or binding upon the parties unless such amendment or variation is set forth in writing and duly executed by the parties.
- 16.8 **Waiver.** No party is bound by any waiver of any provision of this Agreement unless such waiver is consented to in writing by that party. No waiver of any provisions of this Agreement constitutes a waiver of any other provision, nor does any waiver constitute a continuing waiver unless otherwise provided.
- 16.9 **Assignment.** Neither party shall assign its rights and obligations under this Agreement without the prior written consent of the other party, such consent not to be unreasonably withheld, delayed or conditioned. Despite the foregoing, FEI may assign this Agreement, or parts thereof, to any of its affiliates, provided that FEI provides the Owner with notice of such assignment and provided that, before such affiliate ceases to be an affiliate of FEI, the interest assigned to such affiliate must be assigned back to FEI.
- 16.10 **Enurement.** This Agreement enures to the benefit of and is binding on the parties and their respective successors and permitted assigns.
- 16.11 **Survival.** The following provisions shall survive the termination or expiration of this Agreement: Section 5.5 *5.5[Indemnity]*, ARTICLE 11 *[Environmental Provisions]*, ARTICLE 12 *[Indemnification and Limitation of Liability]*, ARTICLE 14 *[Dispute Resolution]*, ARTICLE 15 *[Confidentiality]*, Section 16.4 *[Governing Law]* and Section 16.5 *[Notice]*.
- 16.12 **Remedies Cumulative.** All rights and remedies of each party under this Agreement are cumulative and may be exercised at any time and from time to time, independently and in combination.
- 16.13 **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination does not impair or affect the validity, legality or enforceability of any other provision of this Agreement.
- 16.14 **Further Assurances.** The parties shall sign such further and other documents and do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement.
- 16.15 **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements,

understandings, negotiations and discussions, whether oral or written. There are no conditions, covenants, representations, warranties or other provisions, whether express or implied, collateral, statutory or otherwise, relating to the subject matter of this Agreement except as provided in this Agreement.

16.16 **Time is of the essence.** Time is of the essence of this Agreement.

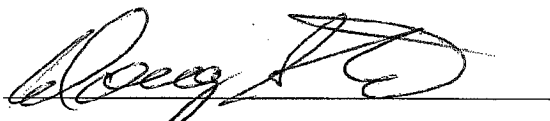
16.17 **Execution.** This Agreement may be executed in counterparts, each of which shall be deemed as an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or electronic transmission hereof shall be as effective as delivery of an originally executed counterpart hereof.

16.18 **Interpretation.** In and for the purpose of this Agreement

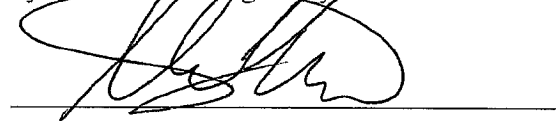
- (a) this "**Agreement**" means this agreement as the same may from time to time be modified, supplemented or amended in effect,
- (b) the headings are for convenience only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement, and
- (c) the singular of any term includes the plural, and vice versa, the use of any term is generally applicable to any gender and, where applicable, a corporation, the word "or" is not exclusive and the word "including" is not limiting (whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto).

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

FORTISBC ENERGY INC.
by its authorized signatory:


D.L. Stout, Vice-President
Energy Solutions &
External Relations

EARTH RENU ENERGY CORP.
by its authorized signatory:


President.

Schedules attached:

Schedule A – Specifications

Schedule B – Drawing of License Area

Schedule C – Description of Owner Facilities and FEI Facilities

Schedule D – Purchase Rates and Adjustments


SCHEDULE A
BIOMETHANE SPECIFICATIONS

1. The Biomethane must meet the pipeline quality specifications identified in the Westcoast Energy General Terms and Conditions, Article 12, item 12.06, as may be amended, replaced or superseded from time to time, provided that if, during the Term, such terms and conditions cease to exist, then the applicable specifications shall be those prescribed by FEI, acting reasonably, at such time and from time to time.

For references purposes only, the applicable Westcoast Energy General Terms and Conditions, Article 12, item 12.06 as at the Effective Date of this Agreement are recreated below:

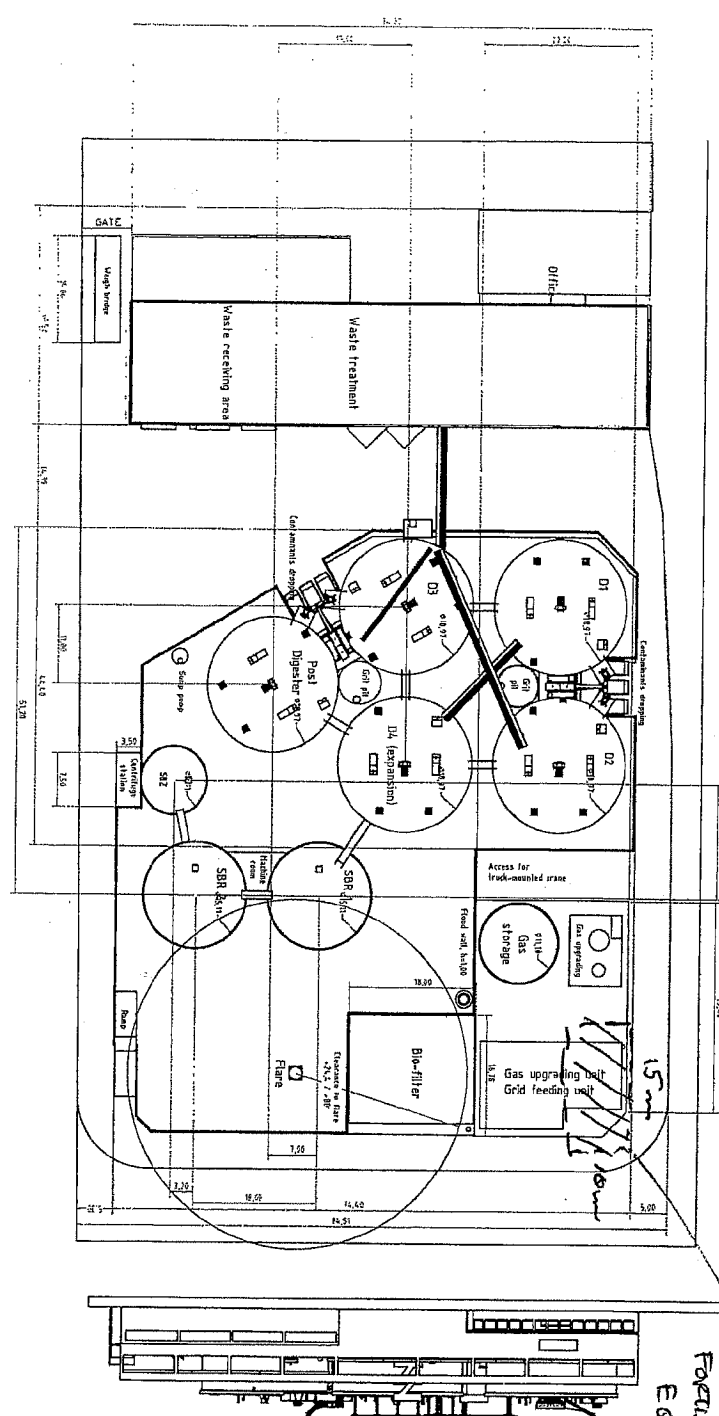
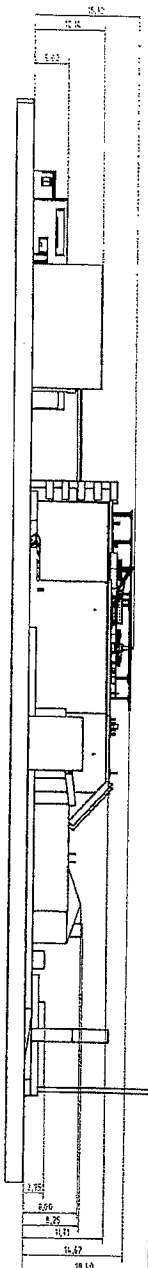
- 12.06 *Residue Gas at Receipt Points - Residue gas delivered to Westcoast by or for the account of a Shipper at a Receipt Point shall:*
- (a) *not contain sand, dust, gums, oils and other impurities or other objectionable substances in such quantities as may be injurious to pipelines or may interfere with the transmission or commercial utilization of the gas;*
 - (b) *not contain more than six milligrams per cubic meter of hydrogen sulphide;*
 - (c) *not contain water in the liquid phase and not contain more than 65 milligrams per cubic meter of water vapour;*
 - (d) *be free of hydrocarbons in liquid form and not have a hydrocarbon dew-point in excess of minus 9°C at the delivery pressure;*
 - (e) *not contain more than 23 milligrams per cubic meter of total sulphur;*
 - (f) *not contain more than two percent by volume of carbon dioxide;*
 - (g) *be as free of oxygen as Shipper can keep it through the exercise of all reasonable precautions and shall not in any event contain more than 0.4 percent by volume of oxygen;*
 - (h) *have a temperature not exceeding 54°C; and*
 - (i) *have a total heating value of not less than 36.00 megajoules per cubic meter."*

2. In addition to the foregoing, the Biomethane shall:
- (a) contain not more than 1 milligram per cubic meter of total siloxanes; and
 - (b) must be free of objectionable materials.
 - (c) be delivered at a pressure not be less than 720 kPag


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SCHEDULE B
LICENSE AREA

S.H.
[Signature]



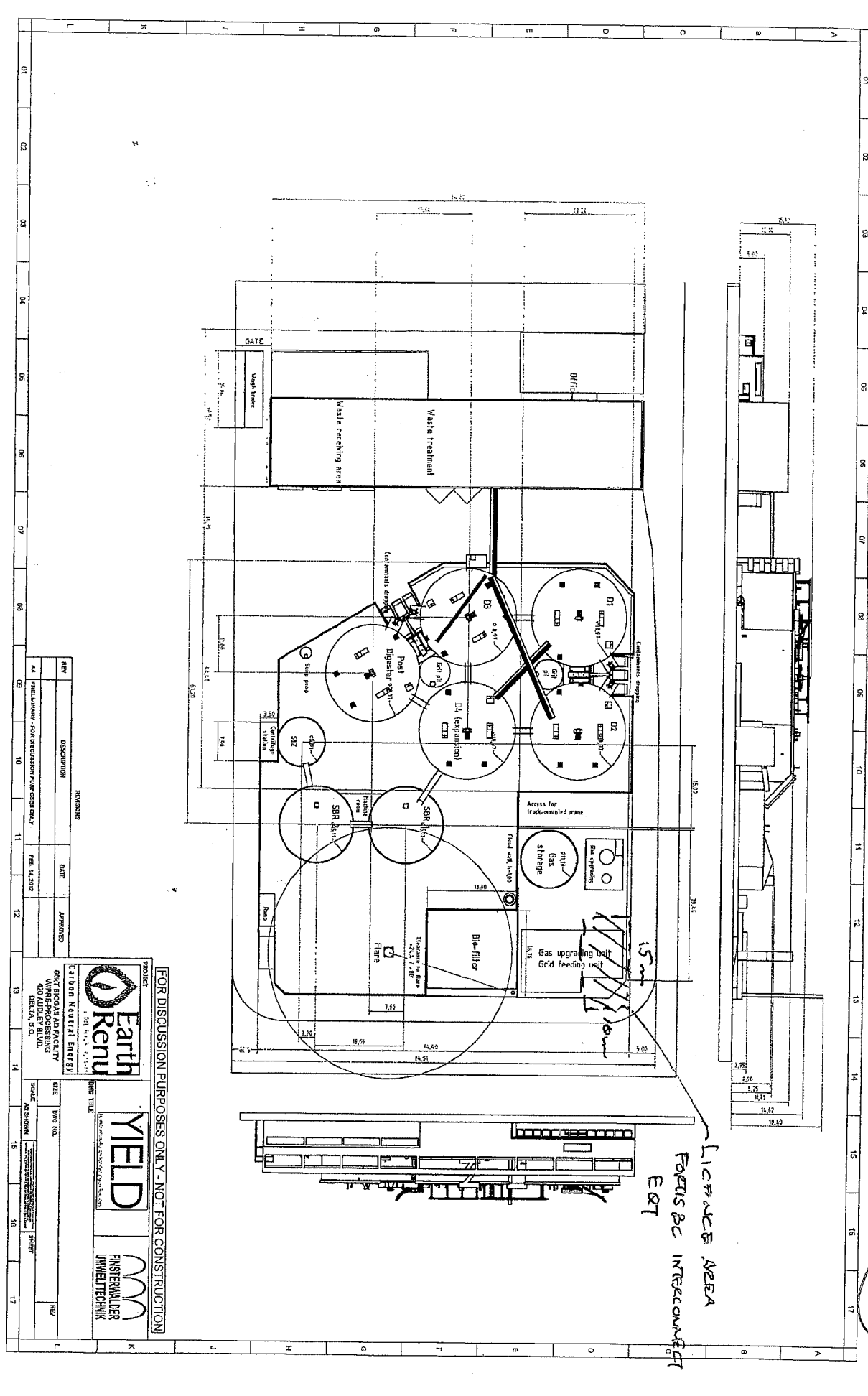
LICENCE AREA
FOCUS BC INTERCONNECT
E07

REV	DESCRIPTION	DATE	APPROVED
A4	PRELIMINARY FOR DISCUSSION PURPOSES ONLY	FEB. 14, 2012	

Earth Renu
Carbon Neutral Energy
101 W. 4th St.
Vancouver, B.C.

YIELD
FASTFINDER
UNIVERSITY

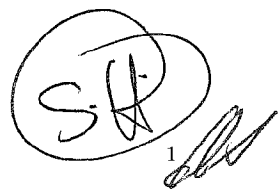
FOR DISCUSSION PURPOSES ONLY - NOT FOR CONSTRUCTION

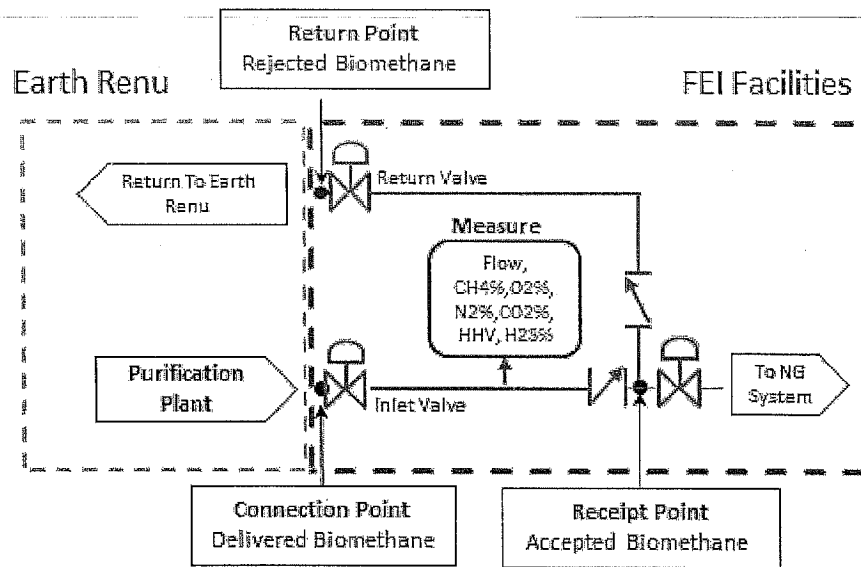


SCHEDULE C
DESCRIPTION OF OWNER FACILITIES AND FEI FACILITIES

- A. Owner Facilities** means those facilities necessary to capture and purify biogas and deliver the resulting Biomethane to the FEI Facilities, including but not limited to:
- (a) anaerobic digesters
 - (b) waste receiving and conditioning facilities (such as pasteurizer);
 - (c) biogas purification/upgrading equipment;
 - (d) control systems,
 - (e) compression equipment to reach the minimum delivery pressure of 420 kilopascals;
 - (f) a flare system; and
 - (g) piping between the purification/upgrading equipment and the FEI Facilities;
- as more particularly shown on the schematic diagram attached to this Schedule C.
- B. FEI Facilities** means those facilities necessary to connect to the Owner Facilities, measure and monitor Biomethane quantity and quality and inject the accepted Biomethane into FEI's existing gas distribution system, including but not limited to:
- (a) main extension and connection;
 - (b) metering;
 - (c) gas quality monitoring;
 - (d) pressure regulation;
 - (e) odorizing;
 - (f) safety shut offs;
 - (g) monitoring sensors and communications equipment capable of automatically re-starting injection of Biomethane into the distribution system once Biomethane has met the Specifications, in the event that the Biomethane has temporarily failed to meet the Specifications;
 - (h) foundation; and
 - (i) fence (if required);
 - (j) outlet piping from fenced area to main line located adjacent to the Lands;
and
 - (k) inlet shut-off valves located immediately adjacent to fenced area built by FEI;

as more particularly shown on the schematic diagram attached to this Schedule C.



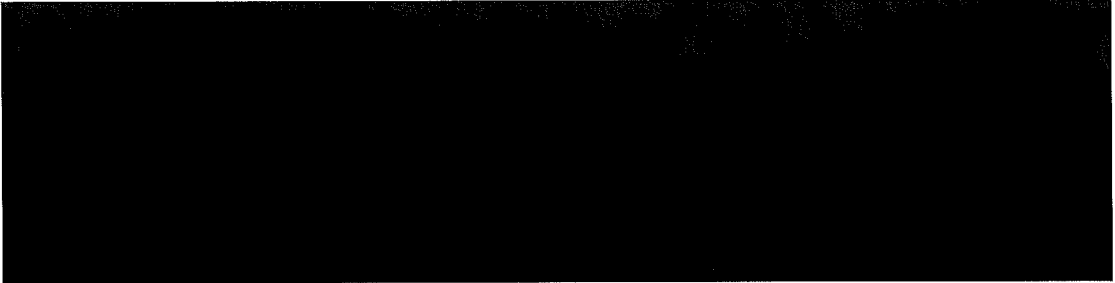


SHA

AS

SCHEDULE D
PURCHASE RATES AND ADJUSTMENTS

- 1.1 **Purchase Price.** Subject to section 1.3 below, FEI shall pay the Owner for the quantity of Biomethane accepted by FEI, as determined by meter readings, at the following rates, plus applicable taxes thereon:



Where, the daily amount of energy will be calculated at the end of each month by dividing the total GJ delivered in that month by the calendar days in that month.

- 1.2 **Annual Adjustment.** The rates set out in sections 1(a), (b) and (c) shall, subject to section 1.3 of this schedule, be adjusted annually on the anniversary of 1st of the month following the First Delivery Date

[Redacted] from the previous twelve month period.

- 1.3 **Maximum Purchase Rate.** The rates shall not increase where the effect of that increase will result in the rate per GJ exceeding the BCUC - approved maximum rate for delivered Biomethane.

Two handwritten signatures are present in the lower right area of the page. The top signature is enclosed in a circle, and the bottom signature is a cursive scribble.

AMENDING AGREEMENT TO BIOMETHANE PURCHASE AGREEMENT

THIS AMENDING AGREEMENT is made as at **February 21, 2013** (the "**Effective Date**")

BETWEEN:

FORTISBC ENERGY INC., 16705 Fraser Highway, Surrey, BC V4N 0E8 ("**FEI**")

AND:

EARTH RENU ENERGY CORP., 1010 Derwent Way, Delta, BC V3M 5R1 ("**EARTH RENU**")

WHEREAS:

- A. FEI and Earth Renu entered into a Biomethane Purchase Agreement dated effective September 21, 2012 (the "**Purchase Agreement**").
- B. The parties wish to amend the Purchase Agreement on the terms and conditions set out in this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the promises and mutual covenants and agreements hereinafter contained and other good and valuable consideration, the parties hereto covenant and agree with each other as follows:

- 1. In this Amending Agreement, unless otherwise defined herein, capitalized words and expressions shall have the same meanings as are assigned to them in the Purchase Agreement.
- 2. The following amendments are made to the Purchase Agreement effective as at the Effective Date:
 - (a) Section 1.1(a) (*Conditions Precedent of FEI*) is amended by changing the deadline date with respect to the condition precedent from December 15, 2012 to March 15, 2013, or such later date as mutually agreed between the parties;
 - (b) Section 1.2 (*Conditions Precedent of the Owner*) is amended by changing the deadline date with respect to the condition precedent from December 15, 2012 to March 15, 2013, or such later date as mutually agreed between the parties;
 - (c) Section 5.2 (*Biomethane Volume and Delivery Quantity*) is deleted in its entirety and replaced with the following:
 - 5.2 ***Biomethane Volume and Delivery Quantity.*** *The parties expect the volume of Biomethane produced by the Owner Facilities to range from approximately 50,000 to 100,000 GJ per year. Subject to section 1.1, the Owner agrees to sell the Biomethane to FEI subject to the following limitations, as measured by equipment forming part of the FEI Facilities:*
 - (a) ***Minimum Yearly Delivery*** – 25,000 GJ
 - (b) ***Maximum Yearly Delivery*** – 100,000 GJ per year;
 - (c) ***Maximum Daily Delivery*** – 275 GJ per day, in the months of June, July and August, calculated by dividing the monthly delivery amount by the number of days in that calendar month. In other calendar months the ***Maximum Daily Delivery*** is 300 GJ per day.




FEI will, be responsible for the measurement of Biomethane flow and the calculation of energy delivered for the purpose of determining delivery quantities.

- (d) Schedule D (*Purchase Rates and Adjustments*) is deleted in its entirety and replaced with the revised Schedule D, attached hereto as Appendix 1.
3. The Purchase Agreement, as amended by this Amending Agreement, will remain in full force and effect and, together with this Amending Agreement, will be read and interpreted as one agreement.
4. This Amending Agreement may be executed and delivered in any number of counterparts with the same effect as if all parties had signed and delivered the same document and all counterparts will be construed together to constitute one and the same agreement. A party may deliver an executed copy of this Amending Agreement in electronic form and will immediately deliver to the other party an originally executed copy of this Amending Agreement.

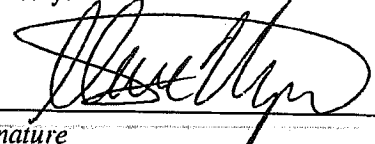
IN WITNESS WHEREOF the parties have executed this Amending Agreement as of the Effective Date.

FORTISBC ENERGY INC., by its authorized signatory:



Signature
Name: Doug Stout
Title: VP, Energy Solutions and External Relations

EARTH RENU ENERGY CORP., by its authorized signatory:



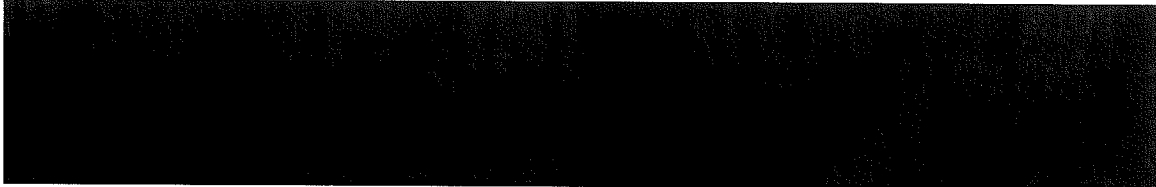
Signature
Name: Steve Harpur
Title: President

APPENDIX 1
SCHEDULE D (Purchase Rates and Adjustments)
(attached)



SCHEDULE D
PURCHASE RATES AND ADJUSTMENTS

- 1.1 **Purchase Price.** Subject to section 1.3 below, FEI shall pay the Owner for the quantity of Biomethane accepted by FEI, as determined by meter readings, at the following rates, plus applicable taxes thereon:



Where the daily amount of energy will be calculated at the end of each month by dividing the total GJs delivered in that month by the number of days in that month.

- 1.2 **Annual Adjustment.** The rates set out in sections 1(a), (b) and (c) shall, subject to section 1.3 of this schedule, be adjusted annually on the anniversary of 1st of the month following the First Delivery Date [REDACTED] from the previous twelve month period.
- 1.3 **Maximum Purchase Rate.** The rates shall not increase where the effect of that increase will result in the rate per GJ exceeding the BCUC - approved maximum rate for delivered Biomethane.

A handwritten signature "S.H." inside a circle, with another signature below it.