

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the “**Agreement**”) dated effective as of March 1, 2021 (the “**Effective Date**”),

BETWEEN:

ELBOW RIVER MARKETING LTD., a limited liability company, formed under the law of the Province of Alberta, Canada, and having its principal place of business located at Calgary, Alberta, Canada (the “**Purchaser**”);

AND

ENERPURE INC., a corporation formed under the laws of the Province of Manitoba, and having its principal place of business located at 202-675 Pembina Hwy, Winnipeg, Alberta, Canada R3M 2L6 (the “**Seller**”).

WHEREAS the Seller has agreed to sell to the Purchaser, and the Purchaser has agreed to buy from the Seller, all of the Product produced by the Seller at the Facility and delivered to the Delivery Point, on the terms set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the mutual promises and covenants contained herein, the receipt and sufficiency of which consideration are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

1.0 Interpretation

1.01 In this Agreement, including in the recital hereto, the following words, terms and phrases shall have the meanings set forth below:

- (a) “**Agreement**” means this Purchase and Sale Agreement, as may be amended, modified, supplemented or re-stated from time to time;
- (b) “**Barrel**” means a barrel of Product, defined as 42 US gallons, 159 litres or 35 imperial gallons;
- (c) “**CPI**” means the yearly indicator of consumer price changes in the Consumer Price Index for Alberta for “All Items excluding energy”;
- (d) “**Customers**” means the third-party customers of the Purchaser to whom the Purchaser sells Product purchased from the Seller hereunder, and “Customer” means any one of them;
- (e) “**Delivery Point**” means the terminal of Mid Canada Transload Services Ltd. located in Emerson, Manitoba; or any other terminal as selected by the Seller and approved by the Purchaser;
- (f) “**Environmental Attributes**” means any carbon credits, carbon offsets or other environmental attributes, including any saleable, exchangeable or tradeable credit, certificate, permit or other instrument relating to carbon dioxide, carbon dioxide equivalent gases or other greenhouse gases and purchased, sold, exchanged or traded in any emissions, carbon or similar trading markets;

- (g) “**Facility**” means the Seller’s waste oil re-refinery located in Letellier, Manitoba;
- (h) “**Fee**” shall have the meaning ascribed thereto in section 9.02 hereof;
- (i) “**Force Majeure**” shall have the meaning ascribed thereto in section 14.0 hereof;
- (j) “**Initial Term**” shall have the meaning ascribed thereto in section 2.01 hereof;
- (k) “**Net Price**” means the re-sale price of Product sold by the Purchaser to its Customers less Transportation Costs, Taxes and any other costs and expenses payable or reimbursable by the Seller hereunder;
- (l) “**Off-Spec Fuels**” shall have the meaning ascribed thereto in section 5.05 hereof;
- (m) “**Outsourced Purchase**” shall have the meaning ascribed thereto in section 19.02 hereof;
- (n) “**Product**” means re-refined low sulphur fuel oil and other fuel products that meet the specifications set out in Schedule A hereto;
- (o) “**Purchase Price**” shall have the meaning ascribed thereto in section 9.01 hereof;
- (p) “**Renewal Term**” shall have the meaning ascribed thereto in section 2.03 hereof;
- (q) “**Sale Price**” shall have the meaning ascribed thereto in section 9.01 hereof;
- (r) “**Seller’s Representatives**” shall have the meaning ascribed thereto in section 3.01 hereof;
- (s) “**Taxes**” shall have the meaning ascribed thereto in section 9.05 hereof;
- (t) “**Term**” shall have the meaning ascribed thereto in section 2.03 hereof;
- (u) “**Total Production**” means the Seller’s entire production of Product produced at the Facility;
- (v) “**Transportation Costs**” means:
 - a) all costs charged by a third party for transportation of Product from the Delivery Point, including without limitation, tank truck freight, railroad freight, fuel surcharges, and demurrage charges incurred prior to railcar loading; and
 - b) to the extent that the Purchaser maintains a dedicated railcar fleet for deliveries of Product, all reasonable costs incurred in connection with such dedicated railcar fleet in accordance with industry standard practices, including: (A) costs of inspections, maintenance and repairs; (B) transshipment fees; (C) leasing costs; (D) insurance premiums; and (E) storage costs,

in each case without mark-up by the Purchaser, and without charge for the Purchaser’s administrative costs;
- (w) “**Value-added Transaction**” shall have the meaning ascribed thereto in section 6.01 hereof; and “**Value-added Transactions**” means more than one of them; and
- (x) “**Volume Forecasts**” has the meaning ascribed thereto in section 4.01 hereof.

- 1.02 The headings herein contained are intended for convenience of reference only and shall form no part hereof nor affect the interpretation of this Agreement.
- 1.03 If any covenant, obligation or provision contained in this Agreement or the application thereof to any person or circumstance shall to any extent be found to be invalid or unenforceable, the remainder of this Agreement or the application thereof to any person or circumstance shall not be affected thereby and each covenant, obligation and provision of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.
- 1.04 The words in all the covenants, provisos, conditions and agreements herein contained which impart the singular number or the masculine gender shall be read and construed as applying to the plural and each and every corporate, male or female party hereto and to its or their heirs, executors, administrators, personal representatives and successors and assigns, as the case or context requires.
- 1.05 This Agreement shall be governed by and interpreted in accordance with the laws in force in the Province of Alberta. The parties hereto hereby irrevocably attorn to the exclusive jurisdiction of the Courts of the Province of Alberta for the determination of all matters arising under or in connection with this Agreement.
- 1.06 This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior contracts, agreements and understandings between the parties hereto pertaining to the subject matter of this Agreement. No modification, alteration or waiver of this Agreement or any provision of this Agreement shall be binding unless executed in writing by the parties hereto. There are no representations, warranties, collateral agreements or conditions affecting this transaction other than as are expressed or referred to herein in writing.
- 1.07 The terms, conditions, covenants, agreements, obligations and provisos contained in this Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives and successors and permitted assigns.
- 1.08 Time shall be of the essence hereof.
- 1.09 This Agreement may be:
 - (a) executed in one or more counterparts, each of which so executed shall constitute an original and all of which together executed individually or otherwise by all parties shall constitute one and the same Agreement; and
 - (b) delivered by facsimile transmission or such other means of electronic communications as produces a printed copy of this Agreement, and if so transmitted by such means shall be deemed to have been effectively delivered as of the date and time of transmission.
- 1.10 Failure by any party hereto to insist in any one or more instances upon the strict performance of any of the covenants contained herein shall not be construed as a waiver or relinquishment of such covenant in any other instance. No waiver by any party hereto of any covenant shall be deemed to have been made unless it is set forth in a written document signed by the waiving party.
- 1.11 Wherever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation" and the words following "include", "includes" or "including" shall not be considered to set forth an exhaustive list.

- 1.12 The words “hereof”, “herein”, “hereto”, “hereinafter”, “hereunder”, “hereby” and “similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular section or portion of it.
- 1.13 Each of the parties hereto shall, from time to time, and at all times hereafter, at the request of another party hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.
- 1.14 Nothing in this Agreement is intended to, and nothing in this Agreement shall be interpreted or construed to:
 - (a) entitle any person other than a party hereto to a right or a remedy against a party hereto; or
 - (b) confer any benefit upon any person that is not a party hereto, unless the contrary is specified or provided for elsewhere in this Agreement.
- 1.15 Neither the Purchaser nor the Seller shall be entitled to assign its interest in this Agreement, in whole or in part, without first obtaining the prior written consent of the other party, which consent shall not be unreasonably withheld or conditioned, or unduly delayed.
- 1.16 Schedule A attached hereto is incorporated into and forms a part of this Agreement, which schedule may be amended from time to time during the Term by agreement in writing executed by the Purchaser and the Seller.
- 1.17 Unless otherwise noted in this Agreement, all references to “dollars” or “\$” herein shall be references to amounts expressed in US currency, and all calculations of monetary sums to be hereunder shall be made in US currency.
- 1.18 This Agreement has been reviewed and approved by each of the parties. The Seller and the Purchaser have each participated in the negotiation of this Agreement, have proposed language incorporated within this Agreement, and have otherwise been instrumental in the drafting of this Agreement. Each party has been represented by legal counsel in the negotiation and drafting of this Agreement, and has had ample opportunity to confer with that counsel. Therefore, in the event that it should be determined that any provision of the Agreement is uncertain or ambiguous, the language in all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning and not strictly construed for nor against any party. The parties agree that this Agreement, and any of its provisions, shall not be construed against any party as its drafter.
- 1.19 This Agreement and the respective obligations of the parties hereunder are subject to present and future valid laws and valid orders, rules and regulations of duly constituted authorities having jurisdiction.
- 1.20 The parties will, upon request, provide such additional information as may be reasonably required to allow the parties to efficiently and effectively carry out their respective obligations hereunder and to determine and enforce individual or collective rights under this Agreement.
- 1.21 Unless otherwise specifically provided herein, the rights, powers and remedies of each of the parties provided herein are cumulative and the exercise of any right, power or remedy hereunder does not affect any other right, power or remedy that may be available to either party hereunder or otherwise at law or in equity.

1.22 This Agreement shall not create or be constructed to create in any respect a partnership or joint venture between the parties.

2.0 Term

2.01 This Agreement shall commence on March 1, 2021 and, subject to any renewal, extension or earlier termination in accordance with the provisions hereof, shall expire on February 29, 2023 (the “**Initial Term**”).

2.02 Either party to this Agreement may terminate this Agreement effective as at the end of the Initial Term upon providing the other party with a written notice to that effect not less than 45 days prior to the end of the Initial Term.

2.03 If neither party hereto terminates this Agreement pursuant to section 2.02 hereof, this Agreement shall automatically be renewed for successive terms of two years after the Initial Term (each a “**Renewal Term**”, and together with the Initial Term, the “**Term**”) until such time as either party hereto provides the other party with a written notice not less than 45 days prior to the end of a Renewal Term, terminating this Agreement effective as of the expiration of such Renewal Term.

2.04 The Purchaser shall have the right to immediately terminate this Agreement upon written notice delivered to the Seller if the Seller becomes insolvent or suffers the filing of a petition of bankruptcy or becomes the subject of any insolvency proceedings of any nature that it has not assiduously defended within a period of 15 days after the commencement of such proceedings.

2.05 The Seller shall have the right to immediately terminate this Agreement upon written notice delivered to the Purchaser if the Purchaser becomes insolvent or suffers the filing of a petition of bankruptcy or becomes the subject of any insolvency proceedings of any nature that it has not assiduously defended within a period of 15 days after the commencement of such proceedings.

2.06 The Purchaser may terminate this Agreement at any time during the Term:

- (a) upon seven (7) days’ written notice delivered to the Seller if the Seller fails to perform its obligations hereunder, unless such failure is remedied by the Seller within that period of time, in which case this Agreement shall not terminate and shall continue in full force and effect; or
- (b) if the Seller fails to approve a marketing plan submitted to the Seller by the Purchaser within a period of 30 days of submission of same to the Seller.

2.07 The Seller may terminate this Agreement at any time during the Term upon written notice delivered to the Purchaser if the Purchaser fails to perform its obligations hereunder.

2.08 The Purchaser and the Seller may terminate this Agreement at any time during the Term pursuant to an agreement in writing executed by the parties.

2.09 Notwithstanding the provisions of this section 2.0, if at the date this Agreement terminates there are any purchase and sale transactions that have been commenced but not completed, the parties shall be obligated to complete such transactions in accordance with the provisions of this Agreement, provided however that the Purchaser shall not be entitled to renew, extend, increase or otherwise modify Customer sale contracts for Product without the written consent of the Seller.

2.10 The termination of this Agreement shall not affect the accrued rights of the parties hereto, including the obligations of the parties to make payments hereunder.

2.11 Provisions of this Agreement which by their nature are intended to survive the expiry or earlier termination hereof, including this section 2.11 and sections 2.09, 2.10, 13.0, 15.0, 16.0 and 19.07 of this Agreement, together with all necessary supporting and interpretation sections shall survive the termination of this Agreement.

3.0 Representatives

3.01 Concurrently with the execution of this Agreement by the parties hereto, the Seller shall designate two employees, each of whom shall be fully authorised to approve all sales of Product to the Purchaser under and pursuant to this Agreement and all ancillary matters (the “**Seller’s Representatives**”). The Seller shall be entitled to change the Seller’s Representatives at any time during the Term by providing the Purchaser with a written notice to that effect.

4.0 Estimated Production

4.01 Concurrently with the execution of this Agreement by the parties hereto, and at six month intervals thereafter during the Term, the Seller shall provide the Purchaser with estimated volume forecasts of its monthly production of Product (“**Volume Forecasts**”). The parties agree that such Volume Forecasts do not constitute a minimum volume commitment or guarantee on the part of the Seller, and that the Seller shall not be in breach of this Agreement nor incur any liability whatsoever for any failure to deliver sufficient volumes of Products to meet such Volume Forecasts.

4.02 During the Term, the Seller shall promptly notify the Purchaser in writing of any adjustments to its production schedule that come into effect and any associated adjustments to the Volume Forecasts.

4.03 For greater certainty and notwithstanding the provisions of section 4.01, the parties acknowledge that the Facility utilizes new and innovative technology for the production of Products and that, accordingly, the Volume Forecasts provided by the Seller during the Term may vary significantly from the actual volumes of Products delivered to the Purchaser hereunder during the Term. Accordingly, the parties agree that the Seller shall not be in breach of this Agreement nor incur any liability whatsoever for any failure to deliver sufficient volumes of Products to meet such Volume Forecasts during the Term.

5.0 Purchase, Delivery and Marketing Obligations

5.01 Subject to the terms and conditions set forth herein, the Seller shall sell and deliver to the Purchaser, and the Purchaser shall purchase and take delivery from the Seller, the Total Production. For greater certainty, the Purchaser, and no other party, shall have the exclusive right to purchase the Total Production from the Seller, and to market and sell same to any Customer, provided that the Purchaser shall be obligated to purchase the entirety of the Total Production. The Purchaser shall conduct its business continuously, actively, diligently and in a manner so as to ensure that it is capable or purchasing such Total Production from the Seller at all times in accordance with the provisions of this Agreement.

5.02 During the Term, and for the purpose of carrying out the Purchaser’s obligations hereunder:

- (a) the Seller shall provide the Purchaser with such access to the Delivery Point as may be necessary to take delivery of Product in accordance with section 7.02;
- (b) the Purchaser shall provide the Seller with delivery schedules based on its Customer sales contracts; and
- (c) the Seller shall at its cost:

- i) handle and supervise the loading, dispatch and delivery of Product to the Purchaser's carriers;
- ii) prepare and distribute delivery documentation and generally be responsible for all ancillary matters; and
- iii) supply all equipment necessary to load the Purchaser's carriers at the Delivery Point without charge to the Purchaser.

5.03 The Purchaser shall, at all times, be solely responsible for the sale and marketing of Products. In order to fulfill this responsibility, the Purchaser shall enter into sales agreements for the sales of Product to its Customers. The Seller may provide targets for Product sales to include volumes, pricing, and contract type (for example, gas plus, fixed, or other indexed typed pricing) and grant the Purchaser the right, at its sole discretion, to enter into sales agreements that meet the Seller's targets.

5.04 The Purchaser agrees to diligently pursue, secure and maintain all necessary agreements to transport and deliver Products from the Delivery Point to Customers.

5.05 To the extent that the Seller produces any re-refined low sulphur fuel oil or other fuel products at its Facility that do not meet the specifications set out in Schedule A ("**Off-Spec Fuels**"), the Seller shall notify the Purchaser of the same (including the volume and type of such Off-Spec Fuels). Upon receipt of such notice, the Purchaser shall:

- (a) have a right of first refusal, exercisable within a reasonable amount of time following its receipt of such notice, to purchase such Off-Spec Fuels on substantially the same terms and conditions regarding pricing, payment and delivery as set out in this Agreement in respect of purchases of Product; and
- (b) use commercially reasonable efforts to contract with third-party customers for the re-sale of Off-Spec Fuels such that the Purchaser will exercise the foregoing right of first refusal.

6.0 Annual Marketing Plan

6.01 The Purchaser and Seller mutually recognize that on occasion the Purchaser will develop a marketing plan that will allow the Seller to utilize certain transactions to maximize the best available market pricing for Product at the time of sale (each a "**Value-added Transaction**"). Examples of Value-added Transactions may include time exchanges, location exchanges, rack pricing (as opposed to standard bulk deliveries), negotiation and execution of attractive spread differentials, and creative hedge strategies, but excludes any transaction involving the exchange, sale, transfer, conveyance, pledge, mortgage, securitization or granting of any encumbrance, lien or other interest (including royalty interests) of any Environmental Attributes. The Purchaser will present Value-added Transactions to the Seller's Representatives for approval prior to execution with a written strategy and calculation showing the expected added margin. The Seller has the sole discretion to accept or reject any Value-added Transaction opportunity. If Seller accepts the transaction, the value-added margin will be shared at the ratio of 50% for the Purchaser and 50% for the Seller. The Purchaser shall use commercially reasonable efforts to develop Value-added Transactions and propose the same to the Seller.

7.0 Quantity

7.01 Seller may schedule periodic shutdowns each year for maintenance, as well as periodic unscheduled shutdowns outside of the Seller's control that may result in a temporary interruption, curtailment, cutting off, discontinuance or suspension of supply of Products or which may affect the uniformity of the volumes to be delivered under this Agreement (whether or not contemplated in any Volume

Forecast). The Seller shall use its commercially reasonable efforts to ensure that such shutdowns will have as little impact as possible on the rateable delivery of Products to the Purchaser by the Seller hereunder, provided that the Seller shall not be in breach of this Agreement on the basis of any temporary interruption, curtailment, cutting off, discontinuance or suspension of supply of Products or any impact to the rateable delivery of Products to the Purchaser. For greater certainty and without limiting any other provision of this Agreement, the Purchaser shall have no claim against the Seller in respect of the foregoing.

7.02 The Purchaser shall be obligated to take delivery of and pay for all quantities of Product tendered to the Purchaser hereunder.

7.03 The quantity of Product delivered to the Purchaser at the Delivery Point shall be established by outbound meter tickets or per certified scale expressed in net temperature-corrected litres in accordance with standards commonly used within the industry in Canada. The meter and/or scale tickets shall be obtained from meters/scales which are certified as of the time of loading to the Purchaser's carrier truck or railcar, as applicable, and which shall comply with all applicable laws, rules and regulations. The outbound meter and/or scale tickets shall be determinative in the absence of fraud or manifest error of the quantity of Product for which Purchaser is obligated to pay pursuant to section 9.0 hereof.

8.0 Quality

8.01 All Product delivered by the Seller to the Purchaser hereunder shall meet or exceed all industry standards for Customers as those standards exist from time to time and shall conform in all material respects to the specifications set forth in Schedule A hereto at the time of delivery of such Product by the Seller to the Purchaser hereunder.

8.02 The Seller warrants that the quality of Product delivered by the Seller from time to time during the Term into the Purchaser's carriers conforms in all material respects to the specifications attached as Schedule A hereto. If Product does not meet, in all material respects, the standards set forth in Schedule A hereto when delivered by the Seller to the Purchaser's carriers and quality claims arise as a result thereof, such quality claims will be administered by the Purchaser upon notice to the Seller, and such claims shall be solely for the Seller's account, and Purchaser shall not be responsible in any manner whatsoever for such claims or any costs or expenses related thereto.

9.0 Product Pricing and Payment

9.01 For each sale of Product to the Purchaser hereunder where Purchaser has entered into an agreement to sell such Product to a Customer, the Purchaser agrees to pay to the Seller for each Barrel of Product, a purchase price (the "**Purchase Price**") equal to the price invoiced by the Purchaser to such Customer (the "**Sale Price**") less applicable Transportation Costs paid by Purchaser, the Fee payable to Purchaser with respect to such Product.

9.02 The Seller shall pay a marketing fee of:

- (a) subject to subsection (b), \$2.00 US per Barrel of Product loaded from the Delivery Point to be sold to the Purchaser's Customers; or
- (b) \$1.50 US per Barrel of Product loaded from the Delivery Point and to be sold to any Customer referred to the Purchaser by the Seller

(in each case, the "**Fee**"). The Fee shall be escalated on an annual basis in accordance with CPI commencing April 30, 2022.

- 9.03 The re-sale price in US dollars per Barrel for the re-sale of Product to Customers shall be determined in accordance with the predetermined pricing metric or index, to be determined by the parties from time to time. Notwithstanding the foregoing, the Seller shall have a right to veto and reject the re-sale of any Product from the Purchaser to its Customers if any such re-sale would not be profitable to the Seller, having regard for the Fee, any Transportation Costs, and other fees, costs, charges, expenses and other amounts payable by the Seller hereunder.
- 9.04 The Purchaser shall use commercially reasonable efforts and methods to control the Seller's Transportation Costs (including, where possible, selling and transporting Products in full load quantities), tariffs and duties, and to sell Products at such prices, in each case in order to maximize the Net Price. Without limiting the foregoing, the Purchaser shall market and sell Products at prices no lower than those which are reasonably competitive with other similar petroleum products marketed and sold in the surrounding area.
- 9.05 The Seller shall pay or cause to be paid all valid levies, assessments, duties, rates and taxes ("Taxes") on Product delivered hereunder. Where any Taxes are included in the Sale Price payable by the Purchaser or by any Customer, the Purchase Price hereunder shall be reduced by the value of such Taxes.
- 9.06 The Fee shall be paid and satisfied on an ongoing basis from deductions by the Purchaser from the Purchase Price.
- 9.07 Where Product creates any Environmental Attributes, the parties shall negotiate a right of the Purchaser to market any and all Environmental Attributes for and on behalf of the Seller for a negotiated fee. For greater certainty, the foregoing shall not constitute a binding obligation on the Seller to provide such right nor to engage or retain the Purchaser for such purpose.
- 9.08 Purchaser agrees to make payment against Seller's invoice for the Product purchased, to Seller in immediately available funds.
- (a) If payment due date is on a Saturday or bank holiday other than Monday, payment shall be due on the preceding business day. If payment due date is on a Sunday or a Monday bank holiday, payment shall be due on the succeeding business day. Payment shall be deemed to be made on the date good funds are credited to Seller's account at Seller's designated bank.
- (b) The exercise by either Party of any right under this paragraph shall be without prejudice to any claim for damages or any other right under a contract or applicable laws.
- 9.09 If either party fails to pay all or any portion of the amount owing by it when due, interest shall accrue monthly and be payable on the unpaid amount at the lower of
- (a) the prime rate at Seller's bank plus 2% per annum and
- (b) the maximum amount allowable by applicable law.
- 9.10 Upon failure of a party to pay the unpaid amount, including interest thereon, within three days after the due date set out in this Agreement, the party to whom sums are due may suspend in whole or in part its delivery or acceptance of Product, as the case may be, hereunder until such outstanding amount has been paid in full.
- 9.11 Any payment made pursuant to this section 9.0 will not preclude a party from subsequently auditing the accounts of the other party as provided for herein.

10.0 Transportation

- 10.01 The Purchaser agrees to diligently pursue, secure, and maintain all necessary agreements to transport Product from the Delivery Point, and shall be solely responsible for arranging transportation.
- 10.02 The Purchaser covenants to use commercially reasonable efforts to obtain the best commercially reasonable prices in respect to transportation such that the Seller achieves the highest Net Price possible after payment for Transportation Costs in accordance with section 9.0 hereof.

11.0 Storage

- 11.01 Upon loading of Purchaser's railcar(s), the Seller shall provide a maximum of five days of storage of the railcars at the Delivery Point at no cost to Purchaser. Thereafter, any fees, costs, charges, expenses and other amounts incurred in respect of storage of the railcars at the Delivery Point shall be for the sole account of and payable by the Purchaser, and for greater certainty, shall not be charged to or reimbursable by the Seller nor included as an item of Transportation Costs.
- 11.02 The parties may determine that it is in the best interest of the Seller to maintain storage of Product at a third party facility, in which case the Purchaser shall arrange for such storage as well as transportation to such third party facilities, and the costs and expenses associated therewith shall form part of the Transportation Costs.

12.0 Title and Risk

- 12.01 Delivery of Products shall be deemed to occur when such Products pass the outlet flange of the load rack or terminal (for delivery into the Purchaser's carrier's delivery truck or railcar) at the Delivery Point.
- 12.02 Title and risk of loss or damage shall pass from the Seller to the Purchaser only upon delivery of Product to the Purchaser in accordance with section 12.01.
- 12.03 The Purchaser will have no responsibility or liability with respect to any Product deliverable under the Agreement until it is delivered to the Purchaser in accordance with section 12.01 hereof.
- 12.04 Subject to section 8.0 hereof, the Seller shall not be responsible for any liability with respect to Product after its delivery to the Purchaser, as described in section 12.01 hereof: or on account of anything which may be done or happen to arise with respect to Product after such delivery unless as a result of matters affecting Product prior to delivery.
- 12.05 The Seller shall arrange and maintain a minimum of \$2,000,000 product liability insurance and cause the Purchaser to be designated as loss payee or additional insured, as their interests may appear, on such policy with waiver of subrogation by the insurer against Purchaser. The Seller shall arrange and maintain employer's liability insurance or workers' compensation coverage meeting all statutory requirements. The Seller shall arrange and maintain a minimum of \$2,000,000 commercial general liability insurance with \$10,000,000 umbrella coverage. The Seller shall provide the Purchaser with copies of the cover notes of insurance evidencing the existence of the required insurance.
- 12.06 The Purchaser shall arrange and maintain a minimum of \$5,000,000 commercial general liability insurance (including such coverages as are customarily maintained in accordance with standard industry practices) and provide to the Seller a copy of the certificate of insurance evidencing the existence of the required insurance. Such insurance will: (a) cover all of the Purchaser's liability

hereunder; (b) be non-contributing with, and apply only as primary and not as excess to, any other insurance available to the Seller; (c) not be invalidated with respect to the interests of the Seller by reason of any breach or violation of any warranties, representations, declarations or conditions contained in the policies; (d) show the Seller (as named on the first page of this Agreement) as an additional insured thereunder; (e) provide a waiver of subrogation and cross-liability and severability of interest endorsements in favour of the Seller; and (f) contain a clause requiring 30 days' notice to the Seller of any policy change or cancellation. To the extent that the Purchaser has any contractor receive delivery of any Products on its behalf, the Purchaser shall ensure that such contractor maintains, at minimum, the same policies of insurance required to be maintained by the Purchaser hereunder.

13.0 Representations, Warranties and Covenants

13.01 The Seller represents and warrants to the Purchaser, as of the date hereof, and covenants with the Purchaser at all times during the Term, as follows, and acknowledges that the Purchaser is relying upon such representations, warranties and covenants in connection with the purchase of Product hereunder:

- (a) this Agreement has been duly and validly executed and delivered by the Seller;
- (b) this Agreement constitutes a legal, valid and binding obligation of the Seller, enforceable in accordance with its terms, except to the extent its enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally or by general principles of equity;
- (c) the Seller shall have good and marketable title to all Product delivered to the Purchaser hereunder;
- (d) the Seller has the right to sell the same to Purchaser pursuant to the terms of this Agreement;
- (e) all Product shall be free and clear of liens, charges, encumbrances and third-party rights and interests of every nature and kind, except for encumbrances in the nature of purchase money security interests or general security interests on all of the present and after-acquired property of the Seller made in favour of its lenders, provided that any such interests shall not affect Product after title thereto passes to the Purchaser in accordance with this Agreement;
- (f) the Seller covenants that it shall procure and maintain in force all licenses, consents and approvals required for its manufacture and sale of the Product to the Purchaser under this Agreement, and shall be solely responsible for and indemnify the Purchaser against any costs, liabilities or fines arising out of the Seller's failure to comply with any applicable requirements of such licenses, consents and approvals;
- (g) the Seller covenants that it will maintain accurate and complete production and delivery records in a prudent and businesslike manner in accordance with sound commercial practices in respect of Product produced at the Facility;
- (h) the Seller covenants that it will provide the Purchaser with not less than 15 days prior written notice of any scheduled production downtime and/or interruptions to Product availability/delivery anticipated to last three (3) months or longer;
- (i) the Seller is a duly incorporated, valid and subsisting corporation under the laws of the province of Manitoba;

- (j) the Seller represents that it is not a non-resident of Canada for purpose of provincial and federal income and excise taxes; and
- (k) EXCEPT AS PROVIDED IN THIS AGREEMENT, THE SELLER MAKES NO REPRESENTATIONS OR WARRANTIES EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR AN EXPRESS PURPOSE.

13.02 The Purchaser represents and warrants to the Seller, as of the date hereof and covenants with the Seller at all times during the Term, as follows, and acknowledges that the Seller is relying upon such representations, warranties and covenants in connection with the sale of Product hereunder.

- (a) this Agreement has been duly and validly executed and delivered by the Purchaser;
- (b) this Agreement constitutes a legal, valid and binding obligation of the Purchaser, enforceable in accordance with its terms, except to the extent its enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally or by general principles of equity;
- (c) the Purchaser shall not cause any lien, charge, encumbrance or third party rights or interests of any nature or kind to affect the Products prior to title thereto passing to the Purchaser in accordance with the provisions of this Agreement;
- (d) the Purchaser covenants that it shall procure and maintain in force all licenses, consents and approvals required for its purchase and re-sale of Products under this Agreement, and shall be solely responsible for and indemnify the Seller against any costs, liabilities or fines arising out of the Purchaser's failure to comply with any applicable requirements of such licenses, consents and approvals;
- (e) the Purchaser is a duly formed limited partnership under the laws of the Province of Alberta, Canada, for the purpose of provincial and federal income and excise taxes, and its general partner is duly formed and validly existing pursuant to the laws of the Province of Alberta, and has all corporate and other authorization and capacity to enter into this Agreement for and on behalf of the Purchaser and to bind the Purchaser in respect hereof;
- (f) the Purchaser covenants that it will provide to the Seller, as soon as available each year, with a copy of the audited financial statements of the Purchaser;
- (g) the Purchaser covenants that is shall procure and maintain in force all licenses, consents and approvals required to allow it to carry out its obligations under this Agreement, except for those licenses for which the Seller is responsible to obtain and maintain, and shall be solely responsible for and indemnify the Seller against any costs, liabilities or fines arising out of the Purchaser's failure to comply with any applicable requirements of such licenses, consents and approvals.

13.03 **Non-Circumvention.**

- (a) The Seller hereby agrees and covenants during the Term to not circumvent the Purchaser and agrees not to work with the Customers, business associates, contacts, and other third-party introduced to the Seller by the Purchaser or disclosed to the Seller as it relates to this Agreement.

- (b) The Seller further agrees, for a period of one (1) year following the expiration or earlier termination of this Agreement, not to directly sell any Product to any Customers of the Purchaser (which such Customers shall be determined as of the date of expiration or earlier termination). For greater certainty, the Seller shall be permitted, through its brokers or by resale through its other purchasers, to indirectly sell Product to any Customers of the Purchaser during the foregoing one (1) year period, provided that such Customers are *bona fide* customers of its brokers or other purchasers and have not been introduced to such brokers or other purchasers by the Seller.

14.0 Force Majeure

- 14.01 A delay in or failure of performance (other than payment of money) by either party hereto shall not constitute default, or breach of this Agreement, nor shall either party be held liable to the other for any delay, failure, loss or damage to the extent such delay, failure, loss or damage is caused by occurrences reasonably beyond the control of the party affected, including but not limited to acts of God or the public enemy; expropriation or confiscation of facilities; compliance with any order or request of any governmental authority or person purporting to act therefor; failure to obtain or maintain permits or other necessary authorisation; acts of declared or undeclared war; any weapon of war employing atomic fission or radioactive force, whether in the time of peace or war; public disorders, rebellion, riots, sabotage, revolution; earthquakes, floods; strikes, labour or employment difficulties (except to the extent caused by the employees, workers or contractors of the party affected); delays in transportation; or any causes whether or not the same class or kind as those specifically above named, not within the reasonable control of the party affected or which, by the exercise of reasonable diligence said party is unable to prevent (a “**Force Majeure**”). In the event that deliveries or receipt of Product are suspended because of a Force Majeure on the part of either party, then the Purchaser shall not have any obligation at any time to take, make-up, receive or purchase and/or pay for any quantity of Product not delivered or received during any period in which delivery or receipt, as the case may be, is suspended, nor shall the Seller be required to deliver or make up deliveries omitted by reason of a Force Majeure.

15.0 Limitation of Liability

- 15.01 Subject to the terms of this Agreement, neither the Purchaser nor the Seller shall be liable to any other party for any indirect, consequential, punitive or special damages, or any damage to third parties arising in any way out of this Agreement or any breach thereof.

16.0 Audit Rights of Seller

- 16.01 The Purchaser will establish and maintain at all times, true and accurate books, records and accounts in accordance with generally accepted accounting principles applied consistently from year to year consistent with good industry practices, distinguishable from all other books and records in respect of all transactions undertaken by the Purchaser pursuant to this Agreement.
- 16.02 During normal business hours, the Seller shall have the right to audit such books, records and accounts of the Purchaser, provided such right to audit shall be limited to two calendar years following the completion of any sale or other transaction associated with this Agreement.
- 16.03 Subject to section 16.02 hereof; for a period of one year after the expiration of the Term, the Seller shall have the right to have a third-party auditor, who will be a member of a national chartered accounting firm, audit on the Seller’s behalf the relevant accounts, books and records of the Purchaser, to the extent necessary in order to verify the accuracy of any statement, charge, computation or demand made under or pursuant to any of the provisions of this Agreement.

- 16.04 If any error is discovered in any statement rendered hereunder, such error will be adjusted by the parties within a period of seven days from the date of discovery, but no adjustment will be made for any error discovered in a statement more than two years after delivery of such statement.
- 16.05 If a difference of one percent or \$5,000, whichever is greater, from a statement rendered hereunder by the Purchaser is discovered by any audit, the Purchaser will pay the costs of such audit. If no such material difference appears, the Seller will pay such costs.

17.0 Audit Rights of Purchaser

- 17.01 The Seller covenants will maintain accurate and complete production and delivery records in a prudent and businesslike manner in accordance with sound commercial practices in respect of Product produced at the Facility.
- 17.02 During normal business hours, the Purchaser shall have the right to audit such production and delivery records, except to the extent required by law, or any order, direction or similar act of any governmental authority or court having competent jurisdiction. Such right to audit shall be limited to two calendar years following the completion of any sale or other transaction associated with this Agreement.

18.0 Right to Sell

- 18.01 In the event that the Purchaser fails to lift or take delivery of any Product within a reasonable amount of time for any reason other than a Force Majeure, then the Seller shall be free to market and sell to any other person any quantity of Product not lifted or delivered to the Purchaser for its own benefit using its own resources, and without any obligation to account to, or any resource by, the Purchaser in respect of the proceeds of such sale.

19.0 Miscellaneous

- 19.01 In the event of a default in the payment of any amounts due hereunder which continues for a period of three days following the due date, or a default in performance of any other obligation that continues for a period of five (5) days following written notice thereof, the non-defaulting party shall have all the remedies available under applicable law or equity and may pursue them.
- 19.02 Subject to the periodic shutdowns and periodic unscheduled shutdowns referred to in Section 7.01, if the Seller fails to deliver Product to the Purchaser in accordance with the terms of this Agreement and the Purchaser has previously committed to deliver Product pursuant to sale agreements with Customers (“**Outsourced Purchase**”), the Purchaser shall be entitled, upon three days written notice delivered to the Seller, to purchase such quantities of Product in the open marketplace (at the minimum price payable for such quantities) as may be necessary to allow the Purchaser to perform its obligations under such sale agreements, in which case the Seller shall use best efforts to assist the Purchaser in carrying out the Outsourced Purchase.
- 19.03 If, pursuant to an Outsourced Purchase, the Purchaser purchases replacement Product at a price that is greater than the agreed upon price of Product, the Seller shall reimburse the Purchaser for all replacement costs incurred by the Purchaser that are in excess of the agreed upon price of Product and all reasonable out-of-pocket expenses incurred by the Purchaser in association with such purchases.
- 19.04 If, pursuant to an Outsourced Purchase, the Purchaser purchases replacement Product at a price that is less than the agreed upon price of Product:

- (a) the Seller shall reimburse the Purchaser for all reasonable out-of-pocket expenses incurred by the Purchaser in association with such purchases; and
- (b) the Purchaser shall remit to the Seller all gains realised on such replacement purchases that are in excess of the agreed upon price of Product unless the Seller has failed to cooperate with the Purchaser in the Outsourced Purchase, in which the Purchaser shall be entitled to retain all gains realised on such purchases.

19.05 If any dispute arises out of or in connection with this Agreement, the obligations arising under it or the interpretation of its terms, the matter shall be referred to arbitration by the Alberta Arbitration and Mediation Society under its Commercial Arbitration Rules and according to the following terms:

- (a) Either the Purchaser or the Seller may initiate arbitration by giving written notice requesting arbitration to the other.
- (b) The parties shall select a single arbitrator by mutual Agreement, but if they fail to select a single arbitrator within 10 calendar days of the receipt of notice of arbitration, then each party shall within seven business days thereafter, appoint their respective arbitrator and the two arbitrators thus chosen shall together, within seven business days of their appointment, select a third arbitrator and that three member panel shall arbitrate the dispute. In the event that two arbitrators shall fail within seven business days of their appointment to select a third arbitrator, then upon written request of either party, the third arbitrator shall be appointed by the Alberta Arbitration and Mediation Society. If a party shall fail to appoint an arbitrator as required, the arbitrator appointed by the other party shall be the sole arbitrator.
- (c) Within 15 business days of the appointment of the arbitrator or panel, as the case may be, each party shall state in writing its position concerning the dispute, supported by the reasons therefore, and deliver its position to the arbitrator(s) and the other party. If either party fails to submit its position in a timely manner, the position submitted by the other party shall be deemed correct, and the arbitration shall be deemed concluded. The parties shall then have 10 calendar days to respond to the position of the other party and deliver that response to the arbitrator(s). The arbitrator(s) shall within 30 calendar days thereafter, meet to consider the documents presented in order to make a determination by majority on the issues in dispute. Within 15 business days of the end of their meeting the arbitrator(s) shall present their award. The arbitrator(s) may award a party the right to terminate this Agreement if termination is a remedy specified herein for the claim which is the subject of the arbitration.
- (d) Each party in such arbitration shall bear one-half each of the expenses of the arbitrator(s), including their fees and costs, and the losing party shall reimburse the winning party for such amount paid by the winning party. Each party shall bear their own expenses, including attorney's fees. Notwithstanding the foregoing, the arbitrator(s) may grant any relief which they or majority of them deem just and equitable and within the scope of the Agreement of the parties, including a reasonable allowance for attorney's fees.

19.06 This Agreement may not be amended except by mutual agreement of the parties made in writing.

19.07 Except as herein otherwise provided, each notice, request, demand, statement, report and bill which must or may be given pursuant hereto shall be in writing and shall be either mailed by prepaid first class mail (or equivalent), delivered by hand or sent by telecopier or e-mail transmission to the addresses, fax numbers or e-mail of the parties set forth below or to such other addresses, fax numbers or e-mails as the parties may specify in writing from time to time during the Term:

- (a) to the Purchaser at Elbow River Marketing Ltd., 1600, 335 -8th Avenue S.W., Calgary, Alberta, Canada T2P 1C9, Fax Number: 403-269-9576, E-mail: contracts@elbowriver.com, Attention: Contract Administration; and
- (b) to the Seller at Enerpure Inc., 202-675 Pembina Hwy, Winnipeg, Alberta, Canada R3M 2L6, E-mail: thabicht@enerpure.tech, Attention: Todd Habicht.

The date of receipt of each such notice, demand or other communication will be the date of delivery thereof if hand delivered, the date of transmission if delivered by telecopier, the date of receipt thereof (as evidenced by a read receipt or other confirmation) if delivered by e-mail or the date that is 7th day after the date on which same is mailed, provided that in the event a notice, demand or other communication is mailed to a party in accordance the provision of this section during the period of a disruption of the postal service, such notice, demand or other communication shall be deemed to have been received only when actually received by the other party.

19.08 The parties shall faithfully perform and discharge their respective obligations under this Agreement and endeavour in good faith to negotiate and settle all matters arising during the performance of the Agreement not specifically provided for.

19.09 Each of the parties hereto shall pay its own costs and expenses incurred in the negotiation, preparation and execution of this Agreement and of all documents referred to in it and in carrying out the transactions contemplated hereby and thereby.

[Remainder of page left intentionally blank; signature page to follow.]

IN WITNESS WHEREOF the parties hereto have executed the Agreement effective as of Effective Date.

ELBOW RIVER MARKETING LTD.

Per: Joel Zaleschuk

Name: Joel Zaleschuk

Title: Vice President - LPG

Per: Steve Bailey

Name: Steve Bailey

Title: Director, Middle Office

ENERPURE INC.

Per: Todd Habicht

Name: Todd Habicht

Title: President & CEO

SCHEDULE A
PRODUCT SPECIFICATIONS



Fuel Oil Product Specification

Standard Production

EnerPure fuel products are produced from used crank case motor oil or used industrial lubricating oil and have been analyzed by independent labs. The following table represents applicable ASTM tests that have been completed on EnerPure fuels and the corresponding test results.

PARAMETER	TEST METHOD	UNIT	ENERPURE SPECIFICATION
Kinematic Viscosity @ 40°C	ASTM D445	mm ² /s	< 15.0
Density	ASTM D4052	kg/m ³	< 850
Flashpoint	ASTM D93	°C	> 60.5°C
Water and Particulates	ASTM D1796	%	< 0.05
Sulfur	ASTM D5453	ppm	< 1000
Ash	ASTM D482	%	< 0.03
H₂S	ASTM D7621	ppm	< 10