

No. S147885
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

THE BOWRA GROUP INC., in its capacity as the
court-appointed receiver of Lignol Energy Corporation

Petitioner

AND

LIGNOL INNOVATIONS LTD.

Respondent

**FIRST REPORT OF THE BOWRA GROUP INC. IN ITS CAPACITY AS
THE RECEIVER OF LIGNOL INNOVATIONS LTD.**

January 9, 2015

**IN THE MATTER OF THE RECEIVERSHIP
OF LIGNOL INNOVATIONS LTD.**

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PURPOSE OF REPORT

1. Pursuant to an Order of the Supreme Court of British Columbia dated October 16, 2014 The Bowra Group Inc. (the “Bowra Group”) was appointed Receiver (the “Receiver”) of the assets, undertakings and properties of Lignol Innovations Ltd. (“LIL”).
2. The purpose of this report is to provide the Court with a summary of our activities since our appointment as Receiver of LIL and request Court approval for a sale of the assets of LIL.

BACKGROUND TO LIL’S RECEIVERSHIP PROCEEDINGS

3. LIL is a wholly-owned subsidiary of Lignol Energy Corporation (“LEC”).
4. LEC is late stage research and development company located in Burnaby, B.C. LEC is focused on the development and commercialization of proprietary bio-refinery processes and biodiesel production.
5. The assets of LEC consist mainly of investments in subsidiary companies with title to individual assets vested in the subsidiary companies. Specifically, LEC owns the following investments:
 - 100% of LIL, a Canadian bio-refinery company;
 - 100% of Territory Biofuels Ltd. (“TBF”), an Australian biodiesel company that controls a decommissioned biodiesel production facility in Darwin, Australia;
 - 21% investment in Australian Renewable Fuels Ltd. (“ARF”), an Australian biodiesel company actively in production;
 - 20% investment in Neutral Fuels Parent Co., an international biodiesel company specializing in recycling of cooking oils; and
 - 51% investment in Neutral Fuels (Melbourne) Ltd., the Australian subsidiary of Neutral Fuels Parent Co.
6. A copy of the LEC organizational chart is attached as **Appendix A**.

7. LEC had initially focused on advancing the commercialization of bio-refinery processes for conventional pulp and paper feed stocks through the activities of LIL and had relied extensively on capital markets and government grants to fund its operations.
8. In 2012 LEC changed its strategic focus and made investments in the Australian biodiesel industry acquiring TBF and equity positions in ARF, Neutral Fuels Parent Co. and Neutral Fuels (Melbourne) Ltd. These investments, in particular the acquisition of TBF (which controlled an inactive biodiesel plant), were intended to allow LEC to eventually bring this asset into production and enter the Australian renewable fuel and biodiesel industry.
9. The ongoing carrying costs required to fund TBF and additional technical issues encountered with the re-start of the TBF plant created financial difficulties for LEC. The investment in Neutral Fuels (Melbourne) Ltd. was also not successful and was placed in Australian bankruptcy administration prior to LEC entering receivership.
10. Efforts by LEC to find a buyer or joint venture partner and raise additional working capital were unsuccessful and the Bowra Group was appointed Receiver – Manager of LEC pursuant to an order in the Supreme Court of British Columbia on August 29, 2014. A copy of the LEC Receivership Order is attached as **Appendix B**.
11. Subsequent to its appointment as receiver of LEC, the Bowra Group commenced a market solicitation process aimed at realizing the best possible value for LEC's stakeholders through the sale of LEC's assets, including shares in LIL.
12. Over the course of the initial solicitation process it became apparent to the Bowra Group that certain persons interested in LIL were interested in purchasing LIL's assets rather than the LIL shares owned by LEC.
13. In order to obtain the authority to deal directly with LIL's assets, including the ability to seek an order vesting LIL's assets in a prospective purchaser free and clear of some or all of LIL's existing liabilities, the Bowra Group, in its capacity as the receiver of LEC, applied for and on October 16, 2014 obtained from the Supreme Court of British Columbia an order appointing the Bowra Group as receiver of LIL. A copy of the LIL Receivership Order is attached as **Appendix C**.

RECEIVERS ACTIVITIES

14. LIL was primarily engaged in research and development activities and focused on advancing the commercialization of proprietary bio-refinery processes developed by LIL. LIL built and operated a mid-scale pilot plant located on the campus of the British Columbia Institute of Technology (BCIT) in Burnaby, BC. LIL conducted research using various feedstock materials such as conventional paper pulp run through the pilot plant to produce bio-materials such as lignin and ethanol. LIL had also developed a significant portfolio of patents relating to the bio-refinery processes themselves and the product of these processes such as lignin.
15. At the time of its receivership, LIL was primarily engaged in research and development. The majority of the estimated asset value consisted of intellectual property in the form of ongoing patent applications (the "IP") in multiple jurisdictions. A significant amount of knowledge was also held by the current employees via their experiences conducting the underlying research and operating the facility.
16. On October 16, 2014 the Receiver took possession of the pilot plant and facilitated the orderly wind down of the pilot plant and the completion of all outstanding research projects in progress.
17. Upon its appointment the Receiver arranged for the protection and safeguarding of LIL's IP by engaging legal counsel to continue to file applications to defend ongoing patent applications in the various jurisdictions.
18. The Receiver retained key members of the management team and employees to assist in providing technical expertise in the sales process for LIL's assets (as discussed below), to maintain and protect the IP, and ensure LIL was available as a going concern for a potential purchaser.
19. In addition, at the time of receivership LIL had approximately \$975,000 outstanding in hold backs relating to prior research projects funded by various government agencies. These receivables were subject to audits being performed by the various government agencies to ensure the expenses were appropriate. The Receiver was successful in collecting all of the

outstanding amounts for these holdbacks. LIL's employees were key in ensuring that those audits were completed in a timely and successful manner.

20. The Receiver also continued discussions commenced by LEC with a potential purchaser of LIL prior to the receivership. The potential purchaser was initially interested in all of the assets of LEC as a going concern, including LIL. The Receiver in conjunction with LEC's and LIL's management teams continued negotiations with this prospective purchaser and spent considerable time negotiating a possible purchase. The negotiations were ultimately unsuccessful and no agreement could be reached. This negotiation was done concurrently with the sales process discussed below.

SALES PROCESS

21. The LEC and LIL Receivership Orders did not establish a court mandated bidding procedure for the assets of LEC and LIL.

22. The Receiver prepared a Request for Offer to Purchase package ("ROP") for the assets of LEC and LIL and commenced a sales process on October 16, 2014. The sales process for the assets of LIL was conducted concurrently with the other assets of LEC. A copy of the ROP is attached as **Appendix D**.

23. The ROP prepared by the Receiver notified prospective purchasers of LIL's assets of, among other things:

- the nature of LEC's and LIL's business and assets;
- the form of purchase and sale agreement for the assets proposed by the Receiver;
and
- the deadline for the submission of offers, initially set at November 30, 2014.

24. The ROP further advised prospective purchasers that the Receiver reserved, among other things, the right to amend at any time the ROP and to accept any offer in its sole discretion.

25. The form of offer contained in the ROP also confirmed, among other things, that the Receiver would give preference to offers for all of LEC's and/or LIL's assets.

26. The Receiver marketed the ROP on his website and ran advertisements in the business section of the following publications:

- National Post
- The Australian
- The Australian Financial Review
- Biofuels Digest

27. In addition, the Receiver directly contacted 82 potential purchasers. A copy of all potential purchasers contacted by the Receiver is attached as **Appendix E**.

28. 45 of the 82 parties initially contacted expressed further interest and requested an ROP.

29. 12 of the 45 parties who received an ROP entered into negotiations with the Receiver and reached terms on a confidentiality agreement. These parties were provided access to a data room that had been set up prior to LIL's receivership to facilitate due diligence by interested parties.

30. The Receiver and the management team assisted potential purchasers as they conducted due diligence by answering enquiries, holding conference calls, and facilitating site visits and tours of the pilot plant.

RESULTS OF SALES PROCESS

31. As of November 30, 2014 the Receiver had received 7 offers. All of these offers contained subjects and additional conditions or changes which were not acceptable to the Receiver. A summary of offers received is attached as **Appendix F**.

32. Subsequent to November 30, 2014, the Receiver continued its discussions with certain of the parties who made offers on LIL's assets prior to November 30, 2014 in an attempt to negotiate the terms of potential sale of LIL's assets that would be acceptable to the Receiver. The Receiver also continued discussions it had commenced prior to November 30, 2014 with Fibria Celulose SA ("Fibria"), a Brazilian company with a strong presence in

the global forest products market. Fibria advised the Receiver that it did not become aware of the opportunity to bid on LIL's assets until just prior to the November 30th deadline. Although they attempted to conduct due diligence and submit an offer they could not meet the initial deadline.

33. The Receiver identified offers submitted by a large European multinational forest company ("Europe Co.") and an American bio-refinery process development company that was a direct competitor of LIL ("American Co"), as potentially acceptable bids. The Europe Co. offer was for the purchase of the IP only and the American Co. offer was for the purchase the physical lab and pilot plant only. The American Co. offer requested a limited license for use of the IP to operate the pilot plant. The Receiver approached Europe Co. and American Co. regarding the terms under which Europe Co. (if its bid were accepted) would grant a license for the use of the IP to American Co..
34. On December 11, 2014, during the Receiver's negotiations with Europe Co. and American Co., Fibria submitted an offer, through a Canadian subsidiary, for the purchase of substantially all of LIL's assets in a form acceptable to the Receiver.
35. A copy of the Fibria offer is attached as **Appendix G**.
36. The Fibria offer is for the purchase of both IP and the physical lab and pilot plant assets and is approximately 2.5 times more than the combined offers of Europe Co. and American Co.. Moreover, Fibria advised the Receiver that it was its intention to operate LIL as a going concern in the short term and retain LIL's pilot plant and staff.
37. The Fibria offer was determined by the Receiver to be the highest and best price that has resulted from the sales process and to provide the greatest recovery to LIL's creditors and stakeholders. The Receiver recommends that the Court approve the Fibria the sale of LIL's assets to Fibria as being commercially reasonable.
38. The sale of LIL's assets to Fibria is supported by LEC and its senior secured creditor.

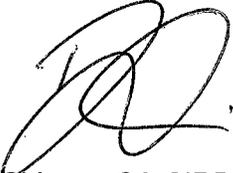
CONCLUSION

39. The Receiver marketed the assets of LIL for a period of 6 weeks contacting 82 parties, sending out 42 ROP's and entering into confidentiality agreements with 12 parties to facilitate in depth due diligence.
40. The Receiver received a total of 9 offers of which the Fibria offer was the highest and best offer.
41. The Receiver hereby submits its report to the Court and respectfully requests that the Court approve the sale of the assets of LIL to Fibria.
42. All of which is respectfully submitted this 9th day of January, 2015.

The Bowra Group Inc.

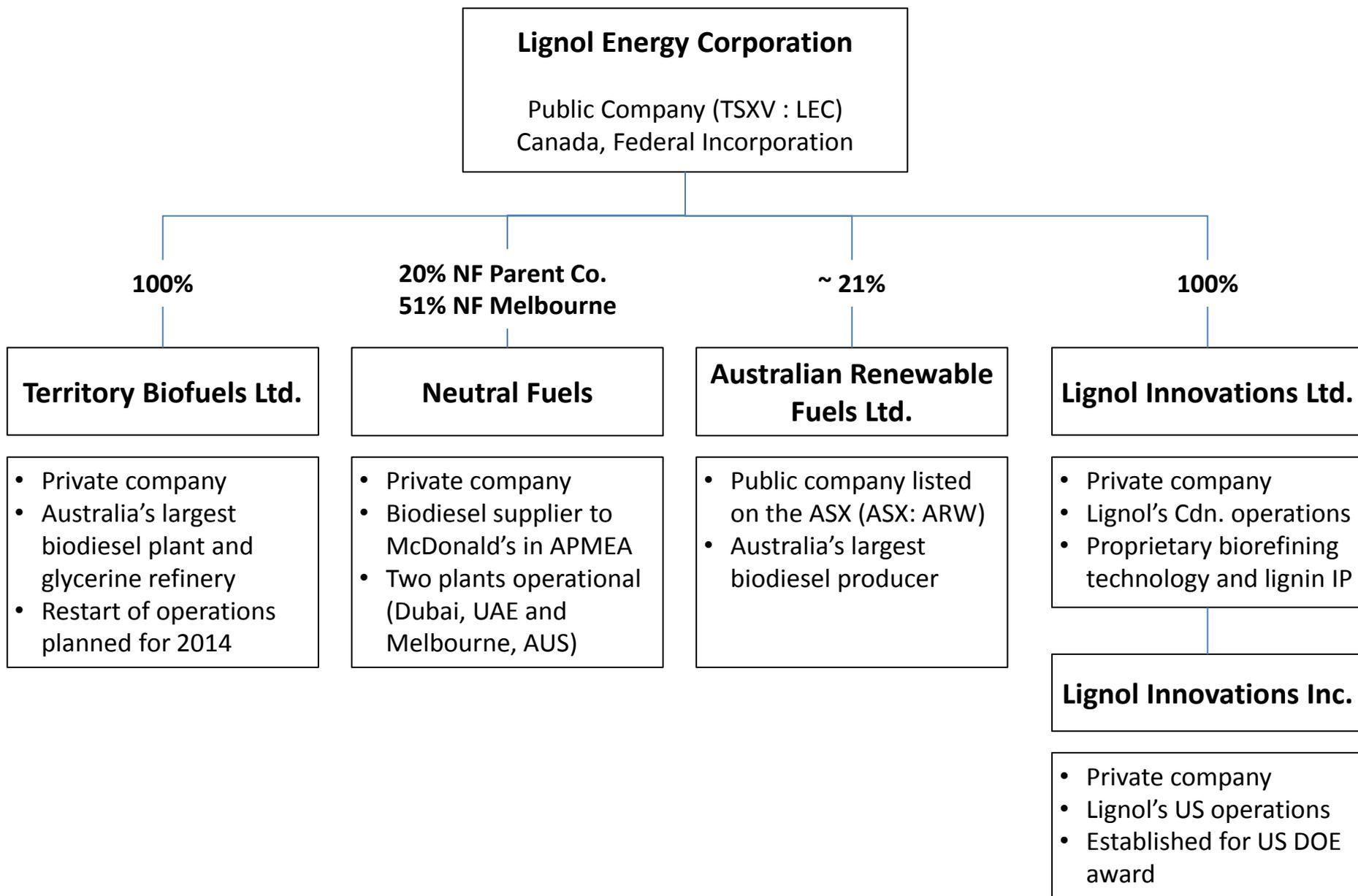
Receiver of the assets, undertakings
and properties of Lignol Innovations Ltd.

Per:


Doug Chivers, CA CIRP

APPENDIX A

Lignol Energy Corporate Structure Chart



APPENDIX B

SUPREME COURT
OF BRITISH COLUMBIA
VANCOUVER REGISTRY

AUG 29 2014

ENTERED



No. S146537
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

DIFFERENCE CAPITAL FINANCIAL INC., formerly known as
DIFFERENCE CAPITAL FUNDING INC.

PLAINTIFF

AND:

LIGNOL ENERGY CORPORATION

DEFENDANT

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE) FRIDAY, THE 29TH DAY
JUSTICE MCEWAN)
) OF AUGUST, 2014.
)

ON THE APPLICATION of Difference Capital Financial Inc., formerly known as Difference Capital Funding Inc. (the "Applicant") for an Order pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the "LEA") appointing The Bowra Group Inc. as Receiver Manager (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of the Defendant, Lignol Energy Corporation (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, coming on for hearing this day at the Courthouse, 800 Smithe Street, Vancouver British Columbia.

AND ON READING the Notice of Application dated August 26, 2014 the Affidavit #1 of Henry Kneis, sworn August 25, 2014, and Affidavit #1 of Doug Chivers, sworn August , 2014 and the consent of The Bowra Group Inc. to act as the Receiver; AND ON HEARING Heather M.B. Ferris, Counsel for the Applicant, and no one else appearing for although duly served.

THIS COURT ORDERS AND DECLARES that:

APPOINTMENT

1. Pursuant to Section 243(1) of the BIA and Section 39 of the LEA, The Bowra Group Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and

properties of the Debtor [*if under BIA, add: acquired for, or used in relation to a business carried on by the Debtor*], including all proceeds thereof (the "Property").

RECEIVER'S POWERS

2. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements including intercompany loans, incur any obligations in the ordinary course of business, cease to carry on all or any part of the other business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order;
 - (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
 - (g) to settle, extend or compromise any indebtedness owing to the Debtor;
 - (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
 - (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
 - (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such

proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:

- (i) without the approval of this Court in respect of any transaction not exceeding \$100,000.00, provided that the aggregate consideration for all such transactions does not exceed \$500,000.00; and

- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. Each of (i) the Debtor, (ii) all of the Debtor's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.
4. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 4 or in paragraph 5 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.
5. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

6. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

7. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of Proceeding except for service of the initiating documentation on the Debtor and the Receiver.

NO EXERCISE OF RIGHTS OR REMEDIES

8. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in section 69.6(2) of the BIA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. The stay and suspension shall not apply in respect of any "eligible financial contract" as defined in the BIA.

NO INTERFERENCE WITH THE RECEIVER

9. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

10. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services of any kind to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods

or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

11. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post-Receivership Accounts**") and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

12. Subject to the right of employees to terminate their employment notwithstanding paragraph 10, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Debtor, including any successor employer liabilities as provided for in Section 14.06(1.2) of the BIA, other than amounts the Receiver may specifically agree in writing to pay and amounts in respect of obligations imposed specifically on receivers by applicable legislation. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.
13. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

14. Nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, 1999, S.C. 1999, c. 33, the *Fisheries Act*, R.S.C. 1985, c. F-14, the *Environmental Management Act*, R.S.B.C. 1996, c. 118 and the *Fish Protection Act*, S.B.C. 1997, c. 21 and regulations thereunder (collectively "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

15. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except:
- (a) any gross negligence or wilful misconduct on its part; or
 - (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

16. The reasonable fees and disbursements of the Receiver and its legal counsel, in each case at their standard rates and charges, shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
17. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.
18. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and

disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

19. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
20. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
21. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
22. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

23. That any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

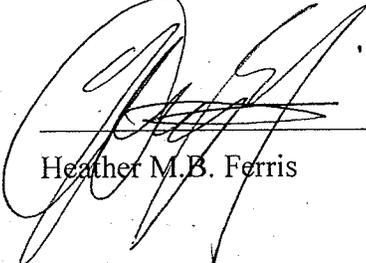
GENERAL

24. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
25. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. This Court requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
27. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
28. The [Plaintiff/Applicant] shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the [Plaintiff/Applicant]'s security or, if not so provided by the [Plaintiff/Applicant]'s security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
29. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
30. Endorsement of this Order by counsel appearing on this application other than the Applicant is hereby dispensed.

THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

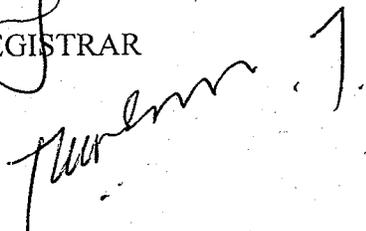
APPROVED BY:



Heather M.B. Ferris

BY THE COURT


DISTRICT REGISTRAR



SCHEDULE "A"

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

THIS IS TO CERTIFY that ♦, the Receiver Manager (the "Receiver") of all of the assets, undertakings and properties of ♦ acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "Court") dated the ♦ day of ♦, 2014 (the "Order") made in SCBC Action No. ♦ and/or SCBC Action No. ♦ Estate No. ♦, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ ♦, being part of the total principal sum of \$ ♦ which the Receiver is authorized to borrow under and pursuant to the Order.

1. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded ♦ not in advance on the ♦ day of each month after the date hereof at a notional rate per annum equal to the rate of ♦ per cent above the prime commercial lending rate of Bank ♦ from time to time.
2. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
3. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at ♦, British Columbia.
4. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
5. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

6. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the ◆ day of ◆, 2014.

[RECEIVER'S NAME], solely in its capacity as Receiver of the Property, and not in its personal capacity

Per:
Name:
Title:

APPENDIX C

THIS COURT ORDERS AND DECLARES THAT:

APPOINTMENT

1. Pursuant to Section 39 of the LEA the Bowra Group is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

2. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the other business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order;
 - (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
 - (g) to settle, extend or compromise any indebtedness owing to the Debtor;
 - (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000 provided that the aggregate consideration for all such transactions does not exceed \$100,000 and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. Each of (i) the Debtor, (ii) all of the Debtor's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.
4. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 4 or in paragraphs 5 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.
5. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all

access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

6. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

7. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of Proceeding except for service of the initiating documentation on the Debtor and the Receiver.

NO EXERCISE OF RIGHTS OR REMEDIES

8. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in section 69.6(2) of the BIA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. The stay and suspension shall not apply in respect of any "eligible financial contract" as defined in the BIA.

NO INTERFERENCE WITH THE RECEIVER

9. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

10. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services of any kind to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be

required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

11. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post-Receivership Accounts**") and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

12. Subject to the right of employees to terminate their employment notwithstanding paragraph 10, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Debtor, including any successor employer liabilities as provided for in Section 14.06(1.2) of the BIA, other than amounts the Receiver may specifically agree in writing to pay and amounts in respect of obligations imposed specifically on receivers by applicable legislation. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.
13. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such

information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

14. Nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, 1999, S.C. 1999, c. 33, the *Fisheries Act*, R.S.C. 1985, c. F-14, the *Environmental Management Act*, R.S.B.C. 1996, c. 118 and the *Fish Protection Act*, S.B.C. 1997, c. 21 and regulations thereunder (collectively "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

15. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except:
- (a) any gross negligence or wilful misconduct on its part; or
 - (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

16. The reasonable fees and disbursements of the Receiver and its legal counsel, in each case at their standard rates and charges, shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
17. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.

18. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

19. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
20. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
21. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "**B**" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
22. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

23. That any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

24. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
25. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. This Court requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
27. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
28. The Petitioner shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the Petitioner's security or, if not so provided by the Petitioner's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
29. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
30. Endorsement of this Order by counsel appearing on this application other than the counsel for the Petitioner is hereby dispensed.

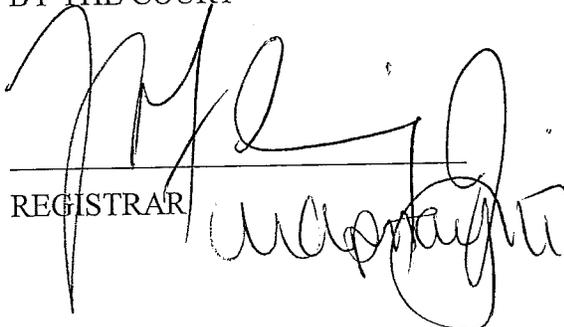
THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Peter Rubin/Peter Bychawski

Lawyer for the Bowra Group Inc., in its capacity as the court-appointed receiver of Lignol Energy Corporation

BY THE COURT



REGISTRAR

SCHEDULE "A" TO RECEIVERSHIP ORDER

LIST OF COUNSEL

Peter Bychawski	The Bowra Group Inc.

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that the Bowra Group Inc., the receiver (the "**Receiver**") of all of the assets, undertakings and properties of Lignol Innovations Ltd. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "**Court**") dated the ____ day of _____, 2014 (the "**Order**") made in SCBC Action No. _____ and/or SCBC Action No. _____/Estate No. _____ has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the ____ day of each month after the date hereof at a notional rate per annum equal to the rate of ____ per cent above the prime commercial lending rate of Bank _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Vancouver, British Columbia.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 2014.

The Bowra Group Inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per:
Name:
Title:

IN THE SUPREME COURT OF BRITISH
COLUMBIA

IN THE MATTER OF THE RECEIVERSHIP OF
LIGNOL INNOVATIONS LTD.

BETWEEN:

THE BOWRA GROUP INC., in its capacity as the
court-appointed receiver of Lignol Energy Corporation

Petitioner

- and -

LIGNOL INNOVATIONS LTD.

Respondent

ORDER MADE AFTER APPLICATION
RECEIVERSHIP ORDER

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Suite 2600, 595 Burrard Street
Vancouver, BC V7X 1L3
Fax : 604.631.3309
Attn : Peter Rubin /Peter Bychawski

APPENDIX D

REQUEST FOR OFFERS TO PURCHASE

LIGNOL ENERGY CORPORATION



THE BOWRA GROUP INC.

RECEIVER - MANAGER

October 14, 2014



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3. Financial Information.....	Page 9
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APPENDICES

- A.** Court Order Appointing Receiver – Manager of Lignol Energy Corp. dated August 29, 2014
- B.** Court Order Appointing Receiver – Manager of Lignol Innovations Ltd. dated October 16, 2014
- C.** Lignol Energy Corporation Consolidated Financial Statements for the Year Ended April 30, 2014, 2013 and 2012.
- D.** Non – Disclosure Agreement
- E.** Corporate Structure
- F.** Details of Operations and Assets of LIL
- G.** Intellectual Property
- H.** Overview of TBF Facility and Operations
- I.** Personal Property Registry Search
- J.** Form of Offer for Purchase of Shares of TBF, ARF, NF and Assets of LIL
- K.** Form of Offer for Purchase of Assets of TBF

Additional information is available via an electronic data room for qualified interested parties who have signed a Non – Disclosure Agreement (“NDA”). Please contact the Receiver for more information.

1. Overview

The Bowra Group Inc. was appointed Receiver - Manager of the assets, undertakings and properties of Lignol Energy Corporation (“LEC” or the “Company”) pursuant to a Court Order made in the Supreme Court of British Columbia on August 29, 2014 under Vancouver Registry No. S146573. A copy of the Court Order is attached as **Appendix A**.

Subsequently, The Bowra Group Inc. was appointed Receiver – Manager of the assets, undertakings and properties of Lignol Innovations Ltd. pursuant to a Court Order made in the Supreme Court of British Columbia on October 16, 2014 under Vancouver Registry No. S147885. A copy of the Court Order is attached as **Appendix B**.

The Bowra Group Inc. in its capacity as Receiver - Manager of LEC and LIL (the “Vendor”) is seeking offers to purchase the assets or shares of LEC, LIL and its subsidiaries.

The Company’s head office is located in Burnaby, B.C. The Company is primarily engaged in research and development of bio-diesel and bio-refinery processes. The Company, directly or through wholly owned subsidiaries, has developed an IP portfolio relating to bio-refinery specifically focusing on lignin applications and controls a bio-refinery plant in Darwin, Australia.

The Company’s two wholly owned subsidiary Corporations, (collectively “SubCos”) are:

- Territory Biofuels Ltd. (“TBF”);
- Lignol Innovations Ltd. (“LIL”).

LIL in turns owns 100% of Lignol Innovations Inc. (“LII (US)”), a US based subsidiary.

The Company also has an approximately 21% investment in Australian Renewable Fuels Ltd. (“ARF”) and a 20% investment in Neutral Fuels Parent Co. and 51% of Neutral Fuels (Melbourne) Ltd. (collectively “Neutral Fuels”).

A copy of the April 30, 2014 draft financial statements is attached as **Appendix C**.

The Vendor is selling the assets or shares of the Companies. The assets of the Companies include:

- Shares or assets of TBF
- Shares or assets of LIL
- Shares of ARF
- Shares of Neutral Fuels

The assets or shares are being sold on an “as is, where is” basis and are laid out in further details within the appendices. The Vendor does not make any representation, covenant or warranty regarding the assets.

Qualified interested parties can access detailed information in an electronic data room upon execution of a NDA. A copy of the NDA is attached as Appendix D.

All inquiries should be directed to the Receiver who will arrange access to such information and facilitate further due diligence.

Prospective purchasers must submit offers, in the form of the Offer Form enclosed, to The Bowra Group Inc. prior to 5:00 pm PST November 30, 2014. All offers are subject to Court approval.

The Vendor is at liberty to accept any offer in its sole discretion, and specifically reserves the right (a) not to accept the highest or any offer whatsoever, (b) accept or negotiate with any prospective purchaser at any time prior to the deadline, or (c) advocate for any accepted offer at the application for Court approval.

Preference will be given to en-bloc offers.

This Request for Offers to Purchase ("ROP") is intended solely for the purpose of soliciting offers from qualified, prospective purchasers of the Companies assets. The Vendor has prepared the ROP from information provided by the Company. The Vendor has conducted a limited review of this information, but has not independently verified its accuracy or completeness, and makes no representations or warranties in that regard.

The ROP is provided with the expressed understanding that each prospective purchaser will undertake its own due diligence and independently investigate those matters that it deems pertinent. Nothing in the ROP shall be deemed to create or imply any covenant, representation or warranty whatsoever on the part of the Vendor.

For further information about this opportunity please contact:

Gordon Brown at 604.638.4946
gbrown@bowragroup.com
The Bowra Group Inc.
One Bentall Centre, Box 72
430 - 505 Burrard Street
Vancouver, B.C. V7X 1M3

2. **Company Summary**

LEC is an emerging producer of bio-fuels, bio-chemicals and renewable materials from waste biomass. The Company is publicly listed on the TSX Venture exchange (TSXV: LEC) with its head office located in Burnaby, B.C.

The head office is located in leased premises at the British Columbia Institute of Technology in Burnaby, B.C. The facility is shared with LIL and also contains the pilot plant. The Company currently has 3 employees. LEC holds the lease for the premises which expires on December 14, 2014 with further options to renew. Further details of the Lease are contained in the data room.

LEC's mission is to create a profitable integrated global bio-fuels and bio-chemicals business that leverages its core intellectual property and the domain expertise of its team. LEC is undergoing a transformation from a leading technology developer in the bio-refining sector, to that of an owner of commercial bio-refining assets. The Company is considered to be in the development stage.

LEC's primary assets consist of investments in the following Companies:

- a) **LIL** – 100%
- b) **TBF** – 100%
- c) **ARF** – 21%
- d) **Neutral Fuels (Melbourne) Pty Ltd.** – 51%
- e) **Neutral Fuels Parent Co.** – 20%

Other assets include miscellaneous office equipment and the Lease.

More information on LEC can be found on their website at <http://www.lignol.ca>

A copy of the LEC Org Chart is attached as **Appendix E**.

a) Lignol Innovations Ltd.

LIL is a leading technology company in the advanced bio-fuels and renewable chemicals sector undertaking the development of bio-refining technologies for the production of advanced bio-fuels, including fuel-grade ethanol, and other renewable chemicals from non-food cellulosic biomass feedstocks.

LIL's modified solvent based pre-treatment technology facilitates the rapid, high-yield conversion of cellulose to ethanol and the production of value-added biochemical co-products, including high purity HP-LTM lignin.



HP-LTM lignin represents a new class of high purity lignin extractives (and their subsequent derivatives) which can be engineered to meet the chemical properties and functional requirements of a range of industrial applications.

LIL owns and operates a pilot plant for bio-refinery processes out of the British Columbia Institute of Technology facility shared with LEC located in Burnaby, B.C. Other assets of LIL include IP, further discussed below, and lab equipment.



Details of the assets and operations of LIL are attached as **Appendix F**.

LIL holds a significant portfolio of intellectual property relating to three main areas:

1. Process and system patents relating to the bio-refinery process
2. Lignin composition of matter patents relating to lignin derivatives produced by a number of common manufacturing processes.
3. Lignin application patents relating to specific end use processes.

A summary of the IP holdings of LIL is attached as **Appendix G**.

b) Territory BioFuels Ltd.

TBF owns a large scale bio-refining facility located in Darwin, Northern Territory which includes a Lurgi-designed biodiesel plant and the largest glycerine refinery in Australia.



The facility was commissioned in 2008 at a cost of AUD \$80 million, along with 38 million litres of related tankage, now leased by TBF. The biodiesel plant is the largest in Australia with a rated capacity of 140 million litres per year.

The plant was originally built to run on palm oil and food-grade vegetable oil, however the plant was shut down in 2009 due to challenging technical and economic conditions.

The plant sits on leased land and the related tankage is also leased. Details of the leases can be found in the data room.

An overview of the TBF facility and operations is attached as **Appendix H**.

c) Investment in Australia Renewable Fuels (ASX: ARW)

The Company holds an approximately 21% interest in ARF through ownership of approximately 8,977,522 commons shares.

ARF is the largest biodiesel producer in Australia owning three plants with a total nameplate capacity of 150 million litres per annum. ARF's three plants were built at an aggregate cost of over AUD\$100 million.



ARF is publicly traded entity trading on Australian Stock Exchange (ASX: ARW).

More information on ARF can be found on their website at <http://www.arfuels.com.au>.

d) Investment in Neutral Fuels (Melbourne) Pty Ltd. & Neutral Fuels Parent Co.

The Company holds a 20% interest in Neutral Fuels Parent Co. and a 51% interest in Neutral Fuels (Melbourne) Pty Ltd. The Neutral Fuels (Melbourne) Pty Ltd. is currently under administration (receivership) in Australia.

Neutral Fuels owns and manages biorefineries that convert used cooking oil into

biodiesel, the modern, sustainable replacement for fossil diesel. On a lifecycle basis, biodiesel accounts for over 80% reduction in carbon dioxide and equivalents, the major contributors to climate change. Neutral Fuels pioneered the closed loop business model which was developed specifically for McDonald's, where used cooking oil is collected from McDonald's restaurants by the same vehicles that deliver the fresh oil. The used oil is then backhauled to the co-located Neutral Fuels biorefinery where it is converted, litre for litre, into biodiesel, which is then pumped back into the delivery fleet in an ongoing recycling process.

In Dubai, used cooking oil is collected from more than 100 McDonald's UAE restaurants each month and their fleet of supply trucks in the UAE has to date driven more than 2 million kilometres on Neutral Fuels B100 biodiesel. In Victoria, Australia the Neutral Fuels biorefinery currently services the used cooking oil from more than 150 McDonald's restaurants.

Neutral Fuels, headquartered in Dubai, UAE, is a member of The Neutral Group, the international cleantech organization founded in 2006 to build sustainability strategies for the logistics, energy and hospitality industries and to execute significant reductions in energy spend and CO2 emissions. More information on Neutral Fuels can be found on their website at <http://www.neutral-fuels.com>.

3. Financial Information

The following consolidated financial information has been provided by the Company:

- Draft Financial Statements for the fiscal year ended April 30, 2014 (Unaudited)
- Financial Statements for the fiscal year ended April 30, 2013 (Audited)
- Financial Statement for the fiscal year ended April 30, 2012 (Audited)

Additional financial information is available in the data room.

Copies of the financial statements are attached as **Appendix C**.

4. **Personal Property Registry Search**

The personal property registry search is attached as **Appendix I**.

5. **Terms and Conditions**

Prospective purchasers can submit offers to the Vendor to purchase the assets at the following address:

The Bowra Group Inc.
One Bentall Centre, Box 72
430 – 505 Burrard Street
Vancouver, B.C. V7X 1M3

Attention: Gordon Brown

Each offer to purchase the assets must be in the Form of Offer attached as **Appendix J** (if you are interested in purchasing the assets of TBF as opposed to the shares then the Form of Offer in **Appendix K** will have to be used as well) and include a deposit (the “Deposit”) by way of a certified cheque or bank draft for 10% of the offer price payable to “The Bowra Group Inc., Receiver - Manager of Lignol Energy Corporation., in Trust”.

Offers may also be submitted via email (gbrown@bowragroup.com) or via fax (604-689-8584) provided the Deposit is received prior to the deadline.

Prospective purchasers must submit offers, in the form of the Offer Form, to the Receiver prior to 5:00 pm PST Friday, November 30, 2014. All offers are subject to Court approval.

Offers submitted to the Vendor must remain firm and irrevocable for a minimum of seven days after they have been submitted. The Vendor will return the Deposits of prospective purchasers for offers that were not accepted.

The Vendor is at liberty to accept any offer in its sole discretion, and specifically reserves the right (a) not to accept the highest or any offer whatsoever, (b) accept or negotiate with any prospective purchaser at any time prior to the deadline, or (c) advocate for any accepted offer at the application for Court approval.

The Vendor will evaluate the offers received and may individually contact some or all prospective purchasers to request additional information about their respective offers.

This Request for Offers to Purchase (“ROP”) is intended solely for the purpose of soliciting offers from qualified, prospective purchasers of the assets. The Vendor has prepared the ROP from information provided by Companies and other sources deemed reliable. The Vendor has conducted a limited review of this information, but has not independently verified its accuracy or completeness. The ROP is provided with the expressed understanding that each prospective purchaser will undertake its own due diligence and independently investigate those matters that it deems pertinent. Nothing in the ROP shall be deemed to create or imply any covenant, representation or warranty whatsoever on the part of the Vendor.

The Vendor reserves the right to amend at any time the ROP and other information that the Vendor transmits in writing or orally to any prospective purchaser.

Each prospective purchaser will bear all their own costs, including, but not limited to, legal counsel and external advisers, for its investigation and due diligence for preparing its offer to purchase or to complete the purchase of the assets.

The Bowra Group Inc.

Receiver – Manager of the assets
undertakings and properties of
Lignol Energy Corporation.

APPENDIX A

SUPREME COURT
OF BRITISH COLUMBIA
VANCOUVER REGISTRY

AUG 29 2014

ENTERED



No. S146537
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

DIFFERENCE CAPITAL FINANCIAL INC., formerly known as
DIFFERENCE CAPITAL FUNDING INC.

PLAINTIFF

AND:

LIGNOL ENERGY CORPORATION

DEFENDANT

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE) FRIDAY, THE 29TH DAY
JUSTICE MCEWAN) OF AUGUST, 2014.
)
)
)

ON THE APPLICATION of Difference Capital Financial Inc., formerly known as Difference Capital Funding Inc. (the "Applicant") for an Order pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the "LEA") appointing The Bowra Group Inc. as Receiver Manager (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of the Defendant, Lignol Energy Corporation (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, coming on for hearing this day at the Courthouse, 800 Smithe Street, Vancouver British Columbia.

AND ON READING the Notice of Application dated August 26, 2014 the Affidavit #1 of Henry Kneis, sworn August 25, 2014, and Affidavit #1 of Doug Chivers, sworn August , 2014 and the consent of The Bowra Group Inc. to act as the Receiver; AND ON HEARING Heather M.B. Ferris, Counsel for the Applicant, and no one else appearing for although duly served.

THIS COURT ORDERS AND DECLARES that:

APPOINTMENT

1. Pursuant to Section 243(1) of the BIA and Section 39 of the LEA, The Bowra Group Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and

properties of the Debtor [*if under BIA, add: acquired for, or used in relation to a business carried on by the Debtor*], including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

2. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements including intercompany loans, incur any obligations in the ordinary course of business, cease to carry on all or any part of the other business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order;
 - (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
 - (g) to settle, extend or compromise any indebtedness owing to the Debtor;
 - (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
 - (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
 - (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such

proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:

- (i) without the approval of this Court in respect of any transaction not exceeding \$100,000.00, provided that the aggregate consideration for all such transactions does not exceed \$500,000.00; and

- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. Each of (i) the Debtor, (ii) all of the Debtor's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.
4. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 4 or in paragraph 5 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.
5. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

6. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

7. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of Proceeding except for service of the initiating documentation on the Debtor and the Receiver.

NO EXERCISE OF RIGHTS OR REMEDIES

8. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in section 69.6(2) of the BIA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. The stay and suspension shall not apply in respect of any "eligible financial contract" as defined in the BIA.

NO INTERFERENCE WITH THE RECEIVER

9. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

10. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services of any kind to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods

or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

11. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post-Receivership Accounts**") and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

12. Subject to the right of employees to terminate their employment notwithstanding paragraph 10, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Debtor, including any successor employer liabilities as provided for in Section 14.06(1.2) of the BIA, other than amounts the Receiver may specifically agree in writing to pay and amounts in respect of obligations imposed specifically on receivers by applicable legislation. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.
13. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

14. Nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, 1999, S.C. 1999, c. 33, the *Fisheries Act*, R.S.C. 1985, c. F-14, the *Environmental Management Act*, R.S.B.C. 1996, c. 118 and the *Fish Protection Act*, S.B.C. 1997, c. 21 and regulations thereunder (collectively "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

15. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except:
- (a) any gross negligence or wilful misconduct on its part; or
 - (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

16. The reasonable fees and disbursements of the Receiver and its legal counsel, in each case at their standard rates and charges, shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
17. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.
18. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and

disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

19. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
20. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
21. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
22. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

23. That any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

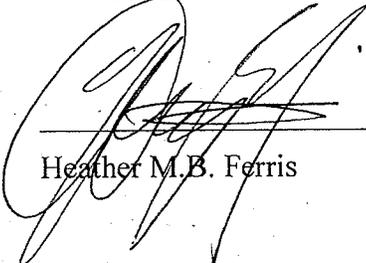
GENERAL

24. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
25. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. This Court requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
27. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
28. The [Plaintiff/Applicant] shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the [Plaintiff/Applicant]'s security or, if not so provided by the [Plaintiff/Applicant]'s security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
29. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
30. Endorsement of this Order by counsel appearing on this application other than the Applicant is hereby dispensed.

THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

APPROVED BY:

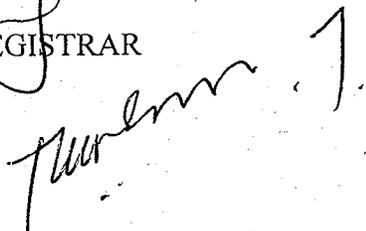


Heather M.B. Ferris

BY THE COURT



DISTRICT REGISTRAR



SCHEDULE "A"

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT

\$ _____

THIS IS TO CERTIFY that ♦, the Receiver Manager (the "Receiver") of all of the assets, undertakings and properties of ♦ acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "Court") dated the ♦ day of ♦, 2014 (the "Order") made in SCBC Action No. ♦ and/or SCBC Action No. ♦ Estate No. ♦, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ ♦, being part of the total principal sum of \$ ♦ which the Receiver is authorized to borrow under and pursuant to the Order.

1. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded ♦ not in advance on the ♦ day of each month after the date hereof at a notional rate per annum equal to the rate of ♦ per cent above the prime commercial lending rate of Bank ♦ from time to time.
2. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
3. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at ♦, British Columbia.
4. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
5. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

6. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the ◆ day of ◆, 2014.

[RECEIVER'S NAME], solely in its capacity as Receiver of the Property, and not in its personal capacity

Per:
Name:
Title:

APPENDIX B

THIS COURT ORDERS AND DECLARES THAT:

APPOINTMENT

1. Pursuant to Section 39 of the LEA the Bowra Group is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

2. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the other business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order;
 - (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
 - (g) to settle, extend or compromise any indebtedness owing to the Debtor;
 - (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000 provided that the aggregate consideration for all such transactions does not exceed \$100,000 and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. Each of (i) the Debtor, (ii) all of the Debtor's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.
4. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 4 or in paragraphs 5 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.
5. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all

access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

6. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

7. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of Proceeding except for service of the initiating documentation on the Debtor and the Receiver.

NO EXERCISE OF RIGHTS OR REMEDIES

8. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in section 69.6(2) of the BIA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. The stay and suspension shall not apply in respect of any "eligible financial contract" as defined in the BIA.

NO INTERFERENCE WITH THE RECEIVER

9. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

10. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services of any kind to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be

required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

11. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post-Receivership Accounts**") and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

12. Subject to the right of employees to terminate their employment notwithstanding paragraph 10, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Debtor, including any successor employer liabilities as provided for in Section 14.06(1.2) of the BIA, other than amounts the Receiver may specifically agree in writing to pay and amounts in respect of obligations imposed specifically on receivers by applicable legislation. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.
13. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such

information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

14. Nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, 1999, S.C. 1999, c. 33, the *Fisheries Act*, R.S.C. 1985, c. F-14, the *Environmental Management Act*, R.S.B.C. 1996, c. 118 and the *Fish Protection Act*, S.B.C. 1997, c. 21 and regulations thereunder (collectively "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

15. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except:
- (a) any gross negligence or wilful misconduct on its part; or
 - (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

16. The reasonable fees and disbursements of the Receiver and its legal counsel, in each case at their standard rates and charges, shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
17. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.

18. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

19. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
20. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
21. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
22. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

23. That any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

24. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
25. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. This Court requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
27. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
28. The Petitioner shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the Petitioner's security or, if not so provided by the Petitioner's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
29. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
30. Endorsement of this Order by counsel appearing on this application other than the counsel for the Petitioner is hereby dispensed.

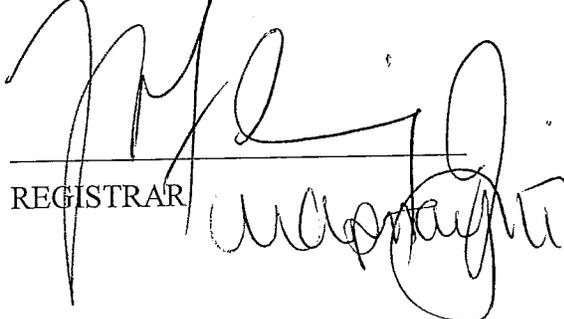
THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Peter Rubin/Peter Bychawski

Lawyer for the Bowra Group Inc., in its capacity as the court-appointed receiver of Lignol Energy Corporation

BY THE COURT



REGISTRAR

SCHEDULE "A" TO RECEIVERSHIP ORDER

LIST OF COUNSEL

Peter Bychawski	The Bowra Group Inc.

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that the Bowra Group Inc., the receiver (the "**Receiver**") of all of the assets, undertakings and properties of Lignol Innovations Ltd. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "**Court**") dated the ____ day of _____, 2014 (the "**Order**") made in SCBC Action No. _____ and/or SCBC Action No. _____/Estate No. _____ has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the ____ day of each month after the date hereof at a notional rate per annum equal to the rate of ____ per cent above the prime commercial lending rate of Bank _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Vancouver, British Columbia.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 2014.

The Bowra Group Inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per:
Name:
Title:

Action No. S147885

IN THE SUPREME COURT OF BRITISH
COLUMBIA

IN THE MATTER OF THE RECEIVERSHIP OF
LIGNOL INNOVATIONS LTD.

BETWEEN:

THE BOWRA GROUP INC., in its capacity as the
court-appointed receiver of Lignol Energy Corporation

Petitioner

- and -

LIGNOL INNOVATIONS LTD.

Respondent

ORDER MADE AFTER APPLICATION
RECEIVERSHIP ORDER

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Suite 2600, 595 Burrard Street
Vancouver, BC V7X 1L3
Fax : 604.631.3309
Attn : Peter Rubin /Peter Bychawski

APPENDIX C



LIGNOL ENERGY CORPORATION

Consolidated Financial Statements

For the Year Ended April 30, 2014

(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)

Outstanding Issues:

Note 1 LEC going concern update

Note 1 NF going concern update

Note 2 Recently announced accounting pronouncements – confirm with PwC

Note 20 Taxes – O/S

Note 24 Contingency – O/S

Note 25 Subsequent Events – O/S

Lignol Energy Corporation

Consolidated Statements of Financial Position

As at April 30, 2014 and 2013

(Expressed in thousands of Canadian Dollars)

	Note	April 30 2014 \$	April 30 2013 \$
Assets			
Current assets			
Cash and cash equivalents		862	2,380
Government and corporate contribution receivables	5	65	39
Other receivables and prepaid expenses		338	566
		<u>1,265</u>	<u>2,985</u>
Non-current assets			
Investment in Australian Renewable Fuels Limited	6	4,336	7,502
Plant and equipment	7	17,959	18,153
Restricted cash	8	-	1,045
Goodwill	3	2,012	2,012
		<u>24,307</u>	<u>28,712</u>
Total assets		<u>25,572</u>	<u>31,697</u>
Liabilities			
Current liabilities			
Trade and other payables	9	3,911	2,790
Credit facility	10	11,090	5,000
Current portion of long-term liability	11	2,987	2,212
Deferred contributions	5	224	879
		<u>18,212</u>	<u>10,881</u>
Non-current liabilities			
Long-term liability	11	12,852	13,189
Long-term payable	12	130	132
Asset retirement obligation	13	647	694
Deferred income tax liabilities	20	3,707	3,707
		<u>17,336</u>	<u>17,722</u>
Total liabilities		<u>35,548</u>	<u>28,603</u>
Equity			
Capital stock	14	36,187	35,292
Warrants	14	3,402	1,022
Contributed surplus	14	2,401	5,249
Accumulated deficit		(51,966)	(35,729)
Accumulated other comprehensive loss		-	(1,520)
		<u>(9,976)</u>	<u>4,314</u>
Non-controlling interest		-	(1,220)
Total equity		<u>(9,976)</u>	<u>3,094</u>
Total liabilities and equity		<u>25,572</u>	<u>31,697</u>
Nature of operations and going concern	1		
Commitments and contingencies	24		
Subsequent events	25		

Approved on behalf of the Board of Directors:

(signed) Gord Fretwell Director (signed) Stephen H. White Director

The accompanying notes are an integral part of these consolidated financial statements

Lignol Energy Corporation

Consolidated Statements of Loss and Comprehensive Loss For the Years Ended April 30, 2014 and 2013

(Expressed in thousands of Canadian Dollars, except for per share amounts)

	Note	2014 \$	2013 \$
Expenses			
Research and development	16	5,191	3,073
General and administration	16	3,413	3,814
		<u>8,604</u>	<u>6,887</u>
Less government and corporate contributions		<u>(2,530)</u>	<u>(1,153)</u>
Operating loss		6,074	5,734
Interest and other loss			
Net interest expense	17	4,690	176
Foreign exchange gain		(271)	-
Impairment loss on investment in Australian Renewable Fuels Limited	6	4,685	-
Net other loss	6	-	1,071
Impairment loss on investment in Neutral Fuels	4	2,135	-
		<u>17,313</u>	<u>6,981</u>
Total loss for the year			
Other comprehensive loss			
Change in fair value of investment in Australian Renewable Fuels Limited	6	<u>(1,520)</u>	<u>1,520</u>
		<u>(1,520)</u>	<u>1,520</u>
Total comprehensive loss		<u>15,793</u>	<u>8,501</u>
Total loss attributed to			
Shareholders of the parent company		16,237	6,921
Non-controlling interest		1,076	60
		<u>17,313</u>	<u>6,981</u>
Other comprehensive loss attributed to			
Shareholders of the parent company		<u>(1,520)</u>	<u>1,520</u>
Total comprehensive loss		<u>15,793</u>	<u>8,501</u>
Loss per share (basic and fully diluted)		<u>0.10</u>	<u>0.07</u>
Weighted average number of shares		<u>154,933,880</u>	<u>102,356,560</u>

The accompanying notes are an integral part of these consolidated financial statements

Lignol Energy Corporation

Consolidated Statements of Changes in Equity

For the Years Ended April 30, 2014 and 2013

(Expressed in thousands of Canadian Dollars)

	Note	Share capital \$	Warrants \$	Contributed surplus \$	Accumulated deficit \$	Accum. other comprehensive loss \$	Non- controlling interest \$	Total equity \$
Balance – April 30, 2012		24,405	-	4,977	(28,808)	-	-	574
Loss for the year		-	-	-	(6,921)	-	(60)	(6,981)
Change in fair value of investment in Australian Renewable Fuels Limited	6	-	-	-	-	(1,520)	-	(1,520)
Share-based compensation	14	-	-	288	-	-	-	288
Shares issued to an employee and director	14	16	-	(16)	-	-	-	-
Acquisition of other investment	14	3,235	-	-	-	-	-	3,235
Private placements – net	14	7,636	1,022	-	-	-	-	8,658
Acquisition of Territory Biofuels Limited	3	-	-	-	-	-	(1,160)	(1,160)
Balance – April 30, 2013		35,292	1,022	5,249	(35,729)	(1,520)	(1,220)	3,094
Loss for the year		-	-	-	(16,237)	-	(1,076)	(17,313)
Decrease in fair value of investment in Australian Renewable Fuels	6	-	-	-	-	1,520	-	1,520
Warrants issued for credit facility	14	-	2,380	-	-	-	-	2,380
Share-based compensation	14	-	-	171	-	-	-	171
Acquisition of remaining outstanding shares of Territory Biofuels Limited	14	895	-	(3,244)	-	-	2,349	-
Shares in Territory Biofuels Limited acquired by non-controlling interest	14	-	-	225	-	-	(53)	172
Balance – April 30, 2014		36,187	3,402	2,401	(51,966)	-	-	(9,976)

The accompanying notes are an integral part of these consolidated financial statements

Lignol Energy Corporation

Consolidated Statements of Cash Flows
For the Years Ended April 30, 2014 and 2013
(Expressed in thousands of Canadian Dollars)

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Loss for the year		(17,313)	(6,981)
Adjustments for items not involving cash:			
Share-based compensation expense	14	171	288
Depreciation and amortization	7	732	170
Net interest expense	17	4,728	193
Net other loss		-	1,071
Unrealized foreign exchange gains		(271)	-
Impairment loss on investment in ARW	6	4,685	-
Impairment loss on investment in Neutral Fuels	4	2,135	-
		<u>(5,133)</u>	<u>(5,259)</u>
Changes in non-cash working capital:			
Government and corporate contribution receivables and deferred contributions		(681)	1,017
Other receivables and prepaid expenses		228	(73)
Trade and other payables		649	383
		<u>196</u>	<u>1,327</u>
		<u>(4,937)</u>	<u>(3,932)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(148)	(5)
Proceeds from short-term investments		-	800
Acquisition of investment in ARW	6	-	(4,631)
Acquisition of TBF – net of cash acquired	3	-	(1,075)
Investment in Neutral Fuels	4	(2,135)	-
		<u>(2,283)</u>	<u>(4,911)</u>
Cash flows from financing activities			
Private placements – net	14	-	6,431
Interest paid on credit facility and convertible note		(406)	(145)
Repayment of long-term payable		(50)	(50)
Repayment of finance lease liability		(1,762)	-
Restricted cash	3, 8	1,045	(522)
Advances from credit facility	10	6,785	5,000
Transactions with non-controlling interest		90	-
		<u>5,702</u>	<u>10,714</u>
(Decrease) increase in cash and cash equivalents		(1,518)	1,871
Cash and cash equivalents – Beginning of the year		2,380	509
Cash and cash equivalents – End of the year		862	2,380
Supplementary Information			
Conversion of convertible debenture	14	-	2,275
Non-cash share issue costs	14	-	45

The accompanying notes are an integral part of these consolidated financial statements

Lignol Energy Corporation

Notes to Consolidated Financial Statements

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(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

1 Going concern and nature of operations

Going concern

Lignol Energy Corporation (“LEC” or the “Company”) is an emerging producer of biofuels, biochemicals and renewable materials. LEC is undergoing a transformation from a leading technology developer in the biorefining sector, to that of an owner of commercial biofuels plants. The Company is considered to be in the development stage and is currently exploring ways to raise capital in order to develop its various investments and in particular the plant in Darwin Australia owned by its subsidiary, Territory Biofuels Limited (“TBF”). These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future and contemplates the realization of assets and the settlement of liabilities in the normal course of business.

During the year ended April 30, 2014, the Company had a net loss of \$17.3 million, of which approximately \$3.9 million related to costs incurred developing the Darwin project, negative cash flow from operations of \$4.9 million, and negative working capital of \$16.9 million. Historically the Company has had operating losses, negative cash flow from operations and working capital deficiencies. The Company must raise sufficient capital and execute on its commercialization plans in order to achieve positive cash flows from operations. Otherwise the prospects for the Company to continue as a going concern are uncertain. The Company has also entered into a revolving secured credit facility with Difference Capital Financial Inc. (“DCF”) for up to \$12.5 million, as further described in Note 10. At April 30, 2014, \$11.785 million had been drawn on the credit facility which is included in the negative working capital amount of \$16.9 million, described above.

The Company needs to raise capital in order to fund its operations, to restart the Darwin facility, and to maintain the operations of its other business interests. The Company’s ability to raise capital may be adversely impacted by, amongst other things, current market conditions, and changes in the economics of and government incentives available in the renewable fuels markets. The Company is working with its financial advisors to develop a framework which provides a means of dealing with the Company’s obligations to DCF and to establish the terms of potentially one or more financings. The majority of the funds raised from such financings would be used to meet LEC’s current obligations and to initiate the restart of the Darwin plant, leaving modest amounts to maintain the balance of current operations without growth or expansion. A variety of financing options are being considered including partnering with various organisations, accessing additional government grants and seeking to raise one or more of equity, debt and project finance either at the Company or at the subsidiary level. There is no assurance that these activities will be successful as outcomes cannot be determined at this time.

The Company currently forecasts that its working capital requirements for the next twelve months will exceed the funds available from a combination of its current working capital, from its revolving credit facility, and from existing government grants and corporate relationships, and the Company estimates that this shortfall will occur in [early fiscal year 2015]. The ability of the Company to continue as a going concern is dependent upon its ability to continue to fund its business objectives and to be able to repay amounts drawn under the DCF credit facility. The conditions and risks noted above cast significant doubt on the validity of that assumption.

These financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities that may be necessary and would be material, should the Company be unable to continue as a going concern.

Nature of operations

Lignol Energy Corporation (the “Company” or “LEC”) is an emerging producer of biofuels, biochemicals and renewable materials. LEC is undergoing a transformation from a leading technology developer in the biorefining sector to that of an owner of commercial biofuels plants. LEC is actively involved in the management of its wholly owned subsidiary Lignol Innovations Ltd. and Territory Biofuels Limited, and has joint venture investments in both Neutral Fuels Parent Company Limited and Neutral Fuels (Melbourne) Pty Ltd, for which the Company is not active in the day-to-day management, and does not have significant influence over its investment in Australian Renewable Fuels Limited. The Company intends to invest in, or

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otherwise obtain, equity interests in energy related projects, which have synergies with the company and have the potential to generate near term cash flow.

The Company is publicly listed on the TSXV under the trading symbol “LEC”. The Company is incorporated and domiciled in British Columbia, Canada and the address of its registered office is 2900 – 550 Burrard Street, Vancouver, British Columbia, V6C 0A3.

Lignol Innovations Ltd. (“LIL”)

The Company’s wholly owned subsidiary LIL, is a technology company in the advanced biofuels and renewable chemicals sector undertaking the development of biorefining technologies for the production of advanced biofuels, including fuel-grade ethanol, biomaterials and biochemicals from non-food cellulosic biomass.

LIL has not generated any revenues and has no operating history as a producer of biofuels or of its co-products and has not constructed a commercial plant to date and as a result, has not been able to realize revenues from its operations. A lack of revenues will result in LIL’s requirement of additional capital to be able to execute its long term business plan and commercialize its technology. LIL will require substantial additional capital to implement its business plan and it may be unable to obtain the necessary capital required to do so.

Territory Biofuels Limited (“TBF”)

TBF is a wholly owned subsidiary of the Company which owns a biorefining facility located in Darwin, Northern Territory, Australia, which includes a Lurgi designed biodiesel plant and glycerine refinery. The Darwin facility was commissioned in 2008 at a cost of approximately A\$80 million, along with 38 million litres of related tankage, now leased by TBF. This biodiesel plant has a maximum rated capacity of 140 million litres per year. Originally built to run on food-grade vegetable oil, the plant was shut down in 2009. TBF intends to restart the existing facility utilizing a specific grade of environmentally certified, Refined Bleached & Deodorized (RBD) palm oil and then plans to integrate new feedstock pre-treatment technologies and catalysts to process a broader range of feedstocks such as lower quality tallow and palm sludge oil; a waste product from palm oil mill extraction.

TBF will require additional capital to complete the restart of the Darwin plant facility and to commence commercial operations. TBF is exploring various options to raise additional capital including issuing additional equity, accessing government grants, and project finance. There can be no assurance that TBF will be able to obtain such additional financing on favourable terms.

Australia Renewable Fuels (“ARW”)

The Company currently owns a 21% investment in common shares of Australian Renewable Fuels Limited, a company listed on the Australian Stock Exchange (ASX: ARW). ARW is a biodiesel producer in Australia owning three plants with a total nameplate capacity of 150 million litres per annum.

The Group has relied on the publicly available information of ARW for evaluating an acquisition of the shares of ARW and in determining the market value of ARW’s publicly listed shares. Lignol is unable to influence the strategy, operations and financial performance of ARW and may potentially be unable to divest the ARW shares in a timely manner, should it decide to do so in the future, due to the modest level of trading volumes.

Neutral Fuels Parent Company (“NFPC”) and Neutral Fuels (Melbourne) Pty Ltd. (“NF Melbourne”) (collectively “Neutral Fuels”)

On November 12, 2013, the Company completed the first A\$2 million tranche (USD\$1.9 million) of a A\$4.07 million loan (USD\$3.9 million) to Neutral Fuels Parent Company (“NFPC”), thereby acquiring 20% of NFPC and 51% of Neutral Fuels (Melbourne) Pty Ltd., (“NF Melbourne”). The remaining 49% of NF Melbourne is owned by NFPC. The loan is structured as a 5 year, unsecured non-interest bearing loan.

Over the course of the last several months management has been undertaking an in-depth review of the Neutral Fuels business model and associated capital requirements in order to determine the most effective

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and profitable way to accelerate the roll-out of the McDonald's used cooking oil to biodiesel program. Upon completion of this review, both NFPC and LEC intend on raising the necessary capital to address the requirements of the Neutral Fuels business.

These funds were to be provided to NFPC to fund the initial rollout of closed loop biorefineries in the Asia Pacific/Middle East/Africa ("APMEA") region in an agreement with the McDonald's used cooking oil biodiesel program. Under the arrangement with McDonald's, Neutral Fuels currently operates two closed loop biorefineries located in Dubai, United Arab Emirates and Melbourne, Australia. NF Melbourne has the exclusive rights to the business in Australia and New Zealand. Pilot operations have also commenced in China.

2 Significant accounting policies, judgements and estimation uncertainty

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC) that are effective as at April 30, 2014. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

Recently announced accounting pronouncements

The Company is in the process of evaluating the impact of the following new requirements:

(a) IFRS 9 – *Financial Instruments* ("IFRS 9")

In November 2009, as part of the International Accounting Standards Board's ("IASB") project to replace International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities and is applicable for annual periods starting on or after January 1, 2015. In November 2013 additional amendments to IFRS 9 were added relating to hedge accounting, the fair value of an entity's own debt and the removal of the mandatory date of IFRS 9. The IASB has not finalized a revised mandatory effective date. The full impact of the changes in accounting for financial instruments will not be known until the IASB's project has been completed. **The Company has not decided whether to early adopt this standard.**

(b) Amendments to IAS 39 – *Financial Instrument: Recognition and Measurement* ("IAS 39")

The amendment relates to hedge accounting and novation of derivatives. This is effective for annual periods beginning on or after January 1, 2014.

(c) Amendments to IAS 36 – *Impairment of Assets* ("IAS 36")

The amendment relates to recoverable amount disclosure requirements for non-financial assets in IAS 36. This is effective for annual periods beginning on or after January 1, 2014.

(d) Amendments to IAS 32 – *Financial Instruments: Presentation* ("IAS 32")

The amendment provides clarification on the requirements for offsetting financial assets and financial liabilities. This is effective for annual periods beginning on or after January 1, 2014.

(e) IFRIC 21 – *Levies*

This interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. This is effective for annual periods beginning on or after January 1, 2014.

Based on the Company's preliminary assessment, items (b) to (e) are not expected to have a significant effect on the consolidated financial statements of the Company.

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Basis of reporting for subsidiaries and investments

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries listed below (together referred to as “the Group”).

Name of Subsidiary	Place of Incorporation	Ownership Interest (fully diluted)	Reporting Basis
Lignol Innovations Ltd.	Canada	100.0%	Consolidation
Lignol Innovations Inc.	USA	100.0%	Consolidation
Territory Biofuels Limited	Australia	100.0%	Consolidation

The Company’s investments are being reported on the following basis:

Investment	Place of Incorporation	Ownership Interest	Reporting Basis
Australian Renewable Fuels Limited	Australia	21.4%	Available for sale investment, measured at market value
Neutral Fuels Parent Company	Cayman Islands	20.0%	Jointly controlled entity, using equity method accounting
Neutral Fuels (Melbourne) Pty Ltd.	Australia	51.0%	Jointly controlled entity, using equity method accounting

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of loss and comprehensive loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported assets and liabilities and actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant judgements made by management and key sources of estimation uncertainty applied to the consolidated financial statements including managements estimates of the fair value of the assets and liabilities acquired of TBF, including the related asset retirement obligation and finance lease obligations. These estimates depend upon subjective or complex judgments about matters that may be uncertain, and changes in those estimates could materially impact the consolidated financial statements in the future.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, funds held in trust, and short-term investments with an original maturity date of three months or less.

Short-term investments

Short-term investments consist of guaranteed investment certificates and are measured at amortized cost, which approximates to the fair value due to the short maturities of these instruments. Investments with maturities of greater than three months and less than one year are classified as short-term investments.

Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Canadian dollars which is the Company's functional and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period end date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of loss.

Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner as intended.

The Group adds to the carrying amount of an item of plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Group and the carrying amount of the corresponding replaced part is expensed. All other repairs and maintenance are charged to the consolidated statements of loss during the period in which they are incurred.

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Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Plant and equipment classification	Estimated useful life
Biorefinery plant and storage tanks	20 years
Research equipment	7 years
Furniture and office equipment	5 years
Pilot plant and equipment	3 years
Computer equipment	3 years
Leasehold improvements	term of operating lease

The assets' useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals, if any, are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statements of loss.

Provision for asset retirement obligations

Provisions for asset retirement obligations are recognized in the period in which they arise and are measured at the present value of the amounts expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense in the consolidated statement of loss and comprehensive loss. Any changes in the amounts expected to settle the obligation is considered a change in estimate and adjusts the assets and corresponding obligation. These estimates require extensive judgement about the nature, costs and timing of the work to be completed, and may change in the future due to estimated changes to costs, and the impact of changes related to environmental laws, regulations and remediation practices.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statements of loss. If, in a subsequent period, the amount of the impairment loss decreases then the previously recognized impairment loss is reversed and recognized in the consolidated statements of loss.

For available-for-sale financial assets, the impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the consolidated statements of loss. Impairment losses on available-for-sale financial assets are not reversed.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of loss and comprehensive loss on a straight line basis over the period of the lease.

The Company leases certain plant and equipment including storage tanks. Those leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance

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leases are capitalised at start date of the leases, and are carried at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net finance charges are included in "finance lease obligation" (long term and current term). The interest element of the finance costs is charged to the consolidated statement of loss and comprehensive loss over the lease period, the plant and equipment including the storage tanks are depreciated over the shorter of the useful life and the lease term.

Determining whether a lease is classified as finance or operating lease requires judgement. Incentives received upon entry into an operating lease are recognized straight-line over the lease term.

Goodwill

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. The expected cash flows are derived from budgets and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows. A change in any of the significant assumptions or estimates used to evaluate goodwill could result in a material change to the results of the operations.

Income taxes

Income tax, comprised of current and deferred tax, is recognized in the consolidated statements of loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available to offset the temporary differences that can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current assets or liabilities as appropriate.

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Share based payments

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the parent entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognized as an expense over the vesting period.

When options are exercised the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital in addition to the carrying value of the options and other reserves when the options are exercised.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new common shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired during the ordinary course of operations from suppliers. Accounts payables are classified as current liabilities if payments are due within one year or less, otherwise they are presented as non-current liabilities.

Research and development costs

Research costs are expensed in the period incurred. Development costs are expensed in the period incurred unless the Company believes a development project meets generally accepted criteria for capitalization and amortization.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions complied with. Reimbursements of eligible costs pursuant to government corporate programs are recorded as a reduction of total costs when the related costs have been incurred and there is reasonable assurance regarding collection of the claim. Claims not settled by the balance sheet date are recorded as a receivable on the consolidated balance sheets. The determination of the amount of the claim, and hence the receivable amount, requires management to make calculations based on its interpretation of eligible expenditures in accordance with the terms of the programs. The reimbursement claims submitted by the Company are subject to review by the relevant government and corporate agencies. Although the Company has used its best judgment and understanding of the related program agreements in determining the receivable amount, it is possible that the amounts could increase or decrease by a material amount in the near term dependent on the review and audit by the government agency. Any funds received in advance of expenditures or eligibility requirements are recorded as deferred contributions on the consolidated statement of financial position and adjusted as subsequent claims are made by the Company.

If a grant becomes repayable, it will be treated as a change in estimate. Where the original grant related to income, the repayment should be applied first against any related unamortized deferred contributions, and any excess will be recognized as an expense.

Investment in Australian Renewable Fuels

The investment in ARW is designated as an available-for-sale equity investment, and as such the investment is revalued to reflect its market value at each reporting date. Changes in the fair value of the investment are recorded in the consolidated statements of loss and comprehensive loss as a reduction in Shareholder's equity, within the heading, accumulated other comprehensive loss.

Investment in Neutral Fuels

Management has determined that its investments in Neutral Fuels are jointly controlled entities, which are being accounted for using the equity method. The Company has board representation on both NFPC and

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NF Melbourne and has certain substantive rights with respect to voting matters which requires unanimous approval by the respective boards.

Financial instruments and financial risk management

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights to receive or pay cash flows from the assets or liabilities have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. At initial recognition, the Group classifies its financial instruments in the relevant categories depending on the purpose for which the instruments were acquired:

Loans and receivables - Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise accounts receivable which are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment. The Group classifies cash and cash equivalents, restricted cash, other receivables and government and corporate contributions receivable in this category.

Available for sale investment - The Company owns common shares of Australian Renewable Fuels Limited, a public company which is listed on the Australian Stock Exchange (ASX: ARW). The Company has determined that it does not have significant influence over ARW and as a result, has accounted for the investment in ARW as a non-current asset at its fair market value. See Note 6.

Financial liabilities at amortized cost - Financial liabilities at amortized cost include trade and other payables and credit facility. Financial liabilities are recognized initially at fair value, and subsequently at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if the Group expects to settle these amounts in the normal operating cycle. Otherwise, they are presented as non-current liabilities.

Fair values

Management estimates that the fair values of cash and cash equivalents, short-term investments, government and corporate contributions receivables approximate their carrying values given the short term to maturity of these instruments. The carrying value of the long-term payable also approximates fair value because there have been no significant changes to the discount rates and the expected cash flows during the year. The fair value of trade and other payables may differ from the amortized value due to the risk described in Note 1.

Fair value and hierarchy

The fair value of financial instruments that are measured subsequent to initial recognition at their fair value, is measured within a "fair value hierarchy" which has the following levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Fair values of assets and liabilities approximate amounts at which these items could be exchanged in transactions between knowledgeable parties.

Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The calculation of estimated fair value is based on market conditions at the specific point in time and in the respective geographic locations and may not be reflective of future fair values.

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Loss per share

Basic loss per common share is computed by dividing net loss and by the weighted average number of common shares for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments.

Interest

Cash flows relating to interest have been classified as operating activities in the statements of cash flows.

3 Business Combination – Acquisition of Territory Biofuels Limited (TBF)

On March 6, 2013, TBF issued a convertible note for principal value of A\$1.18 million (the TBF Notes) maturing on April 15, 2013. On April 15, 2013 (the “Acquisition Date”) the Company acquired 40% of the share capital of TBF through the conversion of the TBF Notes. The Group acquired TBF with the aim of raising sufficient capital to restart the plant to generate revenue and cash flows in the near term.

The following table summarises the consideration paid for TBF, the fair value of the assets acquired, liabilities assumed and the non-controlling interest at the Acquisition Date.

	Note	\$
Cash		164
Restricted cash	8	522
Other current assets		424
Biorefinery plant and storage tanks	7	17,988
		<u>19,098</u>
Trade and other payables		(1,228)
Long term liability - current and long term	11	(15,401)
Deferred income tax liability		(3,707)
Provisions - asset retirement obligation	13	(694)
		<u>(21,030)</u>
Net liabilities assumed		(1,932)
Non-controlling interest		<u>(1,160)</u>
Goodwill (i)		<u>2,012</u>
Consideration		<u>1,240</u>

During 2013, acquisition related costs of \$163 have been charged to general and administrative expenses in the consolidated statement of loss and comprehensive loss. Had the results of TBF been consolidated since May 1, 2012, the consolidated statements of loss and comprehensive loss for the year would have shown additional total expenses of \$716 and an additional loss of \$716.

- i) The Company tested goodwill for impairment as at April 30, 2014 and no impairment of goodwill was recorded as a result of this analysis. The goodwill balance of \$2,012 as at April 30, 2014 and 2013 has been allocated to TBF within the Australia segment.

The recoverable amount of TBF was determined based on a value in use calculation, which used pre-tax cash flow projections based on financial budgets approved by management covering a three year period and a pre-tax discount rate of 20%.

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Cash flows beyond the three year period were extrapolated using a perpetual flat growth rate to reflect the expected long-term growth for the market in which TBF operates.

The recoverable amount of TBF significantly exceeded the carrying amounts at the date of the annual impairment test. The Company believes that there is no reasonably possible change in the key assumptions on which management has based its determination of TBF's recoverable amount that would cause TBF's carrying amount to exceed its recoverable amount.

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4 Investment in Neutral Fuels

The Company's investments Neutral Fuels are accounted for using the equity method. The total consideration of \$2,135 for the investment in Neutral Fuels, which includes \$168 in acquisition costs, has been allocated between a \$1,379 equity investment and a 5 year non-interest bearing loan with a fair market value of \$756. The following table summarizes the consideration paid for the investment value in Neutral Fuels, in connection with a share of the following fair value of the assets, liabilities and the non-controlling interest at the Investment Date.

	Total
	\$
Net working capital	4
Fixed and non-current assets	434
Non-current liabilities	(418)
	<u>20</u>
Non-controlling interest	(69)
	<u>(49)</u>
Goodwill & other intangibles	1,428
Consideration	<u>1,379</u>

The above summary is provisional and is based upon management's estimates and certain assumptions with respect to the fair value of the assets and liabilities as of the acquisition date. The Company will continue to review the fair value of the assets and liabilities, including information relating to the acquisition, and perform further analysis thereof prior to finalising the allocation of the consideration paid. The actual fair values of the assets and liabilities once finalised may differ materially from the amounts disclosed above, specifically in relation to goodwill, customer relationships, and the fair value of the fixed assets.

The Company's interests in NFPC and NF Melbourne are accounted for using the equity method and include the Company's pro-rata share of changes in NFPC's and NF Melbourne's equity since November 12, 2013 as follows:

	Equity		Total
	Investment	Loan	\$
	\$	\$	\$
Consideration – November 12, 2013	1,379	756	2,135
Impairment loss (i)	(1,379)	(756)	(2,135)
Balances – April 30, 2014	<u>-</u>	<u>-</u>	<u>-</u>

- i) Following an evaluation of its current losses and the potential for further losses on its investments in Neutral Fuels, and assessing its discounted recoverable amounts against the carrying amounts, the Company has recorded an impairment expense of \$2.1M representing the difference between the carrying amount of the investment and the value in use as of April 30, 2014.

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5 Government and corporate contribution agreements

The Company recognizes funding support through contracted government and corporate contribution agreements. In accordance with its accounting policies, the Company will, subject to incurring further eligible related claim amounts and continuing to meet other contractual requirements, recognize in its financial statements in subsequent periods, the benefit of the remaining balance of committed government and corporate funding of \$1,431 (2013 – \$3,184).

	April 30 2014 \$	April 30 2013 \$
Accrued funding amounts recorded		
Government and corporate receivables	65	39
Deferred contributions	(224)	(879)
	<u>(159)</u>	<u>(840)</u>
Remaining balance of committed funding to be recognized in subsequent periods		
Holdback amounts deducted from funding payments on eligible related expenses already incurred	841	579
Committed funding to be recognized subject to incurring future eligible related expenses	1,431	3,184
	<u>2,272</u>	<u>3,763</u>
	<u>2,113</u>	<u>2,923</u>
Remaining cash funding from government and corporate agreements		
Cumulative contracted agreements	38,158	36,974
Less completed agreements	(28,256)	(27,842)
	<u>9,902</u>	<u>9,132</u>
Current ongoing agreements	9,902	9,132
Less funding received from current agreements	(7,789)	(6,209)
	<u>2,113</u>	<u>2,923</u>

6 Investment in Australian Renewable Fuels Limited

At April 30, 2014, the Company owned an approximately 9.0 million ordinary shares of ARW, which represented 21.4% of the issued and outstanding ordinary shares of ARW. The investment in ARW shares have been adjusted to their market value of \$4,336 (2013 - \$7,502), which reflects a total gross consideration (cash and shares) given of \$10,140 (2013 - \$10,140), after adjusting for accumulated net other non-cash loss of \$1,119 (2013 - \$1,119), accumulated impairment loss of \$4,685 (2013 – nil), and accumulated non-cash comprehensive loss of \$nil (2013 - \$1,520).

- a) On August 14, 2012, the commitment date, the Company entered into an agreement to acquire 275 million ordinary shares of ARW for a total consideration of \$4,265. As a part of this agreement the Company committed to issue LEC shares as partial settlement of the purchase consideration. Due to the difference in timing between the commitment date and the settlement date, the Company entered into a forward contract to swap its shares for the shares of ARW. On August 27, 2012, the settlement date, LEC completed the transaction by issuing cash of \$500, LEC common shares with a value of \$2,185 and incurring a financial liability of \$2,275 for shares in ARW with a value of \$3,673. The closing of this transaction and the settlement of the forward contract, resulted in a non-cash other loss of \$1,287 which was recorded in the October 31, 2012 financial statements.

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- b) On October 15, 2012, as the commitment date, the Company entered into an agreement to acquire an additional 88 million ordinary shares of ARW for a stated total consideration of \$1,100. Due to the difference in timing between the commitment date and the settlement date, the Company entered into a forward contract to swap its shares for the shares of ARW. The agreement was settled on November 9, 2012 by issuing cash of \$225 and LEC common shares with a value of \$1,050, for shares in ARW with a value of \$1,007. The closing of this transaction and the settlement of the deemed forward contract, resulted in a further non-cash loss of \$268 which was recorded in the January 31, 2013 financial statements.
- c) On February 7, 2013, ARW announced that it had proposed to raise a total of A\$12.3 million at A\$0.007 per share, comprising an immediate private placement of A\$4.27 million (the "ARW Placement") with the Company and an underwritten rights offering of A\$8.0 million to ARW shareholders at A\$0.007 per share, with the ability of shareholders to apply for oversubscriptions (the "ARW Entitlement Offer").
- d) On February 12, 2013, the Company announced the ARW Placement was successfully closed with LEC having acquired approximately 179 million ordinary shares. The closing of this transaction resulted in the recognition of non-cash other gain of \$369 to be reflected in the current financial statements.
- e) On March 18, 2013, the Company completed an investment of approximately A\$2.5 million through the ARW Entitlement Offer to further acquire approximately 356 million shares as a part of ARW's underwritten rights offering. The closing of this transaction resulted in the recognition of non-cash other gain of \$67 to be reflected in the current financial statements.

7 Plant and equipment

Included in plant and equipment are storage tanks under finance leases (Note 3). The biorefinery plant and storage tanks are currently not available for use and not being depreciated.

	Cost \$	Gov't and corporate contributions \$	Net Cost \$	Accumulated depreciation \$	Net Book Value \$
Balances – April 30, 2013					
Biorefinery plant and storage tanks	17,988	-	17,988	-	17,988
Pilot plant equipment	10,003	(7,371)	2,632	(2,632)	-
Research equipment	2,138	(1,331)	807	(654)	153
Furniture and office equipment	100	-	100	(89)	11
Computer equipment	315	-	315	(314)	1
Leasehold improvements	1,223	-	1,223	(1,223)	-
	31,767	(8,702)	23,065	(4,912)	18,153
Balances – April 30, 2014					
Biorefinery plant and storage tanks	17,912	-	17,912	-	17,912
Pilot plant equipment	10,617	(7,371)	3,246	(3,246)	-
Research equipment	2,286	(1,479)	807	(764)	43
Furniture and office equipment	100	-	100	(96)	4
Computer equipment	315	-	315	(315)	-
Leasehold improvements	1,223	-	1,223	(1,223)	-
	32,453	(8,850)	23,603	(5,644)	17,959

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The facility space for the pilot plant equipment is currently leased on a year-to-year basis. An asset retirement obligation of has been recorded fully amortized for potential decommissioning costs for the pilot plant equipment. Depreciation of plant and equipment recorded on the statements of loss and comprehensive loss were as follows:

	2013 \$	2013 \$
Research and development		
Plant and equipment	110	117
Asset retirement obligation – Pilot Plant	614	-
	<u>724</u>	<u>117</u>
General and administration	8	53
	<u>732</u>	<u>170</u>

8 Restricted cash

The Company's subsidiary, TBF, has provided an irrevocable bank guarantee in favour of a service provider in respect of a long-term service agreement. The bank guarantee is secured by guaranteed investment certificates, which provides that the service supplier may draw on the bank guarantee under certain circumstances per the terms of the service contract.

9 Trade and other payables

	April 30 2014 \$	April 30 2013 \$
Trade payables	1,496	605
Accrued expenses	943	1,292
License fee for biorefinery plant	758	793
Asset retirement obligation (Note 7)	614	-
Current portion of long-term payable	100	100
	<u>3,911</u>	<u>2,790</u>

10 Credit facility

On February 27, 2013, the Company entered into a secured credit facility with DCF initially for up to \$5.0 million with interest at 8% per annum, which was amended on July 9, 2013, when the principal amount was increased to \$6.25 million (the "Amended Loan").

On August 14, 2013, the Company replaced its secured credit facility with a new secured revolving credit facility (the "DCF Note") of up to \$12.5 million with DCF. Under the terms of the DCF Note, 50% of the unpaid principal amount and accrued and unpaid interest on such amount will be payable on the closing of an equity financing of at least \$20 million (as long as none of the outstanding DCF Warrants, as defined below, remain unexercised) and the remaining unpaid principal amount and accrued and unpaid interest on such amount are payable on December 31, 2014. Amounts drawn under the DCF Note bear interest at 9% per annum and any amount owing under the Amended Loan (the "Drawn Amount") is deemed to be a borrowing under the DCF Note. The Company also agreed to pay DCF a commitment fee of \$0.2 million, of which \$0.1 million had already been paid in respect of the earlier credit facilities. The Company has provided DCF with a security pledge in respect of the Company's investment in shares of ARW and of any debt or equity securities owned by the Company of TBF, NFPC and NF Melbourne. In consideration for providing the DCF Note, DCF is entitled to receive 3,555 warrants ("DCF Warrants") to purchase common shares in the capital of LEC for each \$1 drawn down under the DCF Note. Each DCF Warrant is non-transferrable, shall expire on December 31, 2014 and entitle the holder to purchase one Warrant Share at

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an exercise price of \$0.15 per share, subject to any adjustments necessary to comply with applicable securities laws and requirements of the TSX Venture Exchange or any other stock exchange in which the Lender's securities are listed. The fair market value of the DCF Warrants issued, along with a commitment fee of \$0.1 million have been applied against the credit facility, which are then amortized over the term of the credit facility as additional interest expense. At April 30, 2014 the Group had drawn a total of \$11.785 million (April 30, 2013 - \$5.0 million).

	April 30 2014 \$	April 30 2013 \$
Credit facility – Beginning of year	5,000	-
Advances	6,785	5,000
Interest accrued	833	45
Interest paid	(307)	(45)
Commitment fee	(100)	-
Warrants granted	(2,380)	-
Amortization of commitment fee and warrants	1,259	-
Credit facility – End of year	<u>11,090</u>	<u>5,000</u>

11 Long-term liability (current and long-term portion)

As part of the acquisition of TBF, the Group acquired a lease obligation with an unrelated third party. Under the terms of the lease agreement and in conjunction with a series of concurrent related transactions, it was determined that the lease payments are in effect payment for the biorefinery plant and the assets under the lease which are the storage tanks. The lease payments are allocated to the various elements under the agreement using the relative fair value of the assets. At the acquisition date, the lease payments were allocated to the various elements as follows (Note 3):

	\$
Biorefinery plant	10,965
Storage tanks	<u>4,436</u>
	<u>15,401</u>

	April 30 2014 \$	April 30 2013 \$
Long-term liability – Beginning of year	15,401	-
TBF acquisition TBF (Note 3)	-	15,401
Interest accrued (Note 17)	2,560	-
Payments	(1,765)	-
Foreign exchange on revaluation	(357)	-
Long-term liability – End of year	<u>15,839</u>	<u>15,401</u>
Less current portion	<u>2,987</u>	<u>2,212</u>
Long-term liability (long-term portion)	<u>12,852</u>	<u>13,189</u>

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The total cash payments under the estimated lease term of twenty years (20) are \$57,600 discounted at 20%. These lease payments do not include the effect of any additional payment that are contingent on the commercial start date of the plant and usage of the tanks beyond certain capacity thresholds.

The lease has an initial term of ten (10) years, with four five (5) year renewal periods. Management has estimated the lease term to include at least two of the four renewal options. Additionally, if the Group decides to exit the arrangement outside the terms of the agreement the Group will be required to make payments equal to the minimum lease payments over the remaining term of the lease discounted using pre-determined rate that is reset to market rates at the date of termination.

12 Long-term payable

During 2001, the Company acquired certain assets and intellectual property in consideration of future payments to the vendor totalling \$1,150. Under the terms of the agreement with the vendor, the Company is to make annual payments of the greater of 0.75% of gross revenue related to the acquired assets or \$50. Since entering this agreement, payments totalling \$430 have been made to the vendor.

The cost of the transaction has been initially accounted for as a purchase of assets with a long-term payable, based on the Company's estimate of the fair value of the long-term payable. The original amount of the long-term payable of \$573 was calculated based on the discounted future estimated payments. The cost was allocated to patents (\$52), plant and equipment (\$102) and test data (\$419) based on management's estimates of the fair value of the respective assets acquired.

The long-term payable is accreted over the expected term of the liability with a corresponding charge to interest accretion in the statement of operations. A summary of the long-term payable is as follows:

	2014	2013
	\$	\$
Long-term payable (current and long-term) – Beginning of year	232	234
Interest accretion	48	48
Payments	(50)	(50)
Long-term payable (current and long-term) – End of year	230	232
Less current portion	(100)	(100)
Long-term payable	130	132

13 Asset Retirement Obligation (long-term portion)

	2014	2013
	\$	\$
Asset retirement obligation – Beginning of year	694	-
Additional provisions during the period	-	694
Change due to passage of time (Note 17)	27	-
Change due to discount rate and exchange rate	(74)	-
Asset retirement obligation - End of year	647	694

Total estimated asset retirement costs at April 30, 2014 of \$940 (2013 - \$940) has been discounted at an average rate of 4.2% (2013 – 3.4%) over the estimated term of the lease.

The asset retirement costs of \$647 (2013 - \$694) were capitalized and included in biorefinery plant and storage tanks.

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A 10% increase in the discount rate would result in a decrease in provision by \$46 and a 10% decrease in the discount rate would result in an increase in provision by \$49, while holding the other assumptions constant.

14 Share capital

a) Capital stock

Authorized – An unlimited number of common shares without par value

The following table summarizes the number of common shares currently issued:

	Shares	Value \$
Balance – April 30, 2012	49,892,286	24,405
Acquisition of other investment (i) (ii)	26,000,000	3,235
Private placement (i)(iii)(iv)	76,198,382	7,636
Recognized amount related to shares released from escrow (v)	-	16
Balance – April 30, 2013	152,090,668	35,292
Acquisition of remaining outstanding shares of TBF (vi)	11,928,419	895
Balance – April 30, 2014	164,019,087	36,187

- i) On August 27, 2012, the Company completed a non-brokered private placement of 30,750,000 common shares of LEC at a price of \$0.08 per common share to raise gross proceeds of \$2.46 million, and had also issued 19,000,000 common shares of LEC to Wasabi Energy Limited (“Wasabi”) as partial consideration to acquire certain ARW shares from Wasabi, as further described in Note 6.
- ii) On November 8, 2012, the Company acquired an additional 88,000,000 ordinary shares of ARW, in exchange of \$225 cash and 7,000,000 in LEC common shares, as further described in Note 6.
- iii) On December 14, 2012 the Company closed a private placement for total gross cash proceeds of \$4.515 million (the “Offering”). The Offering included \$3.365 million from the sale of 22,433,663 Units at an issue price of \$0.15 per Unit. Each Unit was comprised of one common share of the Company and one-half of one common share purchase warrant (each whole such warrant, a “Warrant”). Each Warrant allows the subscriber to purchase one additional common share of the Company for a period of two years from the date of closing at an exercise price of \$0.20 per share.

The Offering also included \$1.15 million from Difference Capital Funding Inc. (“DCF”) for 7,666,667 subscription receipts of the Company (the “Subscription Receipts”) at a price of \$0.15 per Subscription Receipt. Each Subscription Receipt entitled DCF to receive one Unit for each Subscription Receipt held, for no additional consideration and without further action, upon the Company receiving approval from the shareholders of the Company in respect of: (i) the creation of DCF as a “Control Person” as defined in the TSXV Corporate Finance Manual; and (ii) the waiver of the application of the Shareholder Rights Plan of the Company with respect to DCF being the Beneficial Owner (as defined in the Shareholder Rights Plan) of 20% or more of the outstanding Voting Shares (as defined in the Shareholder Rights Plan) (the “Release Conditions”) prior to the earliest to occur of: (i) the next annual general meeting or special meeting of the shareholders of the Company; and (ii) December 17, 2013.

In connection with the Offering, Wasabi converted its \$2.246 million convertible debenture, resulting in the issuance of 14,971,800 common shares of the Company at conversion price of \$0.15 per share. Interest payable under the convertible debenture was settled in cash on the date of the closing of the Offering.

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As consideration for the services of the Agent in connection with the Offering, the Company also paid the Agent a cash commission equal to 3% of the gross proceeds of the Units on the portion of the Offering subscribers introduced by the Company to the Agent, 3% of the gross proceeds of the Subscription Receipt portion of the Offering and 8% of the gross proceeds on the remaining Unit portion of the Offering. Agent's warrants were also issued, each such warrant exercisable for one common share of the Company for a period of two years from the date of closing at an exercise price of \$0.20 per share, equal to 10% of the Units sold on the portion of the Offering subscribers which were not introduced by the Company to the Agent. In addition, the Agent was paid an administrative work fee in cash and 376,252 common shares of the Company as a corporate finance fee.

- iv) On March 6, 2013, the \$1.15 million of subscription receipts which were previously held in escrow in connection with the December 14, 2012 private placement financing, were released from escrow, and a total of 7,666,667 common shares were issued to DCF. Due to the difference in timing between the commitment date and the settlement date, the Company was deemed to have entered into a forward contract for the settlement of the subscription receipts. The closing of this transaction and the settlement of the deemed forward contract, resulted in a non-cash other gain of \$48 which is recorded in the April 30, 2013 financial statements.
- v) On November 9, 2010, the Company announced the appointment of Colin South as its Chief Technology Officer and as part of this appointment, Mr. South received a signing bonus of 400,000 shares, subject to the terms of an escrow agreement, which includes quarterly vesting over a period of eighteen months ending May 9, 2012.
- vi) On February 4, 2014, the Company announced it has closed the transaction to acquire all of the current outstanding and issued ordinary shares of Territory Biofuels Limited, increasing its ownership from 55% to 100%. LEC acquired all of the 4,771,367 outstanding ordinary TBF shares owned by other TBF shareholders, in exchange for the issue of 2.5 LEC common shares for each TBF ordinary share, resulting in the issue of an additional 11,928,419 common shares of LEC.
- b) Warrants

	Note	Warrants	Value \$
Balance – April 30, 2012		-	-
Private placement – unit subscriptions		15,050,164	945
Private placement – agent warrants		1,169,999	77
Balance – April 30, 2013		16,220,163	1,022
Credit facility warrants	10	41,895,675	2,380
Balance – April 30, 2014		58,115,838	3,402

- c) Stock options

The Company has adopted a stock option plan pursuant to which the board of directors has been authorized to grant stock options to directors, employees and consultants of the Company. The options, which can expire up to five years after the date of grant, are generally subject to a two year vesting requirement.

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On November 15, 2012, the Company held its annual and special meeting of shareholders, and passed an ordinary resolution to change the stock option plan from a fixed plan allowing for grant up to a maximum of 6,800,000 stock options, to a “rolling” plan allowing for a maximum number of common shares issuable on the exercise of options granted under the Amended Plan to be 10% of the number of Common Shares which are issued and outstanding at the time the option is granted.

At April 30, 2014, the Company had 9,950,098 (2013 – 7,761,211) stock options available for future grants pursuant to the Company’s stock option plan.

The following table summarizes activity under the Company’s stock option plan as of April 30, 2014:

	Number of options	Weighted average exercise price of outstanding options \$	Weighted average exercise price of exercisable options \$
Outstanding – April 30, 2012	2,821,045	0.23	0.23
Granted	4,002,500	0.13	0.13
Outstanding – April 30, 2013	6,823,545	0.17	0.20
Cancelled	(50,000)	0.13	0.13
Forfeited	(946,045)	0.27	0.27
Outstanding – April 30, 2014	5,827,500	0.16	0.16

The following table summarizes stock options currently outstanding and exercisable at April 30, 2014:

Exercise price \$	Number of options outstanding	Weighted average remaining life (years)	Weighted average exercise price of outstanding options \$	Number of options exercisable	Weighted average exercise price of exercisable options \$
0.13	3,125,000	3.37	0.13	2,343,750	0.13
0.15	827,500	3.67	0.15	517,190	0.15
0.20	1,625,000	0.84	0.20	1,625,000	0.20
0.23	250,000	1.52	0.23	250,000	0.23
	5,827,500	2.63	0.16	4,735,940	0.16

The fair value of the stock options granted was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2014	2013
Expected life	n/a	5 years
Volatility	n/a	147%
Risk-free interest rate	n/a	1.63%
Dividend yield	n/a	0%

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No shares or stock options were granted during the year ended April 30, 2014.

	2014	2013
	\$	\$
Research and development	8	29
General and administration	163	259
	<hr/>	<hr/>
	171	288
	<hr/>	<hr/>

d) Contributed surplus

	\$
Balance – April 30, 2012	4,977
Stock-based compensation expense for the year	288
Shares issued to an employee and director	<hr/> (16)
Balance – April 30, 2013	5,249
Stock-based compensation expense for the year	171
Transaction with non-controlling interest	225
Acquisition of remaining outstanding shares of TBF	<hr/> (3,244)
Balance – April 30, 2014	<hr/> 2,401

15 Capital disclosures

The Group's capital consists of its equity. The Group's capital management objectives are to have sufficient cash and cash equivalents to manage its working capital and to continue meeting the requirements of its ongoing funding arrangements. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may curtail certain expenditures as may be required or appropriate. Additional information regarding capital management is disclosed in Note 1.

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16 Expenses by nature

	Note	2014 \$	2013 \$
Research and development			
Plant development		1,525	-
Salaries and headcount related		1,434	1,568
Pilot plant and laboratory expenses		794	578
Professional and consulting fees		220	340
Occupancy and overhead expenses		486	441
Depreciation and amortization	7	724	117
Share-based compensation	14	8	29
		<u>5,191</u>	<u>3,073</u>
General and administration			
Salaries and headcount related		1,272	928
Strategic investment costs		190	940
Professional and consulting fees		689	439
Investor relations		293	394
Travel expenses		488	316
Occupancy and overhead expenses		310	485
Depreciation and amortization	7	8	53
Share-based compensation	14	163	259
		<u>3,413</u>	<u>3,814</u>
		<u>8,604</u>	<u>6,887</u>

17 Interest expense

	Note	2014 \$	2013 \$
Interest on credit facility	10	2,093	45
Interest accretion on long-term payable	12	48	48
Interest on convertible debenture	14	-	100
Interest on long-term liability	11	2,560	-
Interest accretion on asset retirement obligation	13	27	-
Other net interest (income)		(38)	(17)
		<u>4,690</u>	<u>176</u>

18 Employee salaries and benefits expense

	Note	2014 \$	2013 \$
Salaries, fees and other benefits		2,836	2,496
Share-based compensation	14	171	288
		<u>3,007</u>	<u>2,784</u>

19 Related parties

As at April 30, 2014

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2014 and 2013

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

Difference Capital Financial Inc. - DCF owned approximately 28.1% of the issued shares of the Company, and had provided the Company a secured revolving credit facility for up to \$12.5 million (Note 10).

Wasabi Energy Limited - Wasabi owned approximately 24.1% of the issued shares of the Company.

Executive officers - Compensation for executive officers of the Company were as follows:

	2014	2013
	\$	\$
Salaries, fees and other benefits	1,447	924
Share-based compensation	107	218
	<u>1,554</u>	<u>1,142</u>

20 Current and deferred income taxes

At April 30, 2013, the Company had unused non-capital losses of \$19,984 to reduce taxable income of future years. Of the total non-capital losses, \$3,209 relate to TBF and have an indefinite life, with the remaining losses expiring as follows:

Year ended	\$
April 30	
2033	3,249
2032	1,569
2031	2,310
2030	3,838
2029	2,937
2028	1,959
2027	913
	<u>16,775</u>

The unrecognized future income tax assets and liabilities comprise the following:

	2014	2013
	\$	\$
Non-capital losses and start-up costs		6,197
Scientific research and development expenses		1,494
Share issuance and other transaction costs		327
Investment tax credits		2,876
Exploration and development pool		615
Property and equipment		4,140
Other		413
Unrecognized deferred tax benefit		<u>16,062</u>

The deferred income tax liability comprise of the following:

	\$
Plant and equipment	
Acquisition of TBF	<u>3,707</u>
Balance - April 30, 2013	<u>3,707</u>

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2014 and 2013

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

In assessing the realisability of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the year in which those temporary differences become deductible. As management believes there is sufficient uncertainty regarding the realization of deferred tax assets for the years ended April 30, 2013 and April 30, 2012, the tax benefit of the above amounts have not been recognized.

A reconciliation of the statutory income tax rate applied to the loss for the year to the income tax recovery is as follows:

	2014	2013
	\$	\$
Recovery at statutory income tax rate (2013 – 25.0 %; 2012 – 30.0%)		(1,730)
Permanent and other differences		136
Amounts deductible in excess of accounting income		-
Change in income tax rate		(214)
Change in unrecognized deferred tax benefit		1,808
		-

21 Financial instruments

Fair values

Cash and cash equivalents and short-term investments are measured at amortized cost which approximates to the carrying value. The fair values of government and corporate contributions receivable, other receivables, credit facility and current portion of long-term payable approximate their carrying amounts due to the short-term maturity of these instruments. The fair value of trade and other payables may differ from fair value due to uncertainty described in note 1.

Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents and government and corporate contributions receivable. The Company limits its exposure to credit risk by placing its cash and cash equivalents with high credit quality financial institutions. The Company does not believe that there is significant exposure to any counterparty; however, should any of the Company's funding agencies is unable to settle amounts due, the impact on the Company could be significant. The maximum exposure to loss arising from government and corporate contributions receivable is equal to the total carrying value. At April 30, 2014, one agency accounted for 100% of the total government and corporate contributions receivable (2013 – two agencies accounted for 100%).

Foreign exchange risk

The Company is subject to foreign exchange risk for purchases denominated in foreign currencies. Foreign currency risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Company does not actively manage this risk. As at April 30, 2014, the Company's current working capital included net foreign liabilities which total approximately A\$3,360. If the prevailing market exchange rates against US dollars and Australian dollars applied to current working capital balances as at April 30, 2014 were 10% lower (higher) against the Canadian dollars, the net effect on loss and comprehensive loss would have been insignificant for the year ended April 30, 2014.

Interest rate risk

Included in the loss and comprehensive loss on the statement of operations is interest income earned on cash and cash equivalents, restricted cash and short-term investments. If average interest rates throughout

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2014 and 2013

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

the year had varied 10 basis points (0.1%) lower (higher), the net effect on loss and comprehensive loss would have been insignificant for the year ended April 30, 2014.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they become due. The following table summarizes the Company's non-discounted contractual maturities of financial liabilities as at April 30, 2013.

	Note	Contractual cash flows \$	0 to 12 months \$	12 to 24 months \$	After 24 months \$
Trade and other payables	9	3,911	3,911	-	-
Current and long-term payable	12	720	100	50	570
Long term liability	23	57,897	3,053	3,053	51,791
Credit facility	10	12,311	12,311	-	-
		<u>74,839</u>	<u>19,375</u>	<u>3,103</u>	<u>52,361</u>

The Company intends to meet its financial obligations through the collection of government and corporate contributions receivable and the receipt of future government and corporate contribution amounts not yet invoiced or claimed for, as well as from available current cash and cash equivalents resources. Additional information regarding liquidity risk is disclosed in Note 1.

22 Fair value measurement

Fair value measurement establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis.

The following assets are measured at fair value on a recurring basis using quoted market prices (Level 1).

Financial Assets	Note	Carrying Value \$	Level 1 \$	Level 2 \$	Level 3 \$
Investment in Australian Renewable Fuels Limited	6	<u>7,502</u>	<u>7,502</u>	-	-
Balance - April 30, 2013		<u>7,502</u>	<u>7,502</u>	-	-
Investment in Australian Renewable Fuels Limited	6	<u>4,336</u>	<u>4,336</u>	-	-
Balance - April 30, 2014		<u>4,336</u>	<u>4,336</u>	-	-

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2014 and 2013

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

23 Segmented Information

The Company is engaged in the development of biorefining technologies for advanced biofuels and renewable chemicals through its operations located in Canada, and the re-start of an acquired biodiesel facility which is located in Australia. The Company does not allocate foreign exchange gains or losses to individual segments which are presented as part of Corporate and Other. Changes in Company's investments in ARW and Neutral Fuels are reflected within other comprehensive loss.

Year Ended April 30, 2014	Biorefining Technology Development (Canada) \$	Biodiesel Deployment (Australia) \$	Corporate and Other \$	Total \$
Total expenses	3,924	2,313	2,367	8,604
Total operating loss	1,394	2,313	2,367	6,074
Total loss for the year	1,394	2,313	13,606	17,313
Total comprehensive loss	1,394	2,313	12,086	15,793

Year Ended April 30, 2013	Biorefining Technology Development (Canada) \$	Biodiesel Deployment (Australia) \$	Corporate and Other \$	Total \$
Total expenses	3,433	-	3,454	6,887
Total operating loss	2,280	-	3,454	5,734
Total loss for the year	2,280	-	4,701	6,981
Total comprehensive loss	2,280	-	6,221	8,501

The Company's current assets, investment in Australian Renewable Fuels Limited, equity and loan investment with Neutral Fuels, plant and equipment, goodwill, current liabilities and long-term liabilities are located in the following geographic regions:

As at April 30, 2014	Canada \$	Australia \$	APMEA \$	Total \$
Current assets	796	469	-	1,265
Investment in Australian Renewable Fuels Limited	-	4,336	-	4,336
Plant and equipment	47	17,912	-	17,959
Goodwill	-	2,012	-	2,012
	843	24,729	-	25,572
Current liabilities	14,140	4,072	-	18,212
Non-current liabilities	130	17,206	-	17,336
	14,270	21,278	-	35,548

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2014 and 2013

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

As at April 30, 2013	Canada	Australia	APMEA	Total
	\$	\$	\$	\$
Current assets	2,397	588	-	2,985
Investment in Australian				
Renewable Fuels	-	7,502	-	7,502
Plant and equipment	165	17,988	-	18,153
Restricted cash		1,045	-	1,045
Goodwill	-	2,012	-	2,012
	<hr/>	<hr/>	<hr/>	<hr/>
	2,562	29,135	-	31,697
Current liabilities	7,441	3,440	-	10,881
Non-current liabilities	132	17,590	-	17,722
	<hr/>	<hr/>	<hr/>	<hr/>
	7,573	21,030	-	28,603

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2014 and 2013

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

24 Commitments and Contingencies

Commitments

The Group leases property, storage tanks and offices under a combination of operating and financing lease arrangements, which have renewal options for additional terms. The future expected minimum lease payments, over the remaining estimated lease term of the assets are as follows:

	Finance Leases \$	Operating Leases \$	Total Leases \$
2015	2,929	124	3,053
2016	2,929	124	3,053
2017	2,929	124	3,053
2018	2,929	124	3,053
2019	2,929	124	3,053
2020 to 2024 (5 years)	14,645	621	15,266
2025 to 2033 (9 years)	26,361	1,005	27,366
	<u>55,651</u>	<u>2,246</u>	<u>57,897</u>

Contingencies

During the ordinary course of the business, including acquisitions and operations, certain claims may be brought against the Group. Management makes the necessary investigations and assessments of such claims; the final outcome of which could have a material impact of the financial position or results of the operations of the Group. Management has determined that there may be a potential exposure which may result in a cash outflow to the Group; no provision has been made in these consolidated financial statements in relation to this potential exposure as management is continuing to conduct its investigation and assessment.

Government audits

The Company has entered into various agreements in respect of government and corporate contributions related to ongoing projects. Pursuant to the related agreements, the related projects are subject to subsequent audit following the completion of the project. Costs, if any, incurred as a result of such future audits will be expensed as incurred.

25 Subsequent events

[TBD]



LIGNOL ENERGY CORPORATION

Consolidated Financial Statements

For the Year Ended April 30, 2013

(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)



August 28, 2013

Independent Auditor's Report

To the Shareholders of Lignol Energy Corporation

We have audited the accompanying consolidated financial statements of Lignol Energy Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at April 30, 2013 and April 30, 2012 and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

*PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lignol Energy Corporation and its subsidiaries as at April 30, 2013 and April 30, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which discloses matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Lignol Energy Corporation's ability to continue as a going concern.

Signed "PricewaterhouseCoopers LLP"

Chartered Accountants

Lignol Energy Corporation

Consolidated Statements of Financial Position

As at April 30, 2013 and 2012

(Expressed in thousands of Canadian Dollars)

	Note	April 30 2013 \$	April 30 2012 \$
Assets			
Current assets			
Cash and cash equivalents		2,380	509
Short-term investments		-	802
Government and corporate contribution receivables	4	39	591
Other receivables and prepaid expenses		566	67
		<u>2,985</u>	<u>1,969</u>
Non-Current assets			
Investment in Australian Renewable Fuels Limited	6	7,502	-
Plant and equipment	7	18,153	332
Restricted cash	8	1,045	-
Goodwill	4	2,012	-
		<u>28,712</u>	<u>332</u>
Total assets		<u>31,697</u>	<u>2,301</u>
Liabilities			
Current liabilities			
Trade and other payables	9	2,790	1,176
Credit facility	10	5,000	-
Current portion of long term liability	11	2,212	-
Deferred contributions	5	879	417
		<u>10,881</u>	<u>1,593</u>
Non-current liabilities			
Long term liability	11	13,189	-
Long-term payable	12	132	134
Provisions	13	694	-
Deferred income tax liabilities	4	3,707	-
		<u>17,722</u>	<u>134</u>
Total liabilities		<u>28,603</u>	<u>1,727</u>
Equity			
Capital stock	14	35,292	24,405
Warrants	14	1,022	-
Contributed surplus	14	5,249	4,977
Accumulated deficit		(35,729)	(28,808)
Accumulated other comprehensive loss		(1,520)	-
		<u>4,314</u>	<u>574</u>
Non-controlling interest	4	(1,220)	-
Total equity		<u>3,094</u>	<u>574</u>
Total liabilities and equity		<u>31,697</u>	<u>2,301</u>
Nature of operations and going concern	1		
Commitments and contingencies	23		
Subsequent events	24		

Approved on behalf of the Board of Directors:

(signed) Gord Fretwell Director

(signed) Stephen H. White Director

The accompanying notes are an integral part of these consolidated financial statements

Lignol Energy Corporation

Consolidated Statements of Loss and Comprehensive Loss For the Years Ended April 30, 2013 and 2012

(Expressed in thousands of Canadian Dollars, except for per share amounts)

	Note	2013 \$	2012 \$
Expenses			
Research and development	16	3,073	5,241
General and administration	16	3,814	1,950
		<u>6,887</u>	<u>7,191</u>
Less government and corporate contributions		<u>(1,153)</u>	<u>(3,379)</u>
Operating loss		5,734	3,812
Interest and other loss			
Net interest expense	17	176	18
Net other loss	6, 14	1,071	-
		<u>6,981</u>	<u>3,830</u>
Loss for the year		6,981	3,830
Other comprehensive loss			
Decrease in fair value of investment in Australian Renewable Fuels Limited	6	1,520	-
		<u>8,501</u>	<u>3,830</u>
Total comprehensive loss		8,501	3,830
Comprehensive loss attributed to			
Owners of the parent company		6,921	3,830
Non-controlling interest		60	-
		<u>6,981</u>	<u>3,830</u>
Loss per share (basic and fully diluted)		<u>0.08</u>	<u>0.08</u>
Weighted average number of shares		<u>102,356,560</u>	<u>49,892,286</u>

The accompanying notes are an integral part of these consolidated financial statements

Lignol Energy Corporation

Consolidated Statements of Changes in Equity
For the Years Ended April 30, 2013 and 2012
(Expressed in thousands of Canadian Dollars)

	Note	Share capital	Warrants	Contributed surplus	Accumulated deficit	Accum. other comprehensive loss	Non-controlling interest	Total equity
		\$	\$	\$	\$	\$	\$	\$
Balance – April 30, 2011		24,344	-	4,893	(24,978)	-	-	4,259
Loss for the year		-	-	-	(3,830)	-	-	(3,830)
Share-based compensation	14	-	-	145	-	-	-	145
Shares issued to an employee and director	14	61	-	(61)	-	-	-	-
Balance – April 30, 2012		24,405	-	4,977	(28,808)	-	-	574
Loss for the year		-	-	-	(6,921)	-	(60)	(6,981)
Change in fair value of investment in Australian Renewable Fuels Limited	6	-	-	-	-	(1,520)	-	(1,520)
Share-based compensation	14	-	-	288	-	-	-	288
Shares issued to an employee and director	14	16	-	(16)	-	-	-	-
Acquisition of other investment	14	3,235	-	-	-	-	-	3,235
Private placements – net	14	7,636	1,022	-	-	-	-	8,658
Acquisition of Territory Biofuels Limited	4	-	-	-	-	-	(1,160)	(1,160)
Balance – April 30, 2013		35,292	1,022	5,249	(35,729)	(1,520)	(1,220)	3,094

The accompanying notes are an integral part of these consolidated financial statements

Lignol Energy Corporation

Consolidated Statements of Cash Flows
For the Years Ended April 30, 2013 and 2012
(Expressed in thousands of Canadian Dollars)

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Loss for the year		(6,981)	(3,830)
Adjustments for items not involving cash:			
Share-based compensation expense	14	288	145
Depreciation and amortization	7	170	987
Landlord inducements		-	10
Interest accretion on long-term payable	11	48	39
Other loss	6	1,071	-
Interest expense on credit facility and convertible debenture	17	145	-
		<u>(5,259)</u>	<u>(2,649)</u>
Changes in non-cash working capital:			
Government and corporate contribution receivables		555	469
Other receivables and prepaid expenses		(73)	42
Trade and other payables		383	(548)
Deferred contributions		462	367
		<u>1,327</u>	<u>330</u>
		<u>(3,932)</u>	<u>(2,319)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(5)	-
Government and corporate contributions		-	10
Proceeds from short-term investments		800	2,000
Acquisition of investment in Australian Renewable Fuels Limited	7	(4,631)	-
Acquisition of Territory Biofuels Limited – net of cash acquired	3	(1,075)	-
		<u>(4,911)</u>	<u>2,010</u>
Cash flows from financing activities			
Private placements – net	14	6,431	-
Interest paid on credit facility and convertible note		(145)	-
Repayment of long-term payable		(50)	-
Restricted cash	3	(522)	-
Advances from credit facility	10	5,000	-
		<u>10,714</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents		1,871	(309)
Cash and cash equivalents – Beginning of the year		<u>509</u>	<u>818</u>
Cash and cash equivalents – End of the year		<u>2,380</u>	<u>509</u>
Supplementary Information			
Conversion of convertible debenture	14	2,275	-
Non-cash share issue costs	14	45	-

The accompanying notes are an integral part of these consolidated financial statements

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2013 and 2012

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

1 Nature of operations and going concern

Nature of operations

Lignol Energy Corporation (the “Company” or “LEC”) is an emerging producer of biofuels, biochemicals and renewable materials from waste biomass. LEC is actively involved in the management of its wholly owned subsidiary Lignol Innovations Ltd. and Territory Biofuels Limited, in which it has a controlling interest, and has limited influence over its investment in Australian Renewable Fuels Limited. The Company intends to invest in, or otherwise obtain, equity interests in energy related projects, which have synergies with the company and have the potential to generate near term cash flow.

The Company is publicly listed on the TSXV under the trading symbol “LEC”. The Company is incorporated and domiciled in British Columbia, Canada and the address of its registered office is 2900 – 550 Burrard Street, Vancouver, British Columbia, V6C 0A3.

Lignol Innovations Ltd. (“LIL”)

The Company’s wholly owned subsidiary LIL, is a technology company in the advanced biofuels and renewable chemicals sector undertaking the development of biorefining technologies for the production of advanced biofuels, including fuel-grade ethanol, and other renewable chemicals from non-food cellulosic biomass feedstocks.

LIL has not generated any revenues and has no operating history as a producer of biofuels or of its co-products and has not constructed a commercial plant to date and as a result, has not been able to realize revenues from its operations. A lack of revenues will result in LIL’s requirement of additional capital to be able to execute its long term business plan and commercialize its technology. LIL will require substantial additional capital to implement its business plan and it may be unable to obtain the necessary capital required to do so.

Territory Biofuels Limited (“TBF”)

The Company owns a controlling equity stake in TBF, a company which owns biorefining facility located in Darwin, Northern Territory, Australia, which includes a Lurgi designed biodiesel plant and glycerine refinery. The facility was commissioned in 2008 at a cost of approximately A\$80 million, along with 38 million litres of related tankage, now leased by TBF. This biodiesel plant has a maximum rated capacity of 140 million litres per year. Originally built to run on food-grade vegetable oil, the plant was shut down in 2009. TBF intends to restart the existing facility utilizing feedstocks such as tallow and used cooking oil and then plans to integrate new feedstock pre-treatment technologies and catalysts to process a broader range of feedstocks such as lower quality tallow and palm sludge oil; a waste product from palm oil mill extraction.

TBF will require additional capital to complete the restart of the Darwin plant facility and to commence commercial operations. TBF is exploring various options to raise additional capital including issuing additional equity and project finance. There can be no assurance that TBF will be able to obtain such additional financing on favourable terms.

Australia Renewable Fuels (“ARW”)

The Company currently owns an investment in common shares of Australian Renewable Fuels Limited, a company listed on the Australian Stock Exchange (ASX: ARW). ARW is a biodiesel producer in Australia owning three plants with a total nameplate capacity of 150 million litres per annum.

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2013 and 2012

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

Going concern

The Company has entered into a revolving secured credit facility with Difference Capital Financial Inc. ("DCF") for up to \$12.5 million, as further described in Notes 10 and 24. A total of \$5 million had been drawn on the credit facility as of April 30, 2013; and at August 28, 2013 a total of \$9.75 million had been drawn on the credit facility.

LEC currently forecasts that its working capital requirements for the next twelve months may exceed the combination of its current working capital, and those funds which are expected to be received in the future under its revolving secured credit facility and those funds which are expected to be received in the future from LIL's existing government grants and corporate relationships. The ability of LEC to continue as a going concern is dependent upon its ability to continue to fund its business objectives and to be able to repay amounts drawn under the DCF credit facility. There can be no assurance that LEC will be able to obtain further financing on favourable terms and in such event, LEC's working capital may not be sufficient to meet its stated business objectives.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future and contemplates the realization of assets and the settlement of liabilities in the normal course of business. The conditions and risks noted above cast significant doubt on the validity of that assumption.

These financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities that may be necessary and could potentially be material, should the Company be unable to continue as a going concern

2 Significant accounting policies, judgements and estimation uncertainty

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC) that are effective as at April 30, 2013. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

Changes in accounting policy and disclosures

New and amended standards adopted by the Company - The Company has early adopted the following standards together with the consequential amendments to other IFRSs for the financial year ended April 30, 2013:

IFRS 10 'Consolidated financial statements' was issued in May 2011 and replaces all the guidance on control and consolidation in IAS 27, 'Consolidated and separate financial statements', and SIC-12, 'Consolidation – special purpose entities'. The Company assessed whether the consolidation conclusion under IFRS 10 differs from IAS 27/SIC 12 as at 1 May 2012. The Company assessed that adoption of IFRS 10 did not result in any change in the consolidation status of its subsidiaries.

IFRS 12 'Disclosure of interests in other entities' was issued in May 2011, and provides disclosure requirements on interests in subsidiaries, associates, joint ventures, and unconsolidated structured entities.

IAS 27 'Separate financial statements' was amended in May 2011 following the issuance of IFRS 10. The revised IAS 27 deals only with the accounting for subsidiaries, associates and joint ventures in the separate financial statements of the parent company.

The Company has applied the above standards retrospectively. The above standards did not result in significant changes to the Company's financial statements.

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2013 and 2012

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries listed below, together are referred to as (the "Group").

Name of Subsidiary	Place of Incorporation	Ownership Interest (fully diluted)
Lignol Innovations Ltd.	Canada	100.0%
Lignol Innovations Inc.	USA	100.0%
Lignol Innovations (UK) Ltd.	UK (dormant)	100.0%
Territory Biofuels Limited **	Australia	51.9%

** Territory Biofuels Limited was consolidated with effect from April 15, 2013.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of loss and comprehensive loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3 Significant accounting policies, judgements and estimation uncertainty

Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported assets and liabilities and actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant judgements made by management and key sources of estimation uncertainty applied to the consolidated financial statements including managements estimates of consolidation of entities in which the Group holds less than 50%,the fair value of the assets and liabilities acquired of TBF, including the related asset retirement obligation and finance

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lease obligations. These estimates depend upon subjective or complex judgments about matters that may be uncertain, and changes in those estimates could materially impact the consolidated financial statements in the future.

Consolidation of entities in which the Group holds less than 50%.

Management of the Group have determined that as of April 15, 2013, TBF was controlled by the Group, although the Group holds less than fifty percent of the voting rights of TBF. The Group is the majority shareholder, with 40% of the voting shares, with the remaining shares held by seven independent investors, who have individual holdings of between 1.5% and 25% each. The Group has control of TBF by virtue of its representation on the Board, including the appointment of an LEC executive and Board member as Chairman of the Board, and its voting rights in TBF.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, funds held in trust, and short-term investments with an original maturity date of three months or less.

Short-term investments

Short-term investments consist of guaranteed investment certificates and are measured at amortized cost, which approximates to the fair value due to the short maturities of these instruments. Investments with maturities of greater than three months and less than one year are classified as short-term investments.

Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Canadian dollars which is the Company's functional and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period end date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of loss.

Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner as intended.

The Group adds to the carrying amount of an item of plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Group and the carrying amount of the corresponding replaced part is expensed. All other repairs and maintenance are charged to the consolidated statements of loss during the period in which they are incurred.

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Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Plant and equipment classification	Estimated useful life
Biorefinery plant and storage tanks	20 years
Research equipment	7 years
Furniture and office equipment	5 years
Pilot plant and equipment	3 years
Computer equipment	3 years
Leasehold improvements	term of operating lease

The assets' useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals, if any, are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statements of loss.

Provision for asset retirement obligations

Provisions for asset retirement obligations are recognized in the period in which they arise and are measured at the present value of the amounts expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense in the consolidated statement of loss and comprehensive loss. Any changes in the amounts expected to settle the obligation is considered a change in estimate and adjusts the assets and corresponding obligation. These estimates require extensive judgement about the nature, costs and timing of the work to be completed, and may change in the future due to estimated changes to costs, and the impact of changes related to environmental laws, regulations and remediation practices.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statements of loss. If, in a subsequent period, the amount of the impairment loss decreases then the previously recognized impairment loss is reversed and recognized in the consolidated statements of loss.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of loss and comprehensive loss on a straight line basis over the period of the lease.

The Company leases certain plant and equipment including storage tanks. Those leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at start date of the leases, and are carried at the lower of the fair value of the leased property and the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net finance charges are included in "finance lease obligation" (long term and current term). The interest element of the finance costs is charged to the consolidated statement of loss and comprehensive loss over the lease period, the plant and equipment including the storage tanks are depreciated over the shorter of the useful life and the lease term.

Determining whether a lease is classified as finance or operating lease requires judgement. Incentives received upon entry into an operating lease are recognized straight-line over the lease term.

Income taxes

Income tax, comprised of current and deferred tax, is recognized in the consolidated statements of loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available to offset the temporary differences that can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current assets or liabilities as appropriate.

Share based payments

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the parent entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognized as an expense over the vesting period.

When options are exercised the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital in addition to the carrying value of the options and other reserves when the options are exercised.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new common shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired during the ordinary course of operations from suppliers. Accounts payables are classified as current liabilities if payments are due within one year or less, otherwise they are presented as non-current liabilities.

Research and development costs

Research costs are expensed in the period incurred. Development costs are expensed in the period incurred unless the Company believes a development project meets generally accepted criteria for capitalization and amortization.

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Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions complied with. Reimbursements of eligible costs pursuant to government corporate programs are recorded as a reduction of total costs when the related costs have been incurred and there is reasonable assurance regarding collection of the claim. Claims not settled by the balance sheet date are recorded as a receivable on the consolidated balance sheets. The determination of the amount of the claim, and hence the receivable amount, requires management to make calculations based on its interpretation of eligible expenditures in accordance with the terms of the programs. The reimbursement claims submitted by the Company are subject to review by the relevant government and corporate agencies. Although the Company has used its best judgment and understanding of the related program agreements in determining the receivable amount, it is possible that the amounts could increase or decrease by a material amount in the near term dependent on the review and audit by the government agency. Any funds received in advance of expenditures or eligibility requirements are recorded as deferred contributions on the consolidated statement of financial position and adjusted as subsequent claims are made by the Company.

If a grant becomes repayable, it will be treated as a change in estimate. Where the original grant related to income, the repayment should be applied first against any related unamortized deferred contributions, and any excess will be recognized as an expense.

Investment in Australian Renewable Fuels

Lignol has relied on the publicly available information of ARW for evaluating an acquisition of the shares of ARW and in determining the market value of ARW's publicly listed shares. Lignol is unable to influence the strategy, operations and financial performance of ARW and may potentially be unable to divest the ARW shares in a timely manner, should it decide to do so in the future, due to the modest level of trading volumes.

The investment in ARW is designated as an available-for-sale equity investment, and as such the investment is revalued to reflect its market value at each reporting date and any subsequent changes in its fair value are recorded the consolidated statements of loss and comprehensive loss within accumulated other comprehensive loss which is a component of shareholders' equity.

In transactions where shares of the Company are being issued as part of the total consideration in the acquisition of other investments, a determination is made whether there is a deemed forward contract, which requires an evaluation of the fair market valuation of the Company shares given in consideration at both the effective times of commitment and at time of settlement of the deemed forward contract, with the difference reflected as a non-cash income or loss.

Financial instruments and financial risk management

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights to receive or pay cash flows from the assets or liabilities have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. At initial recognition, the Group classifies its financial instruments in the relevant categories depending on the purpose for which the instruments were acquired:

Loans and receivables - Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise accounts receivable which are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment. The Group classifies cash and cash equivalents, restricted cash, other receivables and government and corporate contributions receivable in this category.

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Available for sale investment - The Company owns common shares of Australian Renewable Fuels Limited, a public company which is listed on the Australian Stock Exchange (ASX: ARW). The Company has determined that it does not have significant influence over ARW and as a result, has accounted for the investment in ARW as a non-current asset at its fair market value. See Note 8.

Financial liabilities at amortized cost - Financial liabilities at amortized cost include trade and other payables and credit facility. Financial liabilities are recognized initially at fair value, and subsequently at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if the Group expects to settle these amounts in the normal operating cycle. Otherwise, they are presented as non-current liabilities.

Fair values

Management estimates that the fair values of cash and cash equivalents, short-term investments, government and corporate contributions receivables approximate their carrying values given the short term to maturity of these instruments. The carrying value of the long-term payable also approximates fair value because there have been no significant changes to the discount rates and the expected cash flows during the year. The fair value of trade and other payable may differ from the amortized value due to the risk described in Note 1.

Fair value and hierarchy

The fair value of financial instruments that are measured subsequent to initial recognition at their fair value, is measured within a "fair value hierarchy" which has the following levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Fair values of assets and liabilities approximate amounts at which these items could be exchanged in transactions between knowledgeable parties.

Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The calculation of estimated fair value is based on market conditions at the specific point in time and in the respective geographic locations and may not be reflective of future fair values.

Loss per share

Basic loss per common share is computed by dividing net loss and by the weighted average number of common shares for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments.

Interest

Cash flows relating to interest have been classified as operating activities in the statements of cash flows.

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4 Business Combination - Acquisition of Territory Biofuels Limited (TBF)

On March 6, 2013, TBF issued a convertible note for principal value of A\$1.18 million (the TBF Notes) maturing on April 15, 2013. On April 15, 2013 (the "Acquisition Date") the Company acquired 40% of the share capital of TBF through the conversion of the TBF Notes. The Group acquired TBF with the aim of raising sufficient capital to restart the plant to generate revenue and cash flows in the near term.

The following table summarises the consideration paid for TBF, the fair value of the assets acquired, liabilities assumed and the non-controlling interest at the Acquisition Date.

	Note	\$
Cash		164
Restricted cash	8	522
Other current assets		424
Biorefinery plant and storage tanks	7	17,988
		<u>19,098</u>
Trade and other payables		(1,228)
Long term liability - current and long term	11	(15,401)
Deferred income tax liability		(3,707)
Provisions - asset retirement obligation	13	(694)
		<u>(21,030)</u>
Net liabilities assumed		(1,932)
Non-controlling interest		<u>(1,160)</u>
Goodwill		<u>2,012</u>
Consideration		<u>1,240</u>

Acquisition related costs of \$163 have been charged to general and administrative expenses in the consolidated statement of loss and comprehensive loss.

Had the results of TBF been consolidated since May 1, 2012, the consolidated statements of loss and comprehensive loss for the year would have shown additional total expenses of \$716 and an additional loss of \$716.

The summary above is provisional and is based on management's estimates and certain assumptions with respect to the fair value of the assets and liabilities at the acquisition date. The Company will continue to review the fair value of the assets and liabilities including information relating to the acquisition and perform further analysis prior to finalising the allocation. The actual fair values of the assets and liabilities once finalised may differ materially from the amounts disclosed above, specifically in relation to goodwill, deferred income taxes, and fair value of the biorefinery plant and storage tanks.

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5 Government and corporate contribution agreements

The Company recognizes funding support through contracted government and corporate contribution agreements. In accordance with its accounting policies, the Company will, subject to incurring further eligible related claim amounts and continuing to meet other contractual requirements, recognize in its financial statements in subsequent periods, the benefit of the remaining balance of committed government and corporate funding of \$3,648 (2012 – \$2,660).

	April 30 2013 \$	April 30 2012 \$
Accrued funding amounts recorded		
Government and corporate receivables	39	591
Deferred contributions	(879)	(417)
	<u>(840)</u>	<u>174</u>
Remaining balance of committed funding to be recognized in subsequent periods		
Holdback amounts deducted from funding payments on eligible related expenses already incurred	579	479
Committed funding to be recognized subject to incurring future eligible related expenses	3,184	2,181
	<u>3,763</u>	<u>2,660</u>
	<u>2,923</u>	<u>2,834</u>
Remaining cash funding from government and corporate agreements		
Cumulative contracted agreements	36,974	34,714
Less completed agreements	(27,842)	(22,148)
	<u>9,132</u>	<u>12,566</u>
Current ongoing agreements	9,132	12,566
Less funding received from current agreements	(6,209)	(9,732)
	<u>2,923</u>	<u>2,834</u>

6 Investment in Australian Renewable Fuels Limited

At April 30, 2013, the Company owned an approximately 898 million ordinary shares of ARW, which represented 21.4% of the issued and outstanding ordinary shares of ARW. The investment in ARW shares have been adjusted to their market value of \$7,502 (2012 - nil), which reflects a total gross consideration (cash and shares) given of \$7,906 (2012 - nil), after adjusting for net other non-cash loss of \$1,119 (2012 - nil) and accumulated non-cash comprehensive loss of \$1,520 (2012 - nil).

- a) On August 14, 2012, the commitment date, the Company entered into an agreement to acquire 275 million ordinary shares of ARW for a total consideration of \$4,265. As a part of this agreement the Company committed to issue LEC shares as partial settlement of the purchase consideration. Due to the difference in timing between the commitment date and the settlement date, the Company entered into a forward contract to swap its shares for the shares of ARW. On August 27, 2012, the settlement date, LEC completed the transaction by issuing cash of \$500, LEC common shares with a value of \$2,185 and incurring a financial liability of \$2,275 for shares in ARW with a value of \$3,673. The closing of this transaction and the settlement of the forward contract, resulted in a non-cash other loss of \$1,287 which was recorded in the October 31, 2012 financial statements.

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- b) On October 15, 2012, as the commitment date, the Company entered into an agreement to acquire an additional 88 million ordinary shares of ARW for a stated total consideration of \$1,100. Due to the difference in timing between the commitment date and the settlement date, the Company entered into a forward contract to swap its shares for the shares of ARW. The agreement was settled on November 9, 2012 by issuing cash of \$225 and LEC common shares with a value of \$1,050, for shares in ARW with a value of \$1,007. The closing of this transaction and the settlement of the deemed forward contract, resulted in a further non-cash loss of \$268 which was recorded in the January 31, 2013 financial statements.
- c) On February 7, 2013, ARW announced that it had proposed to raise a total of A\$12.3 million at A\$0.007 per share, comprising an immediate private placement of A\$4.27 million (the "ARW Placement") with the Company and an underwritten rights offering of A\$8.0 million to ARW shareholders at A\$0.007 per share, with the ability of shareholders to apply for oversubscriptions (the "ARW Entitlement Offer").
- d) On February 12, 2013, the Company announced the ARW Placement was successfully closed with LEC having acquired approximately 179 million ordinary shares. The closing of this transaction resulted in the recognition of non-cash other gain of \$369 to be reflected in the current financial statements.
- e) On March 18, 2013, the Company completed an investment of approximately A\$2.5 million through the ARW Entitlement Offer to further acquire approximately 356 million shares as a part of ARW's underwritten rights offering. The closing of this transaction resulted in the recognition of non-cash other gain of \$67 to be reflected in the current financial statements.

7 Plant and equipment

	Cost \$	Gov't and corporate contributions \$	Net Cost \$	Accumulate d depreciation \$	Net Book Value \$
Balances – April 30, 2012					
Pilot plant equipment	10,003	(7,371)	2,632	(2,632)	-
Research equipment	2,138	(1,331)	807	(537)	270
Furniture and office equipment	95	-	95	(75)	20
Computer equipment	315	-	315	(281)	34
Leasehold improvements	1,223	-	1,223	(1,223)	-
	<u>13,774</u>	<u>(8,702)</u>	<u>5,072</u>	<u>(4,748)</u>	<u>324</u>
Balances – April 30, 2013					
Biorefinery plant and storage tanks	17,988	-	17,988	-	17,988
Pilot plant equipment	10,003	(7,371)	2,632	(2,632)	-
Research equipment	2,138	(1,331)	807	(654)	153
Furniture and office equipment	100	-	100	(89)	11
Computer equipment	315	-	315	(314)	1
Leasehold improvements	1,223	-	1,223	(1,223)	-
	<u>31,767</u>	<u>(8,702)</u>	<u>23,065</u>	<u>(4,912)</u>	<u>18,153</u>

Included in plant and equipment are storage tanks under finance leases. The biorefinery plant and leased assets are currently not available for use and thus not depreciated.

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Depreciation of plant and equipment and amortization of intellectual property recorded on the statements of loss and comprehensive loss were as follows:

	2013	2012
	\$	\$
Research and development	117	645
General and administration	53	342
	<u>170</u>	<u>987</u>

8 Restricted cash

The Company's subsidiary, TBF, has provided an irrevocable bank guarantee in favour of a service provider in respect of a long-term service agreement. The bank guarantee is secured by guaranteed investment certificates, which provides that the service supplier may draw on the bank guarantee in the event of a default by TBF under the terms of the service contact.

9 Trade and other payables

	April 30 2013	April 30 2012
	\$	\$
Trade payables	605	790
License fee for biorefinery plant	793	-
Accrued expenses (including wages and termination benefits)	1,292	286
Current portion of long-term payable	100	100
	<u>2,790</u>	<u>1,176</u>

10 Credit facility

On February 27, 2013, the Company announced it has entered into a secured credit facility with DCF for up to \$5.0 million, and at April 30, 2013, the credit facility was fully drawn. Amounts drawn under this facility will bear interest at 8% per annum. Security for the credit facility is provided by a securities pledge against the Company's investment in shares of ARW and any shares of TBF.

On August 14, 2013, the Company announced it had replaced its secured credit facility, with a new secured revolving credit facility of up to \$12.5 million DCF, as further described in Note 25.

11 Long term liability (current and long term portion)

As part of the acquisition of TBF, the Group acquired a lease obligation with an unrelated third party. Under the terms of the lease agreement and in conjunction with a series of concurrent related transactions, it was determined that the lease payments are in effect payment for the biorefinery plant and the assets under the lease which are the storage tanks. The lease payments are allocated to the various elements under the agreement using the relative fair value of the assets. At the acquisition date, the lease payments were provisionally allocated to the various elements as follows (Note 3)

	\$
Biorefinery plant	10,965
Storage tanks	<u>4,436</u>
	<u>15,401</u>

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The total cash payments under the estimated lease term of twenty years (20) are \$57,600 discounted at 20%. These lease payments do not include the effect of any additional payment that are contingent on the commercial start date of the plant and usage of the tanks beyond certain capacity thresholds.

The lease has an initial term of ten (10) years, with four five (5) year renewal periods. Management has estimated the lease term to include at least two of the four renewal options. Additionally, if the Group decides to exit the arrangement outside the terms of the agreement the Group will be required to make payments equal to the minimum lease payments over the remaining term of the lease discounted using pre-determined rate that is reset to market rates at the date of termination.

12 Long-term payable

During 2001, the Company acquired certain assets and intellectual property in consideration of future payments to the vendor totalling \$1,150. Under the terms of the agreement with the vendor, the Company is to make annual payments of the greater of 0.75% of gross revenue related to the acquired assets or \$50. Since entering this agreement, payments totalling \$380 have been made to the vendor.

The cost of the transaction has been initially accounted for as a purchase of assets with a long-term payable, based on the Company's estimate of the fair value of the long-term payable. The original amount of the long-term payable of \$573 was calculated based on the discounted future estimated payments. The cost was allocated to patents (\$52), plant and equipment (\$102) and test data (\$419) based on management's estimates of the fair value of the respective assets acquired.

The long-term payable is accreted over the expected term of the liability with a corresponding charge to interest accretion in the statement of operations. A summary of the long-term payable is as follows:

	2013	2012
	\$	\$
Opening – carrying value of long-term payable (current and long-term portion)	234	195
Interest accretion	48	39
Payments	(50)	-
Closing – carrying value of long-term payable (current and long-term portion)	232	234
Less: Current portion	(100)	(100)
Long term payable	132	134

13 Provisions

Total estimated asset retirement costs at April 30, 2013 of \$940 (2012 – nil) have been discounted at an average rate of 3.4% over the estimated term of the lease. The asset retirement costs of \$694 (2012 – nil) have been capitalized and included in biorefinery plant and storage tanks. Applying a 10% decrease (increase) in the discount rate would result in a \$69 increase (decrease) in the liability.

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14 Share capital

a) Capital stock

Authorized – An unlimited number of common shares without par value

The following table summarizes the number of common shares currently issued:

	Shares	Value \$
Balance – April 30, 2011	49,892,286	24,344
Recognized amount related to shares released from escrow (vi)	-	61
Balance – April 30, 2012	49,892,286	24,405
Acquisition of other investment (i) (ii)	26,000,000	3,235
Private placement (i)(iii)(iv)	76,198,382	7,636
Recognized amount related to shares released from escrow (vi)	-	16
	102,198,382	10,887
Balance – April 30, 2013	152,090,668	35,292

- i) On August 27, 2012, the Company completed a non-brokered private placement of 30,750,000 common shares of LEC at a price of \$0.08 per common share to raise gross proceeds of \$2.46 million, and had also issued 19,000,000 common shares of LEC to Wasabi Energy Limited (“Wasabi”) as partial consideration to acquire certain ARW shares from Wasabi, as further described in Note 6.
- ii) On November 8, 2012, the Company acquired an additional 88,000,000 ordinary shares of ARW, in exchange of \$225 cash and 7,000,000 in LEC common shares, as further described in Note 6.
- iii) On December 14, 2012 the Company closed a private placement for total gross cash proceeds of \$4.515 million (the “Offering”). The Offering included \$3.365 million from the sale of 22,433,663 Units at an issue price of \$0.15 per Unit. Each Unit was comprised of one common share of the Company and one-half of one common share purchase warrant (each whole such warrant, a “Warrant”). Each Warrant allows the subscriber to purchase one additional common share of the Company for a period of two years from the date of closing at an exercise price of \$0.20 per share.

The Offering also included \$1.15 million from Difference Capital Funding Inc. (“DCF”) for 7,666,667 subscription receipts of the Company (the “Subscription Receipts”) at a price of \$0.15 per Subscription Receipt. Each Subscription Receipt entitled DCF to receive one Unit for each Subscription Receipt held, for no additional consideration and without further action, upon the Company receiving approval from the shareholders of the Company in respect of: (i) the creation of DCF as a “Control Person” as defined in the TSXV Corporate Finance Manual; and (ii) the waiver of the application of the Shareholder Rights Plan of the Company with respect to DCF being the Beneficial Owner (as defined in the Shareholder Rights Plan) of 20% or more of the outstanding Voting Shares (as defined in the Shareholder Rights Plan) (the “Release Conditions”) prior to the earliest to occur of: (i) the next annual general meeting or special meeting of the shareholders of the Company; and (ii) December 17, 2013.

In connection with the Offering, Wasabi converted its \$2.246 million convertible debenture, resulting in the issuance of 14,971,800 common shares of the Company at conversion price of \$0.15 per share. Interest payable under the convertible debenture was settled in cash on the date of the closing of the Offering.

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2013 and 2012

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

As consideration for the services of the Agent in connection with the Offering, the Company also paid the Agent a cash commission equal to 3% of the gross proceeds of the Units on the portion of the Offering subscribers introduced by the Company to the Agent, 3% of the gross proceeds of the Subscription Receipt portion of the Offering and 8% of the gross proceeds on the remaining Unit portion of the Offering. Agent's warrants were also issued, each such warrant exercisable for one common share of the Company for a period of two years from the date of closing at an exercise price of \$0.20 per share, equal to 10% of the Units sold on the portion of the Offering subscribers which were not introduced by the Company to the Agent. In addition, the Agent was paid an administrative work fee in cash and 376,252 common shares of the Company as a corporate finance fee.

- iv) On March 6, 2013, the \$1.15 million of subscription receipts which were previously held in escrow in connection with the December 14, 2012 private placement financing, were released from escrow, and a total of 7,666,667 common shares were issued to DCF. Due to the difference in timing between the commitment date and the settlement date, the Company was deemed to have entered into a forward contract for the settlement of the subscription receipts. The closing of this transaction and the settlement of the deemed forward contract, resulted in a non-cash other gain of \$48 which is recorded in the April 30, 2013 financial statements.
- v) On November 9, 2010, the Company announced the appointment of Colin South as its Chief Technology Officer and as part of this appointment, Mr. South received a signing bonus of 400,000 shares, subject to the terms of an escrow agreement, which includes quarterly vesting over a period of eighteen months ending May 9, 2012.
- b) Warrants

	Note	Warrants	Value \$
Balance – April 30, 2012		-	-
Private placement – unit subscriptions	15	15,050,164	945
Private placement – agent warrants	15	1,169,999	77
Balance – April 30, 2013		<u>16,220,163</u>	<u>1,022</u>

- c) Stock options

The Company has adopted a stock option plan pursuant to which the board of directors has been authorized to grant stock options to directors, employees and consultants of the Company. The options, which can expire up to five years after the date of grant, are generally subject to a two year vesting requirement.

On November 15, 2012, the Company held its annual and special meeting of shareholders, and passed an ordinary resolution to change the stock option plan from a fixed plan allowing for grant up to a maximum of 6,800,000 stock options, to a "rolling" plan allowing for a maximum number of common shares issuable on the exercise of options granted under the Amended Plan to be 10% of the number of Common Shares which are issued and outstanding at the time the option is granted.

At April 30, 2013, the Company had 7,761,211 (2012 – 3,354,645) stock options available for future grants pursuant to the Company's stock option plan.

Lignol Energy Corporation

Notes to Consolidated Financial Statements

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(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

The following table summarizes activity under the Company's stock option plan as of April 30, 2013:

	Number of options	Weighted average exercise price of outstanding options \$	Weighted average exercise price of exercisable options \$
Outstanding – April 30, 2011	5,066,045	0.35	0.39
Forfeited	(30,000)	0.12	-
Expired	(2,215,000)	0.50	-
Outstanding – April 30, 2012	2,821,045	0.23	0.23
Granted	4,002,500	0.13	0.13
Outstanding – April 30, 2013	6,823,545	0.17	0.20

The following table summarizes stock options currently outstanding and exercisable at April 30, 2013:

Exercise price \$	Number of options outstanding	Weighted average remaining life (years)	Weighted average exercise price of outstanding options \$	Number of options exercisable	Weighted average exercise price of exercisable options \$
0.12	60,000	0.82	0.12	60,000	0.12
0.13	3,175,000	4.37	0.13	793,750	0.13
0.15	827,500	4.67	0.15	103,438	0.15
0.20	1,700,000	1.84	0.20	1,700,000	0.20
0.215	661,045	0.50	0.215	661,045	0.215
0.23	250,000	2.52	0.23	250,000	0.23
0.62	150,000	0.15	0.62	150,000	0.62
	6,823,545	3.21	0.17	3,718,233	0.20

The fair value of the stock options granted was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2013	2012
Expected life	5 years	n/a
Volatility	147%	n/a
Risk-free interest rate	1.63%	n/a
Dividend yield	0%	n/a

Lignol Energy Corporation

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(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

No shares or stock options were granted during the year ended April 30, 2012.

	2013	2012
	\$	\$
Research and development	29	111
General and administration	259	34
	<hr/>	<hr/>
	288	145
	<hr/>	<hr/>
d) Contributed surplus		
	\$	
Balance – April 30, 2011	4,893	
Stock-based compensation expense for the year	145	
Shares issued to an employee and director	<hr/> (61)	
Balance – April 30, 2012	4,977	
Stock-based compensation expense for the year	288	
Shares issued to an employee and director	<hr/> (16)	
Balance – April 30, 2013	<hr/> 5,249	

15 Capital disclosures

The Group's capital consists of its equity. The Group's capital management objectives are to have sufficient cash and cash equivalents to manage its working capital and to continue meeting the requirements of its ongoing funding arrangements. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may curtail certain expenditures as may be required or appropriate. Additional information regarding capital management is disclosed in Note 1.

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2013 and 2012

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

16 Expenses by nature

	Note	2013 \$	2012 \$
Research and development			
Salaries and headcount related		1,568	2,825
Pilot plant and laboratory expenses		578	872
Professional and consulting fees		340	425
Occupancy and overhead expenses		441	363
Depreciation and amortization	7	117	645
Share-based compensation	14	29	111
		<u>3,073</u>	<u>5,241</u>
General and administration			
Salaries and headcount related		928	743
Strategic investment costs		940	146
Professional and consulting fees		439	289
Investor relations		394	88
Travel expenses		316	54
Occupancy and overhead expenses		485	254
Depreciation and amortization	7	53	342
Share-based compensation	14	259	34
		<u>3,814</u>	<u>1,950</u>
		<u>6,877</u>	<u>7,191</u>

17 Interest expense

	Note	2013 \$	2012 \$
Interest on credit facility	10	45	-
Interest accretion	12	48	39
Interest on convertible debenture	14	100	-
Other net interest (income)		(17)	(21)
		<u>176</u>	<u>18</u>

18 Employee salaries and benefits expense

	Note	2013 \$	2012 \$
Salaries, fees and other benefits		2,496	3,568
Share-based compensation	14	288	145
		<u>2,784</u>	<u>3,713</u>

19 Related parties

As at April 30, 2013

Difference Capital Financial Inc. - DCF owned approximately 21.5% of the issued shares. On February 27, 2013, DCF provided the Company a secured credit facility initially for up to \$5.0 million and at April 30, 2013, the credit facility was fully drawn.

Wasabi Energy Limited - Wasabi owned approximately 24.1% of the issued shares of the Company.

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2013 and 2012

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

Executive officers - Compensation for executive officers of the Company were as follows:

	2013	2012
	\$	\$
Salaries, fees and other benefits	924	1,001
Share-based compensation	218	125
	<u>1,142</u>	<u>1,126</u>

20 Current and deferred income taxes

At April 30, 2013, the Company had unused non-capital losses of \$19,984 to reduce taxable income of future years. Of the total non-capital losses, \$3,209 relate to TBF and have an indefinite life, with the remaining losses expiring as follows:

Year ended	
April 30	\$
2033	3,249
2032	1,569
2031	2,310
2030	3,838
2029	2,937
2028	1,959
2027	913
	<u>16,775</u>

The unrecognized future income tax assets and liabilities comprise the following:

	2013	2012
	\$	\$
Non-capital losses and start-up costs	6,197	4,250
Scientific research and development expenses	1,494	1,412
Share issuance and other transaction costs	327	126
Investment tax credits	2,876	2,734
Exploration and development pool	615	591
Property and equipment	4,140	375
Other	413	10
Unrecognized deferred tax benefit	<u>16,062</u>	<u>9,498</u>

The deferred income tax liability comprise of the following:

	\$
Plant and equipment	
Acquisition of TBF	<u>3,707</u>
Balance - April 30, 2013	<u>3,707</u>

In assessing the realisability of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the year in which those temporary differences become deductible. As management believes there is sufficient uncertainty

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2013 and 2012

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

regarding the realization of deferred tax assets for the years ended April 30, 2013 and April 30, 2012, the tax benefit of the above amounts have not been recognized.

A reconciliation of the statutory income tax rate applied to the loss for the year to the income tax recovery is as follows:

	2013	2012
	\$	\$
Recovery at statutory income tax rate (2013 – 25.0 %; 2012 – 30.0%)	(1,730)	(996)
Permanent and other differences	136	52
Amounts deductible in excess of accounting income	-	(459)
Change in income tax rate	(214)	-
Change in unrecognized deferred tax benefit	1,808	1,403
	<u>-</u>	<u>-</u>

21 Financial instruments

Fair values

Cash and cash equivalents and short-term investments are measured at amortized cost which approximates to the carrying value. The fair values of government and corporate contributions receivable, other receivables, credit facility and current portion of long-term payable approximate their carrying amounts due to the short-term maturity of these instruments. The fair value of trade and other payables may differ from fair value due to uncertainty described in note 1.

Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents and government and corporate contributions receivable. The Company limits its exposure to credit risk by placing its cash and cash equivalents with high credit quality financial institutions. The Company does not believe that there is significant exposure to any counterparty; however, should any of the Company's funding agencies is unable to settle amounts due, the impact on the Company could be significant. The maximum exposure to loss arising from government and corporate contributions receivable is equal to the total carrying value. At April 30, 2013, two agencies accounted for 100% of the total government and corporate contributions receivable (2012 – four agencies accounted for 94%).

Foreign exchange risk

The Company is subject to foreign exchange risk for purchases denominated in foreign currencies. Foreign currency risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Company does not actively manage this risk. As at April 30, 2013, the Company's current working capital included net foreign liabilities which total approximately A\$1,327. If the prevailing market exchange rates against US dollars and Australian dollars applied to current working capital balances as at April 30, 2013 were 10% lower (higher) against the Canadian dollars, the loss and comprehensive loss would have been insignificant for the year ended April 30, 2013.

Interest rate risk

Included in the loss and comprehensive loss on the statement of operations is interest income earned on cash and cash equivalents, restricted cash and short-term investments. If average interest rates throughout the year had varied 10 basis points (0.1%) lower (higher), the net effect on loss and comprehensive loss would have been insignificant for the year ended April 30, 2013.

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2013 and 2012

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they become due. The following table summarizes the Company's non-discounted contractual maturities of financial liabilities as at April 30, 2013.

	Note	Contractual cash flows \$	0 to 12 months \$	12 to 24 months \$	After 24 months \$
Trade and other payables		2,790	2,790	-	-
Current and long-term payable	12	770	100	50	620
Long term liability		59,486	2,843	3,132	53,511
Credit facility		5,000	-	5,000	-
		<u>68,046</u>	<u>5,733</u>	<u>8,182</u>	<u>54,131</u>

The Company intends to meet its financial obligations through the collection of government and corporate contributions receivable and the receipt of future government and corporate contribution amounts not yet invoiced or claimed for, as well as from available current cash and cash equivalents resources. Additional information regarding liquidity risk is disclosed in Note 1.

22 Fair value measurement

Fair value measurement establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis.

The following assets are measured at fair value on a recurring basis using quoted market prices (Level 1).

Financial Assets	Note	Carrying Value \$	Level 1 \$	Level 2 \$	Level 3 \$
Balance - April 30, 2012		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment in Australia Renewable Fuels Limited	6	<u>7,502</u>	<u>7,502</u>	<u>-</u>	<u>-</u>
Balance - April 30, 2013		<u>7,502</u>	<u>7,502</u>	<u>-</u>	<u>-</u>

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2013 and 2012

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

23 Commitments and Contingencies

Commitments

The Group leases property, storage tanks and offices under a combination of operating and financing lease arrangements, which have renewal options for additional terms. The future expected minimum lease payments, over the expected useful life of the assets are as follows:

	Finance Leases	Operating Leases	Total Leases
	\$	\$	\$
2014	2,546	297	2,843
2015	3,008	124	3,132
2016	3,008	124	3,132
2017	3,008	124	3,132
2018	3,008	124	3,132
2019 to 2023 (5 years)	15,041	621	15,662
2024 to 2033 (10 years)	27,324	1,129	28,453
	<u>56,943</u>	<u>2,543</u>	<u>59,486</u>

Contingencies

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is currently not anticipated that any material liabilities will arise from the contingent liabilities.

Legal proceedings

As disclosed previously, commencing on May 26, 2008, the Company filed an action in the Supreme Court of British Columbia against certain third parties alleging unauthorized use of confidential information belonging to the Company.

Government audits

The Company has entered into various agreements in respect of government and corporate contributions related to ongoing projects. Pursuant to the related agreements, the related projects are subject to subsequent audit following the completion of the project. Costs, if any, incurred as a result of such future audits will be expensed as incurred.

24 Subsequent events

On May 27, 2013, the Company announced that it had agreed to acquire an additional 2.67 million shares of TBF for A\$1.0 million under a TBF private placement offering transaction, which also provides for the further issuance of approximately 0.25 million shares of TBF to other shareholders of TBF. Upon completion, LEC became the majority shareholder of TBF with approximately 54% of the issued shares of TBF and approximately 60% on a fully diluted basis.

On August 14, 2013, the Company announced that it had replaced its secured credit facility of \$5 million with DCF, which was amended on July 9, 2013 for up to \$6.25 million (the "Amended Loan" or the "Drawn Amount"), with a new secured revolving credit facility (the "Note") of up to \$12.5 million with DCF. Under the terms of the Note, 50% of the unpaid principal amount and accrued and unpaid interest on such amount will be payable on the closing of an equity financing of at least \$20 million ((as long as none of the outstanding Warrants (as defined below) remain unexercised)) and the remaining unpaid principal amount and accrued and unpaid interest on such amount are payable on December 31, 2014. Amounts drawn under this facility will bear interest at 9% per annum and any amount owing under the Amended Loan (the

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2013 and 2012

(Expressed in thousands of Canadian Dollars, unless otherwise indicated)

“Drawn Amount”) is deemed to be a borrowing under the Note. The Company agreed to pay DCF a commitment fee of \$0.2 million, of which \$0.1 million had already been paid in respect of the earlier credit facilities. In consideration for providing the Note, DCF is entitled to receive 3,555 warrants to purchase common shares in the capital of LEC (each a “Warrant Share”) for each \$1,000 drawn down under the Note, which allows for the issue of up to approximately 44.4 million warrants (the “Warrants”) which if fully exercised, would result in DCF owning 48.3 percent of LEC on a partially diluted basis, assuming the exercise of only DCF’s warrants. DCF has received 21,418,875 Warrants in respect of the Drawn Amount. Each Warrant is non-transferrable, shall expire on December 31, 2014 and entitle the holder to purchase one Warrant Share at an exercise price of \$0.15 per share (the “Exercise Price”), subject to any adjustments necessary to comply with applicable securities laws and requirements of the TSX Venture Exchange or any other stock exchange in which the Lender’s securities are listed.

On August 19, 2013, the Company announced it had agreed to provide TBF with equity funding of up to A\$1 million over the course of the next several months. The first tranche of A\$0.5 million is payable in two instalments: the first instalment of A\$0.2 million has been made at the time of the announcement and the second instalment of A\$0.3 million is due on or before September 15, 2013. The opportunity to subscribe for the remaining A\$0.5 million worth of shares of TBF will be offered to existing shareholders of TBF (other than LEC) who may subscribe on the basis of their proportionate entitlement and LEC has agreed to fund any amounts not subscribed by those existing shareholders and to close this round of financing no later than October 31, 2013. The closing of this entire transaction is subject to regulatory approval.



LIGNOL ENERGY CORPORATION

Consolidated Financial Statements

For the Year Ended April 30, 2012

(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)



August 28, 2012

Independent Auditor's Report

To the Shareholders of Lignol Energy Corporation

We have audited the accompanying consolidated financial statements of Lignol Energy Corporation and its subsidiaries, which comprise the consolidated balance sheets as at April 30, 2012 and April 30, 2011 and May 1, 2010 and the consolidated the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended April 30, 2012 and April 30, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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T: +1 604 806 7000, F: +1 604 806 7806, www.pwc.com/ca*



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lignol Energy Corporation and its subsidiaries as at April 30, 2012 and April 30, 2011 and May 1, 2010 and its financial performance and its cash flows for the years ended April 30, 2012 and April 30, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which discloses matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Lignol Energy Corporation's ability to continue as a going concern.

/s/ PricewaterhouseCoopers LLP

Chartered Accountants

Lignol Energy Corporation

Consolidated Statements of Financial Position
As at April 30, 2012 and 2011, and May 1, 2010

(Expressed in Thousands of Canadian Dollars)

	Note	April 30, 2012 \$	April 30, 2011 \$	May 1, 2010 \$
Assets				
Current assets				
Cash and cash equivalents	7	509	818	432
Short-term investments		802	2,802	2,803
Government and corporate contribution receivables	8	591	1,070	1,073
Other receivables and prepaid expenses		67	109	178
		<u>1,969</u>	<u>4,799</u>	<u>4,486</u>
Non-current assets				
Plant and equipment	10	324	1,325	3,020
Intangible assets		8	16	24
		<u>332</u>	<u>1,341</u>	<u>3,044</u>
Total assets		<u>2,301</u>	<u>6,140</u>	<u>7,530</u>
Liabilities				
Current liabilities				
Trade and other payables	11	1,176	1,675	1,703
Deferred contributions	9	417	50	337
		<u>1,593</u>	<u>1,725</u>	<u>2,040</u>
Non-current liabilities				
Landlord inducements		-	11	41
Long-term payable	12	134	145	136
		<u>134</u>	<u>156</u>	<u>177</u>
Total liabilities		<u>1,727</u>	<u>1,881</u>	<u>2,217</u>
Shareholders' equity				
Capital stock	13a	24,405	24,344	24,251
Contributed surplus	13d	4,977	4,893	4,821
Deficit		(28,808)	(24,978)	(23,759)
		<u>574</u>	<u>4,259</u>	<u>5,313</u>
Total liabilities and shareholders' equity		<u>2,301</u>	<u>6,140</u>	<u>7,530</u>
Nature of operations and going concern	1			
Subsequent events	22			

Approved by the Board of Directors

_____(signed) Gord Fretwell_____
Director

_____(signed) Stephen H. White_____
Director

The accompanying notes are an integral part of these consolidated financial statements

Lignol Energy Corporation

Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended April 30, 2012 and 2011

(Expressed in Thousands of Canadian Dollars, except per share amounts)

	Note	2012 \$	2011 \$
Expenses			
Research and development	15	5,241	6,966
General and administration	15	1,950	2,356
		<hr/>	<hr/>
		7,191	9,322
Less government and corporate contributions		<hr/> (3,379)	<hr/> (8,157)
Operating loss		3,812	1,165
Other loss			
Net interest expense		18	54
		<hr/>	<hr/>
Total comprehensive loss		3,830	1,219
		<hr/>	<hr/>
Loss per share (basic and fully diluted)		0.08	0.02
		<hr/>	<hr/>

The accompanying notes are an integral part of these consolidated financial statements

Lignol Energy Corporation

Consolidated Statements of Changes in Equity
For the Years Ended April 30, 2012 and 2011

(Expressed in Thousands of Canadian Dollars)

	Share capital \$	Contributed surplus \$	Accumulated deficit \$	Total equity \$
Balance - May 1, 2010	24,251	4,821	(23,759)	5,313
Loss for the year	-	-	(1,219)	(1,219)
Share-based compensation		161	-	161
Options exercised	78	(74)	-	4
Shares issued to an employee and director	15	(15)	-	-
Balance – April 30, 2011	24,344	4,893	(24,978)	4,259
Loss for the year	-	-	(3,830)	(3,830)
Share-based compensation	-	145	-	145
Shares issued to an employee and director	61	(61)	-	-
Balance – April 30, 2012	24,405	4,977	(28,808)	574

The accompanying notes are an integral part of these consolidated financial statements

Lignol Energy Corporation

Consolidated Statements of Cash Flows
For the Years Ended April 30, 2012 and 2011

(Expressed in Thousands of Canadian Dollars)

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Loss for the year		(3,830)	(1,219)
Adjustments for:			
Share-based compensation expense	13c	145	161
Depreciation and amortization	10	987	1,426
Landlord inducements		10	(31)
Interest accretion on long-term payable	12	39	59
		<u>(2,649)</u>	<u>396</u>
Changes in non-cash working capital			
Government and corporate contribution receivables		469	13
Other receivables and prepaid expenses		42	70
Trade and other payables		(548)	121
Deferred contributions		367	(287)
		<u>330</u>	<u>(83)</u>
		<u>(2,319)</u>	<u>313</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(95)
Government and corporate contributions		10	264
Proceeds from short-term investments		2,000	-
		<u>2,010</u>	<u>169</u>
Cash flows from financing activities			
Repayment of long-term payable		-	(100)
Proceeds from exercise of options		-	4
		<u>-</u>	<u>(96)</u>
(Decrease) increase in cash and cash equivalents		(309)	386
Cash and cash equivalents - Beginning of the year		818	432
Cash and cash equivalents - End of the year		509	818

The accompanying notes are an integral part of these consolidated financial statements

Lignol Energy Corporation

Notes to Consolidated Financial Statements

April 30, 2012 and 2011

(Expressed in Thousands of Canadian Dollars, Unless Otherwise Indicated)

1 Nature of operations and going concern

Nature of operations

Lignol Energy Corporation (the “Company”) has been engaged in technology development since its formation. The Company is currently carrying out production trial run campaigns at its pilot-scale biorefinery located in Burnaby, BC, in order to generate results necessary to optimize engineering designs for the scale-up of its technology and to produce sufficient quantities of lignin to meet customer requirements for product trials. The Company is also developing partnerships with companies in various sectors to develop new opportunities and markets for the Company’s HP-L™ lignin. The Company’s technology is designed to convert non-food based cellulosic biomass feedstocks into advanced biofuels, including ethanol, and renewable chemicals, including HP-L™ lignin.

The Company has no operating history as a producer of ethanol or of its co-products and has not constructed a commercial plant to date and as a result, has not been able to realize revenues from its operations. A lack of revenues will result in the Company’s requirement for additional capital to be able to execute its long term business plan and commercialize its technology. The Company will require substantial additional capital to implement its business plan and it may be unable to obtain the necessary capital required to do so.

The Company is a publicly traded company on TSX Venture Exchange under symbol LEC. The Company is incorporated and domiciled in British Columbia, Canada. The address of its registered office is 2900 – 550 Burrard Street, Vancouver, British Columbia, V6C 0A3.

These consolidated financial statements were approved by the Company’s Board of Directors on August 28, 2012.

Going concern

At April 30, 2012, the Company had \$1.3 million in cash and short-term investments currently available, and up to \$2.8 million in funding as described below, from contracted government and corporate funding agreements, and \$1.6 million in current liabilities. The Company has an accumulated deficit of \$28.8 million and \$0.6 million in shareholders’ equity. As described in Note 22, on August 27, 2012 the Company announced it had completed a non-brokered private placement (“Private Placement”) of 30,750,000 common shares of the Company at a price of CAD\$0.08 per common share to raise gross proceeds of CAD\$2.46 million. The Company is also presently negotiating several additional government grants.

Of the \$2.8 million in funding from contracted government and corporate funding agreements, \$0.6 million was accrued for as a receivable as of April 30, 2012, relating to eligible reimbursable expenses already incurred, and the remaining balance of \$2.2 million has not yet been recognized. This remaining funding is available in the future subject to the satisfaction of certain conditions specified in the relevant agreements, which include the Company incurring sufficient, additional related project expenditures, and continuing to meet all of its reporting requirements. Receipt of this additional funding is also conditional in certain cases upon having sufficient matching funds and completion of the funding agreements. These funding awards are intended to be applied against future expenses incurred under various development programs.

Until such time as the Company has received confirmation of the additional government funding awards currently being negotiated, and has had time to assess the impact of its recent acquisition of an 11.2 percent equity interest in Australian Renewable Fuels Limited (“ARW”) from Wasabi Energy Limited (“Wasabi”), which is described in Note 22, the Company is unable to factor in additional funding from these sources in its projections. Accordingly, the Company currently forecasts that its working capital requirements for the next 12 months will exceed the combination of its current working capital, the net proceeds from the Private Placement, and those funds which are expected to be received from its existing government grants and corporate relationships. The Company plans to explore additional financing in the future through various government and corporate funding opportunities, and from other sources including the issue of additional equity and/or possibly through strategic alliances and partnerships. There can be no

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assurance that the Company will be able to obtain further financing on favourable terms and in such event, the Company's working capital will not be sufficient to meet its stated business objectives.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future and contemplates the realization of assets and the settlement of liabilities in the normal course of business. The conditions and risks noted above cast significant doubt on the validity of that assumption.

These financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities that may be necessary and could potentially be material, should the Company be unable to continue as a going concern.

2 Basis of preparation and adoption of IFRS

In 2010, Canadian generally accepted accounting principles (GAAP) as set out in the Handbook of the Canadian Institute of Chartered Accountants (CICA) were revised to incorporate International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, as of May 1, 2011, the Company has commenced reporting consolidated financial statements in accordance with IFRS as issued by the IASB. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These consolidated financial statements have been prepared in accordance with IFRS and IFRS 1 First-time Adoption of IFRS applicable to the preparation of financial statements as issued by the IASB. Subject to certain transition elections disclosed in Note 4, the Company has consistently applied the same accounting policies in its opening IFRS balance sheet as at May 1, 2010 and throughout all years presented, as if these policies had always been in effect. Note 5 discloses the impact of the transition to IFRS on the reported equity, comprehensive loss and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended April 30, 2011 prepared under Canadian GAAP.

3 Significant accounting policies, judgements and estimation uncertainty

Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention.

Consolidation

The consolidated financial statements comprise the Company and its wholly owned subsidiaries (Lignol Innovations Ltd., Lignol Innovations Inc. and Lignol Innovations (UK) Ltd. (dormant), together referred to as the "Group").

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. It is reasonably possible that circumstances may arise that would cause actual results to differ from management estimates; however, management does not believe it is likely that such differences will materially affect the Company's financial position. Significant areas requiring the use of management estimates and judgments are impairment of plant and equipment, and government and corporate

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contributions receivable. The details surrounding these estimates are contained under the relevant notes and accounting policies in these areas.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances held with banks, and short-term investments with an original maturity date of three months or less.

Short-term investments

Short-term investments consist of guaranteed investment certificates and are measured at amortized cost, which approximates to the fair value due to the short maturities of these instruments. Investments with maturities of greater than three months and less than one year are classified as short-term investments.

Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Canadian dollars which is the Company's functional and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period end date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of loss.

Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner as intended.

The Group adds to the carrying amount of an item of plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Group and the carrying amount of the corresponding replaced part is expensed.. All other repairs and maintenance are charged to the consolidated statements of loss during the period in which they are incurred.

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Plant and equipment classification	Estimated useful life
Research equipment	7 years
Furniture and office equipment	5 years
Pilot plant and equipment	3 years
Computer equipment	3 years
Leasehold improvements	term of lease

The assets' useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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Gains and losses on disposals, if any, are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statements of loss.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statements of loss. If, in a subsequent period, the amount of the impairment loss decreases then the previously recognized impairment loss is reversed and recognized in the consolidated statements of loss.

Income taxes

Income tax, comprised of current and deferred tax, is recognized in the consolidated statements of loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available to offset the temporary differences that can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current assets or liabilities as appropriate.

Income taxes in interim periods are accrued using the tax rate that would be applicable to total taxable income on an annual basis.

Share based payments

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the parent entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognized as an expense over the vesting period.

When options are exercised the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital in addition to the carrying value of the options and other reserves when the options are exercised.

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Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new common shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired during the ordinary course of operations from suppliers. Accounts payables are classified as current liabilities if payments are due within one year or less, otherwise they are presented as non-current liabilities.

Research and development costs

Research costs are expensed in the period incurred. Development costs are expensed in the period incurred unless the Company believes a development project meets generally accepted criteria for deferral and amortization.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions complied with. Reimbursements of eligible costs pursuant to government corporate programs are recorded as a reduction of total costs when the related costs have been incurred and there is reasonable assurance regarding collection of the claim. Claims not settled by the balance sheet date are recorded as a receivable on the consolidated balance sheets. The determination of the amount of the claim, and hence the receivable amount, requires management to make calculations based on its interpretation of eligible expenditures in accordance with the terms of the programs. The reimbursement claims submitted by the Company are subject to review by the relevant government and corporate agencies. Although the Company has used its best judgment and understanding of the related program agreements in determining the receivable amount, it is possible that the amounts could increase or decrease by a material amount in the near term dependent on the review and audit by the government agency. Any funds received in advance of expenditures or eligibility requirements are recorded as deferred contributions on the consolidated statement of financial position and adjusted as subsequent claims are made by the Company.

If a grant becomes repayable, it will be treated as a change in estimate. Where the original grant related to income, the repayment should be applied first against any related unamortized deferred contributions, and any excess will be recognized as an expense.

Financial instruments and financial risk management

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights to receive or pay cash flows from the assets or liabilities have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. At initial recognition, the Group classifies its financial instruments in the relevant categories depending on the purpose for which the instruments were acquired:

- a) **Loans and receivables:** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise accounts receivable which are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment. The Group classifies cash and cash equivalents, and government and corporate contributions receivable in this category.

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- b) Financial liabilities at amortized cost: Financial liabilities at amortized cost include trade and other payables and long-term payable. Trade and other payables are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payable are measured at amortized cost using the effective interest method. The long-term payable is recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if the Group expects to settle these amounts in the normal operating cycle. Otherwise, they are presented as non-current liabilities.

Fair values

Management estimates that the fair values of cash and cash equivalents, short-term investments, government and corporate contributions receivables, and trade and other payable approximate their carrying values given the short term to maturity of these instruments. The carrying value of the long-term payable also approximates fair value because there has been no significant changes to the discount rates and the expected cash flows during the year.

Loss per share

Basic loss per common share is computed by dividing net loss and comprehensive loss by the weighted average number of common shares for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments.

Interest

Cash flows relating to interest have been classified as operating activities in the statements of cash flows.

Accounting standards and interpretations issued but not yet applied

IFRS 9 Financial Instruments – The standard was issued in November 2009 which addresses the classification and measurement of financial assets. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. Application of IFRS 9 is mandatory for annual periods beginning on or after January 1, 2015.

The following is a brief summary of the new standards:

IFRS 10 Consolidated Financial Statements – The standard requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces Standard Interpretations Committee (SIC)-12, Consolidation - Special Purpose Entities, and parts of IAS 27,

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IFRS 11 Joint Arrangements – The standard requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to

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proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities - Non-monetary Contributions by Venturers.

IFRS 12 Disclosure of Interests in Other Entities – The standard establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 Fair Value Measurement – This is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to other standards

In addition, there have been amendments to existing standards, including IAS 27 and IAS 28. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements.

The Company is currently evaluating the impact of these standards on the financial statements.

4 Transition to the IFRS

Basis of transition to IFRS

The Company's financial statements for the year ended April 30, 2012 will be its first annual financial statements that comply with IFRS. The Company's transition date was May 1, 2010 (the "Transition Date"), and the Company prepared its opening IFRS balance sheet as at that date. In preparing its opening IFRS balance sheet and comparative information for the year ended April 30, 2011, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP to conform with IFRS.

Upon transition to IFRS, the general principle is that the financial statements must be prepared on a retrospective basis as if IFRS had always been applied. However, in addition to exempting entities from the requirement to restate comparatives for particular standards, IFRS 1 provides certain mandatory exceptions. In preparing these consolidated financial statements in accordance with IFRS 1, the Group has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

The Group applied the following mandatory exception from full retrospective application:

Estimates

The requirement is for estimates made under IFRS at May 1, 2010 to be consistent with estimates made for the same date under Canadian GAAP, unless there is evidence that those estimates were in error. The Group's estimates under IFRS as at May 1, 2010 are consistent with estimates under Canadian GAAP for the same date. Therefore, this exception had no impact on the Company's IFRS financial statements.

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The Group applied the following optional exemptions from full retrospective application:

Business combinations

IFRS 1 provides the option to apply IFRS 3 (revised), Business Combinations, retrospectively or prospectively from the Transition Date. The retrospective basis would require restatement of all business combinations that occurred prior to the Transition Date. The Group elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to May 1, 2010.

Share-based payments

IFRS 1 encourages application of IFRS 2, Share-based Payments, to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company elected to apply IFRS 2 only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date.

5 Reconciliation from IFRS to GAAP

The following reconciliations provide a quantification of the effect of the transition to IFRS:

- a) Reconciliation of opening and closing accumulated deficit previously reported under Canadian GAAP to IFRS

	April 30, 2011	May 1, 2010
	\$	\$
As reported under Canadian GAAP	24,932	23,715
Impact of transition under IFRS 2	46	44
As reported under IFRS	<u>24,978</u>	<u>23,759</u>

- b) Reconciliation of loss and comprehensive loss.

	Year ended April 30, 2011
	\$
As reported under Canadian GAAP	1,217
Impact of transition under IFRS 2	2
As reported under IFRS	<u>1,219</u>

Impact of transition under IFRS 2

Share based payment reserve

The adjustment represents the total effect of the requirement under IFRS to view each vesting period as a separate tranche and to consider a forfeiture rate assumption when estimating the fair value of the award at the grant date.

- c) Adjustments to the statements of cash flows

The transition from Canadian GAAP to IFRS did not have a significant impact on cash flows of the Company or on the presentation of the statements of cash flows.

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6 Cumulative cost of technology development

The majority of the Company's activities relate to the development of its biorefinery technology for the production of advanced biofuels, including fuel-grade ethanol and renewable chemicals from non-food based cellulosic biomass feedstocks. Gross cumulative cost of development, excluding amortization and funding from government and corporate contributions, relating to the project are as follows:

	Operating expenses	Capital expenditures	Total
	\$	\$	\$
Gross cumulative costs – May 1, 2010	31,207	14,357	45,564
Gross costs incurred for the year	7,896	(4)	7,892
Gross cumulative costs – April 30, 2011	39,103	14,353	53,456
Gross costs incurred for the year	6,203	-	6,203
Gross cumulative costs – April 30, 2012	45,306	14,353	59,659

7 Cash and cash equivalents

	April 30, 2012	April 30, 2011	May 1, 2010
	\$	\$	\$
Cash deposits	509	797	411
Short-term GIC	-	21	21
	509	818	432

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8 Government and corporate contribution receivables

The Company had a government and corporate contribution receivables balance of \$591 as at April 30, 2012 (April 30, 2011 – \$1,070; May 1, 2010 – \$1,073), related to committed funding from ongoing, contracted government and corporate contribution agreements which are summarized as follows:

	April 30, 2012 \$	April 30, 2011 \$	May 1, 2010 \$
Government and corporate receivables	591	1,070	1,073
Deferred contributions	(417)	(50)	(337)
	<u>174</u>	<u>1,020</u>	<u>736</u>
Holdback amounts related to funding payments on eligible related expenses already incurred	479	660	416
Committed funding to be recognized subject to incurring future eligible related expenses	2,181	3,404	5,547
	<u>2,660</u>	<u>4,064</u>	<u>5,963</u>
Remaining balance of committed funding to be recognized in subsequent periods	2,660	4,064	5,963
Remaining balance of committed funding from ongoing, contracted government and corporate funding agreements	<u>2,834</u>	<u>5,084</u>	<u>6,699</u>
Cumulative contracted funding from government and corporate agreements	34,714	32,739	26,208
Less completed agreements	(22,148)	(18,262)	(15,903)
	<u>12,566</u>	<u>14,477</u>	<u>10,305</u>
Current ongoing, funding from government and corporate agreements	12,566	14,477	10,305
Less funding received from current ongoing government and corporate agreements	(9,732)	(9,393)	(3,606)
	<u>2,834</u>	<u>5,084</u>	<u>6,699</u>
Remaining balance of committed funding from ongoing, contracted government and corporate funding agreements	<u>2,834</u>	<u>5,084</u>	<u>6,699</u>

The Company will, subject to incurring further eligible related claim amounts and continuing to meet other contractual requirements, recognize in its financial statements in subsequent periods, the benefit of the remaining balance of committed government and corporate funding of \$2,660 (April 30, 2011 – \$4,064; May 1, 2010 – \$5,963).

In January 2008, the Company was selected to receive an award of up to US\$30 million under the DOE's "Demonstration of Integrated Biorefinery Operations for Producing Biofuels and Chemical/Materials Products" Funding Opportunity Announcement ("FOA") to build a demonstration-scale cellulosic ethanol plant at approximately one-tenth of the projected scale of a first-commercial facility.

After plans for a proposed project in Colorado were halted in 2009 due to the recession and market volatility, the Company refocused and began to modify the scale and configuration of the proposed demonstration-scale project with the goal of developing a profitable, commercial-scale project which, incorporated innovations and design improvements generated from the operations of the Company's pilot-

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scale biorefinery. The resulting new project concept and plant design departed substantially from those that the award was originally based on.

The Company announced on July 15, 2011, that in recent consultations with the DOE, it was agreed that the Company's current plans cannot be supported within the FOA. The Company has subsequently completed the remaining work related to the first phase of the DOE funding which include certain engineering, technical and project development work, and has received and recognized a total of US\$3.5 million as of April 30, 2012, which is not repayable.

9 Deferred contributions

The Company entered into a contribution agreement with Canada Foundation for Sustainable Development Technology ("SDTC") whereby the Company is eligible to receive funding support, paid in instalments totalling up to \$6.9 million. As at April 30, 2012, accumulated total funding received from SDTC exceeded the Company's accumulated eligible related claim amounts by \$367, which may be applied against future claims on further eligible expenses incurred.

The Company entered into an agreement to provide research test samples and technical consultation services to a third party. To date, the Company has received an initial \$50 which will be recognized as research contract credits when the Company has met all the terms and conditions of this agreement.

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10 Plant and equipment

a) Plant and equipment recorded on the balance sheets were as follows:

	Gross Cost \$	Government & corporate contributions \$	Net Cost \$	Accumulated depreciation \$	Net Book Value \$
Balances - May 1, 2010					
Pilot plant equipment	10,111	(7,163)	2,948	(1,296)	1,652
Research equipment	2,058	(1,266)	792	(300)	492
Furniture and office equipment	95	-	95	(37)	58
Computer equipment	291	-	291	(153)	138
Leasehold improvements	1,306	-	1,306	(626)	680
	<u>13,861</u>	<u>(8,429)</u>	<u>5,432</u>	<u>(2,412)</u>	<u>3,020</u>
Recorded for the year					
Pilot plant equipment	(108)	(208)	(316)	(811)	(1,127)
Research equipment	80	(65)	15	(117)	(102)
Furniture and office equipment	-	-	-	(19)	(19)
Computer equipment	24	-	24	(79)	(55)
Leasehold improvements	-	-	-	(392)	(392)
	<u>(4)</u>	<u>(273)</u>	<u>(277)</u>	<u>(1,418)</u>	<u>(1,695)</u>
Balances - April 30, 2011					
Pilot plant equipment	10,003	(7,371)	2,632	(2,107)	525
Research equipment	2,138	(1,331)	807	(417)	390
Furniture and office equipment	95	-	95	(56)	39
Computer equipment	315	-	315	(232)	83
Leasehold improvements	1,306	-	1,306	(1,018)	288
	<u>13,857</u>	<u>(8,702)</u>	<u>5,155</u>	<u>(3,830)</u>	<u>1,325</u>
Recorded for the year					
Pilot plant equipment	-	-	-	(525)	(525)
Research equipment	-	-	-	(120)	(120)
Furniture and office equipment	-	-	-	(19)	(19)
Computer equipment	-	-	-	(49)	(49)
Leasehold improvements	(83)	-	(83)	(205)	(288)
	<u>(83)</u>	<u>-</u>	<u>(83)</u>	<u>(918)</u>	<u>(1,001)</u>
Balances - April 30, 2012					
Pilot plant equipment	10,003	(7,371)	2,632	(2,632)	-
Research equipment	2,138	(1,331)	807	(537)	270
Furniture and office equipment	95	-	95	(75)	20
Computer equipment	315	-	315	(281)	34
Leasehold improvements	1,223	-	1,223	(1,223)	-
	<u>13,774</u>	<u>(8,702)</u>	<u>5,072</u>	<u>(4,748)</u>	<u>324</u>

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- b) Depreciation of plant and equipment and amortization of intellectual property recorded on the statements of loss and comprehensive loss were as follows:

	2012 \$	2011 \$
Research and development	645	928
General and administration	342	498
	<u>987</u>	<u>1,426</u>

11 Trade and other payables

	April 30, 2012 \$	April 30, 2011 \$	May 1, 2010 \$
Trade payables	790	890	619
Accrued expenses	286	735	984
Current portion of long-term payable	100	50	100
	<u>1,176</u>	<u>1,675</u>	<u>1,703</u>

12 Long-term payable

During 2001, the Company acquired certain assets and intellectual property in consideration of future payments to the vendor totalling \$1,150. Under the terms of the agreement with the vendor, the Company is to make annual payments of the greater of 0.75% of gross revenue related to the acquired assets or \$50. Since entering this agreement, payments totalling \$330 have been made to the vendor.

The cost of the transaction has been initially accounted for as a purchase of assets with a long-term payable, based on the Company's estimate of the fair value of the long-term payable. The original amount of the long-term payable of \$573 was calculated based on the discounted future estimated payments. The cost was allocated to patents (\$52), plant and equipment (\$102) and test data (\$419) based on management's estimates of the fair value of the respective assets acquired.

The long-term payable is accreted over the expected term of the liability with a corresponding charge to interest accretion in the statement of operations. A summary of the long-term payable is as follows:

	2012 \$	2011 \$
Opening – carrying value of long-term payable (current and long-term portion)	195	236
Interest accretion	39	59
Payments	-	(100)
Closing – carrying value of long-term payable (current and long-term portion)	234	195
Less: Current portion	(100)	(50)
Long term payable	<u>134</u>	<u>145</u>

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13 Share capital

a) Capital stock

Authorized – An unlimited number of common shares without par value

The following table summarizes the number of common shares currently issued:

	Shares	Value \$
Balance – May 1, 2010	49,297,286	24,251
Shares issued to an employee and director	400,000	92
Less unrecognized amount related to shares subject to escrow	-	(77)
Options exercised	195,000	78
Balance – April 30, 2011	49,892,286	24,344
Recognized amount related to shares released from escrow	-	61
Balance – April 30, 2012	49,892,286	24,405

On July 9, 2010, the Company announced that it had adopted a shareholder rights plan (the “Rights Plan”) which was approved by shareholders during the annual general and special meeting of shareholders held on October 15, 2010. The Rights Plan has an initial term which will expire at the annual meeting of shareholders of the Company to be held in 2013, unless terminated earlier. The Rights Plan is designed to ensure, to the best extent possible, that all shareholders of the Company are treated equally and fairly during a potential takeover bid or similar proposal for acquiring the Company’s outstanding common shares, or such other transaction that would involve a change in control.

On November 9, 2010, the Company announced the appointment of Colin South as its Chief Technology Officer. As part of this appointment, Mr. South received a signing bonus of 400,000 shares. These shares are subject to the terms of an escrow agreement, which includes quarterly vesting over a period of eighteen months; although vesting may be accelerated in the event of a change of control or a termination of employment without cause. Vested shares may only be sold at least eighteen months from their date of issue, except in the case of a change of control event in which case they may be sold at that date.

As at April 30, 2012, a total of 49,892,286 common shares had been issued, of which 66,665 common shares were subject to and held in escrow and 49,825,621 common shares were outstanding. As described in Note 22, on August 27, 2012, the Company issued a total of 49,750,000 common shares at a price of CAD\$0.08 per common share in connection with the closing of a non-brokered Private Placement in the amount of \$2.46 million and the acquisition of an 11.2 percent equity interest in ARW from Wasabi.

b) Weighted average number of shares issued

The weighted average number of shares for the year ended April 30, 2012 and 2011 as follow:

	2012	2011
Basic	49,892,286	49,518,464
Fully diluted	49,892,286	49,576,842

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c) Stock options

The Company has adopted a stock option plan pursuant to which the board of directors has been authorized to grant up to a maximum of 6,800,000 stock options to directors, employees and consultants of the Company. The options, which can expire up to five years after the date of grant, are generally subject to two year vesting requirement.

At April 30, 2012, the Company had 3,354,645 (April 30, 2011 – 1,109,645; May 1, 2010 – 966,045) stock options available for future grants pursuant to the Company's stock option plan.

The following table summarizes activity under the Company's stock option plan as of April 30, 2012:

	Number of options	Weighted average exercise price of outstanding options \$	Weighted average exercise price of exercisable options \$
Outstanding – May 1, 2010	5,404,645	0.37	0.41
Granted	1,200,000	0.21	0.20
Forfeited	(1,343,600)	0.37	-
Exercised	(195,000)	0.02	-
Outstanding – April 30, 2011	5,066,045	0.35	0.39
Forfeited	(30,000)	0.12	-
Expired	(2,215,000)	0.50	-
Outstanding – April 30, 2012	2,821,045	0.23	0.23

The following table summarizes stock options currently outstanding and exercisable at April 30, 2012:

Exercise price \$	Number of options outstanding	Weighted average remaining life (years)	Weighted average exercise price of outstanding options \$	Number of options exercisable	Weighted average exercise price of exercisable options \$
0.12	60,000	1.82	0.12	60,000	0.12
0.20	1,700,000	2.84	0.20	1,581,250	0.20
0.215	661,045	1.50	0.215	661,045	0.215
0.23	250,000	3.52	0.23	156,250	0.23
0.62	150,000	1.15	0.62	150,000	0.62
	2,821,045	2.47	0.23	2,608,545	0.23

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The Company recognized stock-based compensation charges related to the shares and stock options issued to certain employees and members of the board of directors, which are included in the consolidated statements of loss and comprehensive loss as follows:

	2012	2011
	\$	\$
Research and development	111	84
General and administration	34	77
	<u>145</u>	<u>161</u>

The fair value of the stock options granted was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2012	2011
Expected life	n/a	5 years
Volatility	n/a	116 – 117%
Risk-free interest rate	n/a	1.96 – 1.98%
Dividend yield	n/a	0%

No shares or stock options were granted during the year ended April 30, 2012.

d) Contributed surplus

	\$
Balance – May 1, 2010	4,821
Stock-based compensation expense for the year	161
Options exercised	(74)
Shares issued to an employee and director	<u>(15)</u>
Balance – April 30, 2011	4,893
Stock-based compensation expense for the year	145
Shares issued to an employee and director	<u>(61)</u>
Balance – April 30, 2012	<u>4,977</u>

14 Capital disclosures

The Group's capital consists of its equity. The Group's capital management objectives are to have sufficient cash and cash equivalents to manage its working capital and to continue meeting the requirements of its ongoing funding arrangements. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may curtail certain expenditures as may be required or appropriate. Additional information regarding capital management is disclosed in Note 1 – Nature of operations and going concern.

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15 Expenses by nature

	Note	2012 \$	2011 \$
Research and development			
Salaries & headcount related		2,825	3,452
Pilot plant and laboratory expenses		872	1,466
Professional and consulting fees		425	317
Occupancy and overhead expenses		363	719
Depreciation and amortization	10	645	928
Share-based compensation	13c	111	84
		<u>5,241</u>	<u>6,966</u>
General and administration			
Salaries & headcount related		743	796
Professional and consulting fees		435	277
Occupancy and overhead expenses		396	708
Depreciation and amortization	10	342	498
Share-based compensation	13c	34	77
		<u>1,950</u>	<u>2,356</u>
Total expenses		<u>7,191</u>	<u>9,322</u>

16 Employee salaries and benefits expense

	2012 \$	2011 \$
Salaries, fees and other benefits	3,568	4,248
Share-based compensation	145	161
	<u>3,713</u>	<u>4,409</u>

17 Related parties

The Company's executive officers are considered to be the key management personnel. The compensation of the Chief Technology Officer is included from November 2010, his date of joining the Company.

There are no transactions or balances with the key management other than compensation as follows:

	2012 \$	2011 \$
Salaries, fees and other benefits	1,001	984
Share-based compensation	125	132
	<u>1,126</u>	<u>1,116</u>

18 Income taxes

At April 30, 2012, the Company had unused non-capital losses of \$13,563 to reduce taxable income of future years which expire as follows:

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	\$
2032	1,306
2031	1,382
2030	3,882
2029	2,937
2028	2,843
2027	938
2025	67
2015	122
2014	86
	<u>13,563</u>

The unrecognized future income tax assets and liabilities comprise the following:

	2012 \$	2011 \$
Non-capital losses and start-up costs	4,250	3,499
Scientific research and development expenses	1,412	1,332
Share issuance and other transaction costs	126	187
Investment tax credits	2,734	2,351
Exploration and development pool	591	591
Property and equipment	375	125
Other	10	10
Unrecognized deferred tax benefit	<u>9,498</u>	<u>8,095</u>

In assessing the realisability of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the year in which those temporary differences become deductible. As management believes there is sufficient uncertainty regarding the realization of deferred tax assets for the years ended April 30, 2012 and April 30, 2011, the tax benefit of the above amounts have not been recognized.

A reconciliation of the statutory income tax rate applied to the loss for the year to the income tax recovery is as follows:

	2012 \$	2011 \$
Recovery at statutory income tax rate (2012 – 30.0 %; 2011 – 30.0%)	(996)	(339)
Permanent and other differences	52	68
Amounts deductible in excess of accounting income	(459)	(261)
Change in unrecognized deferred tax benefit	<u>1,403</u>	<u>532</u>
	<u>-</u>	<u>-</u>

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19 Financial instruments

Fair values

Cash and cash equivalents and short-term investments are measured at amortized cost which approximates to the carrying value. The fair values of government and corporate contributions receivable, other receivables, current portion of long-term payable, and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term maturity of these instruments.

Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents and government and corporate contributions receivable. The Company limits its exposure to credit risk by placing its cash and cash equivalents with high credit quality financial institutions. The Company does not believe that there is significant exposure to any counterparty; however, should any of the Company's main funding agencies be unable to settle amounts due, the impact on the Company could be significant. The maximum exposure to loss arising from government and corporate contributions receivable is equal to the total carrying value. At April 30, 2012, four agencies accounted for 94% of the total government and corporate contributions receivable (April 30, 2011 – three agencies accounted for 86%).

Foreign exchange risk

The Company is subject to foreign exchange risk for purchases denominated in foreign currencies. Foreign currency risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Company does not actively manage this risk. As at April 30, 2012, the Company's current working capital included a net foreign asset amount of US\$11. If the prevailing market exchange rates against US dollars applied to current working capital balances as at April 30, 2012 were 1% lower (higher) against the Canadian dollars, the loss and comprehensive loss would have been insignificant for the year ended April 30, 2012.

Interest rate risk

Included in the loss and comprehensive loss on the statement of operations is interest income earned on cash and cash equivalents and short-term investments. If average interest rates throughout the year had varied 10 basis points (0.1%) lower (higher), the net effect on loss and comprehensive loss would have been insignificant for the year ended April 30, 2012.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they become due. The following table summarizes the Company's non-discounted contractual maturities of financial liabilities as at April 30, 2012.

	Contractual cash flows	0 to 12 months	12 to 24 months	After 24 months
	\$	\$	\$	\$
Trade and other payables	1,076	1,076	-	-
Current and long-term payable	820	100	50	670
	<u>1,896</u>	<u>1,176</u>	<u>50</u>	<u>670</u>

The Company intends to meet its financial obligations through the collection of government and corporate contributions receivable and the receipt of future government and corporate contribution amounts not yet invoiced or claimed for, as well as from available current cash and cash equivalents resources. The Company does not have any borrowing or debt facilities.

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The amounts shown above as current and long-term payable represent the non-discounted expected annual payments under an existing purchase agreement with a vendor for certain assets and intellectual property as disclosed in note 12.

Additional information regarding liquidity risk is disclosed in Note 1.

20 Fair value measurement

Fair value measurement defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis.

The following assets are measured at fair value on a recurring basis using inputs other than quoted market prices for which outputs are observable whether directly or indirectly (Level 2).

Financial Assets	Carrying Value	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Cash and cash equivalents	509	-	509	-
Short-term investments	802	-	802	-

The carrying amounts of cash and cash equivalents, short-term investment, government and corporate contributions receivables, other receivables, current portion of the long-term payable, and accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these amounts. The fair value of the long-term payable also approximates its carry value.

21 Commitments and contingencies

Commitments

The Company's total contractual expense obligations at April 30, 2012 and 2011 were as follows:

Year ended	April 30,	April 30,
April 30,	2012	2011
	\$	\$
2012	-	303
2013	2	19
	<u>2</u>	<u>322</u>

Contingencies

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

Legal proceedings

As disclosed previously, commencing on May 26, 2008, the Company filed an action in the Supreme Court of British Columbia against certain third parties alleging unauthorized use of confidential information belonging to the Company. The other parties have since filed a counter-action in the Supreme Court of British Columbia against the Company and an officer of the Company seeking various remedies. This matter has yet to be resolved. Although there can be no assurance that an unfavourable outcome of the dispute would not have a material adverse effect on the Company's operating results, liquidity or financial position, the Company believes the other parties' claims are without merit and will vigorously defend

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against them. The Company has determined that it is not possible to establish a reasonable estimate of the possible loss, or range of possible loss, if any.

Government audits

The Company has entered into various agreements in respect of government and corporate contributions related to ongoing projects. Pursuant to the related agreements, the related projects are subject to subsequent audit following the completion of the project. Costs, if any, incurred as a result of such future audits will be expensed as incurred.

22 Subsequent events

On August 27, 2012, the Company announced that it has completed a non-brokered private placement of 30,750,000 common shares of the Company at a price of CAD\$0.08 per common share to raise gross proceeds of CAD\$2.46 million, and has acquired from Wasabi, 275,000,000 ordinary shares of ARW, for a total purchase price of CAD\$4,265,770 (the "Share Acquisition").

Consideration for the Share Acquisition is comprised of CAD\$500,000 in cash, 19 million common shares issued at CAD\$0.08 per share for CAD\$1,520,000 and a 10-month secured convertible debenture for CAD\$2,245,770 (the "Debenture") convertible into common shares at CAD\$0.15 per share. The provisions of the Debenture include: (i) forced conversion should the Company's common shares trade at or above CAD\$0.20 per share for 7 or more consecutive trading days; (ii) an interest rate of 7 percent, payable in cash or common shares at the market price on the date of payment; (iii) a provision that if the Debenture is converted and such conversion results in Wasabi beneficially holding or controlling over 19.99 percent of the common shares of the Company, Wasabi will not be entitled to vote those common shares in excess of 19.99 percent until approval from the shareholders of the Company permitting the voting of such shares is obtained; and (iv) as the sole recourse of Wasabi in the event of a default under the Debenture by the Company, the Company has granted a first ranking security interest in 144,777,333 of the ARW shares purchased by the Company as part of the Share Acquisition (subject to the right to sell such ARW shares after six months provided the proceeds are used to facilitate the repayment of the Debenture).

APPENDIX D



CONFIDENTIALITY AGREEMENT

_____, 2014

PRIVATE AND CONFIDENTIAL

Company Name:

Address:

Attention:

Dear Sirs/Mesdames:

In connection with our mutual consideration of a possible negotiated transaction ("Transaction"), each of us may provide information to the other concerning our business, financial condition, operations, assets and liabilities. As a condition to any such information being furnished by one of us (the "Discloser") to the other (the "Recipient"), we each agree to treat any such information furnished to us in accordance with the provisions of this letter agreement, and to take or refrain from taking the other actions hereinafter set forth.

As used in this letter agreement:

- (a) the term "affiliate" has the meaning given to that term in the British Columbia *Business Corporations Act*; and
- (b) the term "person" shall be broadly interpreted to mean natural persons and all legal persons, including, without limitation, any corporation, general or limited partnership, limited liability company, trust or other entity or company.

1. Evaluation Material.

As used in this letter agreement, the term "Evaluation Material" means all information concerning the Discloser or its affiliates (whether furnished before or after the date hereof, whether prepared by the Discloser, its Representatives (as hereafter defined) or otherwise, whether or not marked as being confidential and irrespective of the form of communication, including oral as well as written and electronic communications) that is furnished to the Recipient or to the Recipient's Representatives by or on behalf of the Discloser. The term "Evaluation Material" also includes all notes, analyses, compilations, studies, interpretations and other documents prepared by the Recipient or the Recipient's Representatives which contain, reflect or are based upon, in whole or in part, the information that the Discloser or the

Discloser's Representatives furnish to the Recipient or the Recipient's Representatives. The term "Evaluation Material" does not include information which:

- (a) was in the public domain prior to the disclosure to the Recipient;
- (b) lawfully enters the public domain after disclosure to the Recipient through no violation of this letter agreement;
- (c) was within the Recipient's possession prior to its being furnished to the Recipient by or on behalf of the Discloser, provided that, to the best of Recipient's knowledge, the source of such information was not bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the Discloser or any other person with respect to such information; or
- (d) has become available to the Recipient on a non-confidential basis from a source other than the Discloser or any of the Discloser's Representatives, if such source was not, to the best of Recipient's knowledge, bound by a confidentiality agreement with, or any other contractual, legal or fiduciary obligation of confidentiality to, the Discloser or any other person with respect to such information.

2. Use of Evaluation Material and Confidentiality.

The Recipient and its Representatives will use the Evaluation Material solely for the purpose of evaluating and negotiating the terms of a Transaction. The Recipient and its Representatives will keep the Evaluation Material strictly confidential, will not use the Evaluation Material in connection any transaction or proposed transaction to which the Discloser does not agree, or agree to consider, in advance of such use, and will not disclose, in whole or in part, any of the Evaluation Material in any manner whatsoever without the prior written consent of the Discloser; provided, however, that appropriate portions of the Evaluation Material may be disclosed to the Recipient's representatives, affiliates, directors, officers, general partners, members, employees and agents, advisors (including without limitation, financial advisors, legal counsel and accountants) and controlling persons (each a "Representative") who need to know the information so disclosed for the purpose of evaluating or advising the Recipient with respect to a Transaction, who agree to keep such information confidential and who are provided with a copy of this letter agreement and agree to be bound by the terms of this letter agreement to the same extent as if they were parties hereto. In any event, the Recipient will be responsible for any breach of this letter agreement by any of its Representatives and the Recipient agrees, at its sole expense, to take all reasonable measures to assure that its Representatives do not make any prohibited or unauthorized disclosure or use (including in legal proceedings) of the Evaluation Material.

Without limiting the foregoing, neither the Recipient nor any of its affiliates or Representatives will use any information obtained from the Evaluation Material to divert or attempt to divert any

business or customer of the Discloser, or otherwise use any such information competitively against the Discloser, or for any anticompetitive purpose.

3. Discussions to Remain Confidential.

Except as set forth in Section 4, each party agrees that without the prior written consent of the other party hereto neither it nor any of its Representatives will disclose to any other person the fact that the Evaluation Material has been made available, the fact that discussions or negotiations concerning a Transaction are or may be taking place, or have taken place, or any of the terms, conditions or other matters discussed with respect thereto.

4. Legally Compelled Disclosure.

If the Recipient or any of its Representatives is required by law or the rules of any securities exchange to which the Recipient or such Representative is subject, or in any judicial, administrative or other legal proceedings, or pursuant to subpoena, civil investigative demand or other compulsory process, to disclose any of the Evaluation Material or any other information concerning the Discloser, its affiliates or a possible Transaction, then the Recipient and such Representative, shall provide the Discloser with prompt written notice of any such requirement, to the extent it may legally do so, so that the Discloser may seek a protective order or other appropriate remedy, and will consult with the Discloser with respect to the Discloser or the Recipient or such Representative (at the Discloser's expense) taking steps to resist or narrow the scope of such required disclosure. If, in the absence of a protective order or other remedy or the receipt of a waiver by the Discloser, the Recipient or any of its Representatives are nonetheless legally compelled to disclose Evaluation Material to any tribunal or other authority, or else stand liable for contempt or suffer other censure or penalty, the Recipient and its Representatives may disclose only that portion of the Evaluation Material which legal counsel advises the Recipient or such Representative is legally required to be disclosed, provided that the Recipient or such Representative exercises its best efforts to preserve the confidentiality of the Evaluation Material, including, without limitation, by cooperating with the Discloser, at the Discloser's expense, to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Evaluation Material by such tribunal or other authority.

5. Termination of Discussions; Return of Evaluation Material.

- (a) If either party to this letter agreement determines that it does not wish to proceed with a Transaction, it will promptly inform the other party of that determination. In that case, or at any time upon the request of the Discloser for any reason, the Recipient will promptly, and in any event no later than 15 days after the request, deliver to the Discloser or, at the Recipient's option, destroy all Evaluation Material (and all copies, extracts or other reproductions thereof), whether in paper, electronic or other form or media, furnished to the Recipient or its Representatives by or on behalf of the Discloser pursuant to this letter agreement; *provided, however*, that the Recipient may retain one copy of the Evaluation Material in its legal department, in secure storage, subject to the terms hereof, for archival purposes, for use in disputes relating to this letter agreement or pursuant

to any law, rule or regulation to which the Recipient or its Representatives are subject. In the event of such a determination or request, all Evaluation Material prepared by the Recipient or its Representatives shall be destroyed within such 15-day period and no copy, extract or other reproduction thereof shall be retained, whether in paper, electronic or other form or media *provided, however*, that the Recipient may retain one copy of such Evaluation Material in its legal department, in secure storage, subject to the terms hereof, for archival purposes, for use in disputes relating to this letter agreement or pursuant to any law, rule or regulation to which the Recipient or its Representatives are subject.

- (b) The destruction of the Evaluation Material, including that prepared by the Recipient or its Representatives, shall be certified in writing to the Discloser promptly after such destruction occurs by an authorized officer supervising such destruction. Notwithstanding the return or destruction of the Evaluation Material, the Recipient and its Representatives will continue to be bound by their obligations of confidentiality and other obligations hereunder.

6. Privileged Information.

Neither party hereto intends that the provision of any Evaluation Material shall be deemed to waive or in any manner diminish any solicitor-client privilege, litigation privilege or other privilege or protection applicable to any such Evaluation Material. The parties hereto acknowledge and agree that they:

- (a) may become joint defendants in legal proceedings to which such Evaluation Material relates, and
- (b) intend that all such privileges and protections remain intact should either party become subject to any legal proceedings to which such Evaluation Material is relevant. In furtherance of the foregoing, each party hereto agrees not to claim or contend that the other party has waived any solicitor-client privilege, litigation privilege or other privilege or protection by providing information pursuant to this letter agreement, or any subsequent definitive agreement regarding a Transaction the parties may enter into.

7. Completeness and Accuracy of Evaluation Material.

Each party to this letter agreement reserves the right, in its sole discretion, to determine what information it will provide or withhold, as well as the times at which it will make such information available. Neither party to this letter agreement nor any of such party's Representatives has made or will make any representation or warranty, express or implied, as to the accuracy or completeness of the Evaluation Material, except in accordance with any specific representations and warranties made in any definitive agreement relating to a Transaction, when, as and if entered into by the parties hereto, and subject to such limitations and restrictions as may be specified therein. Each party hereto agrees that neither it nor any of its Representatives shall

have any liability to the other party hereto or to any of such other party's Representatives relating to or resulting from the use of the Evaluation Material or any errors therein or omissions therefrom.

8. Term

This letter agreement and the confidentiality obligations created hereby shall remain in full force and effect for a period of two years from the date hereof. The obligations of the Recipient respecting the return of Evaluation Material and the rights of the Discloser provided herein to enforce such obligations shall survive the expiration or termination of this letter agreement.

9. Standstill

From and after the date of this Agreement and until two years after the date on which the undersigned and you have terminated discussions concerning the possibility of a Transaction, unless the prior written consent if the undersigned has been obtained, neither you nor any of your affiliates will in any manner, directly or indirectly:

- (a) effect, seek, offer or propose (whether publicly or otherwise), or cause or participate in or in any way assist any other person to effect, seek, offer or propose (whether publicly or otherwise):
 - (i) any acquisition of beneficial ownership of any securities or assets of the undersigned;
 - (ii) any take-over bid or exchange offer, merger or other business combination involving the undersigned;
 - (iii) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to the undersigned; or
 - (iv) any solicitation of proxies or consents to vote, or refrain from voting, any voting securities of the undersigned;
- (b) form, join or in any way participate in a group with respect to any securities of the undersigned or otherwise act, alone or in concert with others, to seek to control or influence the management, Board of Directors or policies of the undersigned;
- (c) take any action which might require the undersigned to make a public announcement regarding any of the types of matters set forth in (a) or (b) above; or
- (d) enter into any discussions or arrangements with any third party with respect to any of the foregoing.

10. Effect of Agreement.

No agreement providing for any Transaction currently exists and none shall be deemed to exist between the parties hereto unless and until a definitive written agreement for any such Transaction is hereafter negotiated, executed and delivered with the intention of being legally bound by the parties hereto and any other necessary parties. The parties hereto agree that unless and until a definitive agreement between them with respect to a Transaction has been executed and delivered by them and any such other parties, with the intention of being legally bound, neither party nor any of their respective affiliates shall be under any obligation of any kind whatsoever with respect to a Transaction, including any obligation to commence or continue negotiations with respect to any possible Transaction, by virtue of this Agreement or any other written or oral expression with respect to such a Transaction by the parties hereto or any of their Representatives.

11. Designated Contact Persons.

Each party to this Agreement and its Representatives will designate appropriate contact persons for due diligence purposes. All communications regarding any Transaction, requests for additional information, requests for site tours or management meetings and discussions or questions regarding procedures, will be directed exclusively to such contact persons, and neither party hereto nor any of its Representatives will initiate or cause to be initiated any communication with any director, officer or employee of the other party hereto or its Representatives, other than such contact persons, concerning the Evaluation Material (including any requests to obtain or discuss any Evaluation Material) or any possible Transaction.

12. Non-Solicitation.

Each party to this letter agreement agrees that, for a period of one year from the date hereof, it will not solicit or hire any of the Representatives of the other party or any of its subsidiaries; provided, however, that the foregoing does not preclude a party hereto or its Representatives from:

- (a) soliciting employees through, or hiring employees who respond to, general job advertisements or similar notices that are not targeted specifically at the employees of the other party hereto; or
- (b) engaging any recruiting firm or similar organization to identify or solicit persons for employment on such party's behalf, or soliciting the employment of any employee who is identified by any such recruiting firm or organization, as long as such recruiting firm or organization is not instructed to target any employees of the other party hereto; or
- (c) soliciting or hiring employees whose employment has been terminated by the other party hereto.

13. Securities Law Compliance.

It is expected that the Evaluation Material will contain material information about the Discloser that has not been disclosed to the public generally. Each party hereto understands that it and its affiliates and Representatives could be subject to fines, penalties and other liabilities under applicable securities laws if it or its affiliates or Representatives trade in the Discloser's securities while in possession of any such material non-public information or communicate such information to any other person who trades in such securities. Each party hereto agrees that it and its Representatives will refrain from trading in the Discloser's securities until such time as the Recipient and such Representatives may properly do so under all applicable laws and without breach by the Recipient or its Representatives of this letter agreement.

14. Remedies.

The parties to this letter agreement acknowledge and agree that money damages would not be a sufficient remedy for breach of this letter agreement by a Recipient of Evaluation Material or any of its Representatives and that the Discloser of such Evaluation Material shall be entitled to seek equitable relief, including injunctions and specific performance, as a remedy for any such breach. Such remedies shall nonetheless not be deemed to be the exclusive remedies for a breach of this letter agreement, and shall be in addition to all other remedies available at law or in equity. In the event of litigation relating to this letter agreement, the prevailing party shall be entitled to receive from the other party the reasonable legal fees incurred by the prevailing party in connection with such litigation, including any appeal therefrom.

15. General.

- (a) **Waivers and Amendments.** No failure or delay by a party to this letter agreement in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right, power or privilege hereunder. This Agreement may only be amended with the written consent of the parties hereto.
- (b) **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of British Columbia and the laws of Canada applicable therein without regard to principles of conflicts of law.
- (c) **Entire Agreement.** This Agreement contains the entire agreement between the parties hereto concerning the confidentiality of Evaluation Material and the other matters addressed herein.
- (d) **Construction.** The parties hereto acknowledge and agree that they have both participated in the negotiations and preparation of this Agreement, together with their Representatives. Accordingly, the parties hereto further agree that no presumption or burden of proof shall be raised in any question of interpretation of this Agreement based upon any assertion that one party or the other has drafted this Agreement or any provision hereof.

- (e) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original copy of this letter agreement and all of which, when taken together, shall be deemed to constitute a single agreement. No such counterpart need contain the signatures of all parties to this Agreement and the exchange of signed counterparts by each of the parties, including exchange by facsimile transmission or similar means, shall constitute effective execution and delivery of this Agreement.

- (f) Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, including any successor to either party of substantially all of its assets or business, by merger, consolidation, purchase of assets, purchase of stock or otherwise. *** may assign without the consent of Lignol Energy Corporation this letter agreement to any of its wholly-owned subsidiaries, provided that it shall remain jointly and severally liable with such assignee of all obligations hereunder.

Please confirm your agreement with the foregoing by signing and returning one copy of this Agreement to the undersigned, whereupon this letter shall become a binding agreement between you and us.

Very truly yours,

THE BOWRA GROUP INC., RECEIVER OF LIGNOL ENERGY CORP.

By: _____

Name:

Title:

Accepted and agreed as of
the date first written above.

<*>

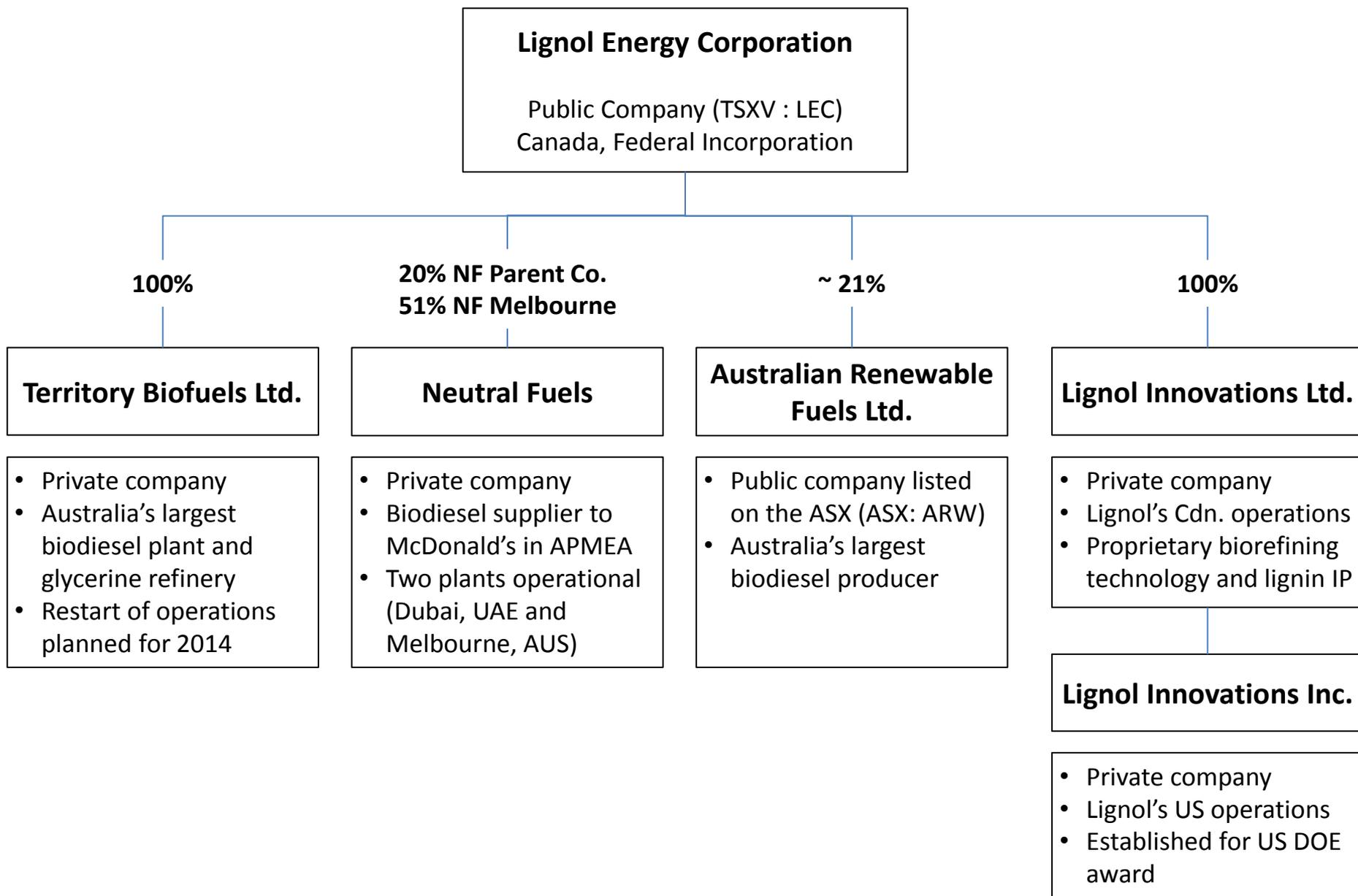
By: _____

Name:

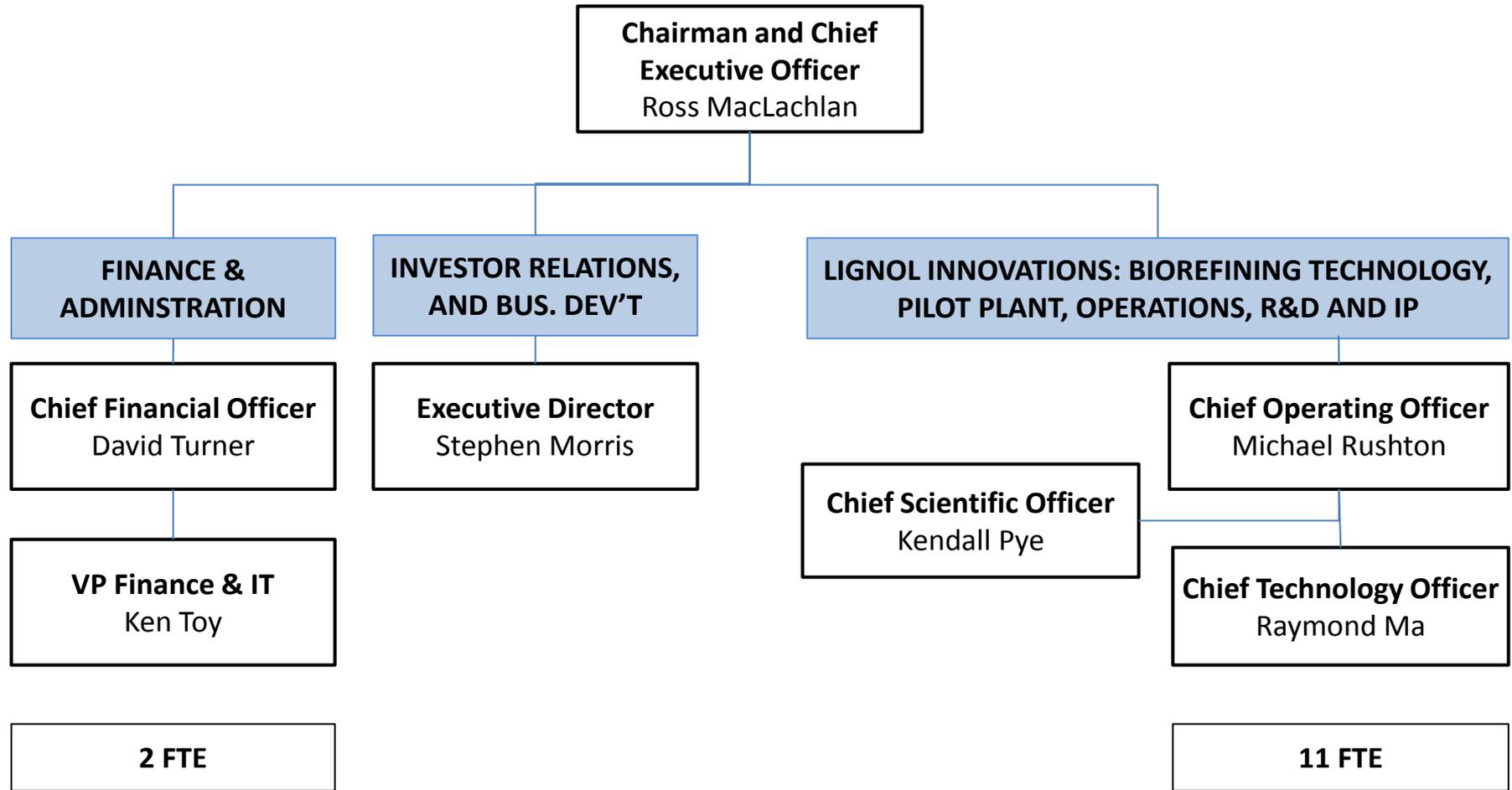
Title:

APPENDIX E

Lignol Energy Corporate Structure Chart



Lignol Energy Corp. Organizational Chart



APPENDIX F



Description of Lignol Pilot Plant & Lab Facilities

Lignol Pilot Plant

Lignol Innovations has built a pilot plant to test and demonstrate Lignol's biorefinery technology in which lignocellulosic biomass such as wood, straw, and other agricultural materials can be converted into a variety of products including: paper grade pulps, ethanol (a renewable transportation fuel), lignin (a valuable, totally organic chemical with multiple uses) and sugars streams. The pilot plant is designed to operate on a campaign basis, running several days per campaign. In general, most of the process equipment is manufactured from stainless steel which provides for both corrosion resistance and ease of cleaning. Electrical equipment conforms to applicable codes, considering the presence of solvent and/or dusts in different areas. Process control is via a Siemens DCS system which allows for both system control and data collection.

Equipment for extraction of feedstocks at elevated temperatures and pressures exists at various scales within Lignol. The pilot plant contains a prototype continuous extraction system and a batch extraction system. The continuous extraction system includes a feedstock hopper, steaming bin and continuous extractor (Extractor C) with associated feedstock feeding screws and pulp discharge screws. Spent solvent processing equipment for continuous extraction was designed with flexibility to operate in two different modes: either flashing immediately to atmospheric pressure in a flash tank (No. 2 Flash Tank) or by first passing through a pressured flash tank (No. 1 Flash Tank), capable of operating anywhere between full extraction pressure down to near atmospheric pressure, prior to flashing to atmospheric pressure. The batch extraction system consists of a 265 L batch extractor (Extractor B) and hot oil based circulation heaters and uses No. 1 Flash Tank as a full temperature and pressure solvent accumulator. The flash tanks are equipped with heat exchangers used to condense process vapours to recover solvent. In addition, the flash tank skid contains an agitated 300 L Mix Tank used to precipitate lignin from spent solvent and an agitated 400 L Lignin Washer Buffer Tank. Pumps are included in the pilot plant systems and are rated for process pressures and temperatures as appropriate.

Lignin recovery following precipitation is performed using a belt filter designed to operate as a continuous washer. Lignin slurry is thickened in the first zone of the filter while the later zone is for washing of lignin to recover ethanol and other constituents prior to drying the lignin. Lignin drying is accomplished using an enclosed drying system employing a re-circulating nitrogen environment.

Solvent recovery is performed using a two-tower distillation system with a forced circulation reboiler. The distillation columns use a combination of trays and packing to effect the desired liquid-vapour contact. Ethanol is recovered as the overheads stream and is at near azeotropic concentration. The bottoms stream from distillation can be further processed in a forced circulation evaporation system to concentrate the sugars recovered from the feedstock.

Pulp washing equipment consists of a combination of storage tanks and pulp presses. The pulp is washed via dilution in a 2,500 L Pulp Storage Tank and subsequent pressing (i.e. dilution washing). Washed pulp can either be collected as a wet pulp product or further processed and stored in one of three 3,700 L fermentation/beer still tanks. The fermentation skid includes temperature control systems suitable for enzymatic hydrolysis and fermentation conditions.

Storage tanks reside mainly within the building and are also of stainless steel construction. The pilot plant includes 7 storage tanks for process streams ranging in volume from 1,200 to 8,450 liters plus 4 "water" tanks ranging in volume from 1,500 to 7,200 liters.

Utilities include a CIP system which uses caustic for cleaning the various process tanks. Other utility systems include a 215 KW natural gas fired steam boiler, an electrically heated hot oil system, a cooling water system, a vent system including a catalytic thermal oxidizer for destroying organic compounds in vapour streams, and an air compressor.



Lignol Laboratory Facilities

Lignol operates two research and analytical laboratories with a combined floor space of 1750 ft². These labs provide analytical support to the pilot plant as well as to conduct research, mostly related to product development. A list of the current active R&D projects is shown below (as of April 2014).

Active R&D Projects

Project ID	Title
228	Optimization of Lignin for Carbon Fibre Production (High Molecular Weight Lignin)
257	Methods Validation
267	Partial Hydrolysis
269	Polyurethane Development
270	Pilot Plant Analysis
272	Business Development
273	Laboratory Maintenance
274	Lignin Active Solvent
275	Fractionation of Lignin Using Membranes
276	pH and Solvent Fractionation of Lignin
278	EcoEnergy
279	Lignin Macropolyols
280	Arg Residue Pulping
281	DSM C5/C6 Fermentation
283	Lignin Oxidation

The labs are staffed by 2 PhD's and 3 chemists/researchers. The labs are well equipment and all analytical procedures are fully documented and verified. Following is a list of the major equipment in the labs:

CATEGORY	Item	Brand	Model
HPLC	Ion Chromatography	Dionex	ICS-3000
	Dual Pump	Dionex	
	Autosampler	Dionex	
	AXP pump	Dionex	
	AXP-MS pump	Dionex	
	RID	Agilent Technologies	G1362A
GC	Gas Chromatography	Agilent Technologies	7890A
			6890N
	Autosampler	sdsd	7693
	Injector	Agilent Technologies	G4513A
			7693B Series
	Inert MSD	Agilent Technologies	5975C
GPC	Gel Permeation Chromatography	Agilent Technologies	1200 Series
	ALS	Agilent Technologies	G1329A
	Degasser	Agilent Technologies	G1322A



	Quat Pump	Agilent Technologies	G1311A
	TCC	Agilent Technologies	G1316A
	VWD	Agilent Technologies	G1314B
MDSC	Modulated Differential Scanning Calorimetry	TA Instruments	Q200
	Refrigerated Cooling System	TA Instruments	
TGA	Thermogravimetric Analyzer	TA Instruments	Q50
	Heat Exchanger	TA Instruments	
UV-Vis	Spectrophotometer	Hach	DR5000
		Varian	Cary 50 Bio
		Molecular Devices	SpectraMax Plus
FTIR	Fourier-Transform Infrared Spectrometer	Bruker	Tensor 27
	IR Pellet Maker	Pike Technologies	CrushIR
pH Meters	pH meter	Mettler Toledo	Seven Multi
			Seven Easy
	Dual channel pH/ion/conductivity meter	Fisher Scientific	Accumet Excel XL50
	pH/conductivity meter	Fisher Scientific	Accumet Excel XL20
Viscometers	Viscometers	Hydramotion	Viscolite 700
		Hydramotion	ReactaVisc 300
		Cambridge Viscosity	ViscoLab 3000
Microscope	Microscope	Fisher Scientific	Micromaster
Melting Point	Melting Point Analyzer	Barnstead Electrothermal	Mel Temp
Balances	Analytical Balance, 4dp	Mettler Toledo	XS204
		Mettler Toledo	XP204
	Analytical Balance, 6dp	Mettler Toledo	XP56
	Top-loading Balance, 2dp	Mettler Toledo	XP6002S
		Mettler Toledo	PB8001-S/FACT
		Mettler Toledo	XP10002S
		Denver Instrument	S-6002
		AcculAB	VI-400
	Top-loading Balance, 1dp	Fisher Science Education	SLF 5001-US
	Moisture Balance	Mettler Toledo	HB43 Halogen
	Mettler Toledo	HB43-S Halogen	
ASE	Accelerated Solvent Extractor	Dionex	ASE350
Rotavaps	Rotavapor	Buchi	R-210
	Heating Bath	Buchi	B-491
	Vacuum Controller	Buchi	V-855
	Multivapor	Buchi	P-6



		Buchi	P-12
Vacuum Pumps	Vacuum Pump	Buchi	V-700
		MaximaDry	
	Freeze Dryer	Labconco	Triad
Ovens	Ovens	Fisher Scientific	Isotemp
	Vacuum Oven	Fisher Scientific	Isotemp 281A
		Fisher Scientific	285
	Forced -Draft Furnace	Fisher Scientific	Isotemp Programmable
Water Baths	Circulating Water Bath	Magni Whirl	
	Water Bath	Fisher Scientific	Isotemp 210
Hot Plates	Stirring Hot Plate	Thermo Scientific	Isotemp
		Corning	PC-420D
		Thermolyne	Nuova II
	RBF Heating Mantle	Barnstead Electrothermal	
		Glas-Col	TM108
		Thermo Scientific	
Stirrers/Shakers	Stir Plate	Barnstead Electrothermal	Thermolyne
		Fisher Scientific	
	Digital Stirrer	IKA	RW 20
	Thermomixer	Eppendorf	R
	Shaker	Elmi Skyline	DTS-4
	Intelli-mixer	Elmi Skyline	RM-2L
	Vortex Mixer	Barnstead Electrothermal	MaxiMix II
		Fisher Scientific	
		Scientific Industries	Vortex Genie 2
	Incubator Shaker	New Brunswick Scientific	Excella E24
	New Brunswick Scientific	Innova 44	
Centrifuges	Microcentrifuge	Sorvall-Fresco	
	Centrifuge	Thermo Scientific	Sorvall Legend XTR
Thermometers	Temperature Regulators	Thermo Scientific	DC10/K20
		Thermo Electron Corporation	Haake DC10
	Thermocouple Thermometer	Digi-Sense	Dual Jtek
	Biological Safety Cabinet	Thermo Electron Corporation	Forma Class II, A2
	Autoclave	Tuttnaeur Brinkmann	3870E
	Nanopure Water Filtration System	Millipore	Direct-Q
	Parr Reactor	Parr	4843



	Dishwasher	Miele Professional	G7883
	Crimper	Wheaton	Crimpenstein
	Mill	Thomas Scientific	3383-L10
	Deep Fryer	TFal	EZ Clean
	Transformer	Variac	SC-5T
	Oscilloscope	Tektronix	TDS 2002B
	DC Power Supply	GW Instek	GPS-303OD
	Desoldering Tool	Hakco	FM-204-01
	Destaticizer	Mettler Toledo	EN 8 SLC
	Sonicator	Branson	3510

LIGNOL INNOVATIONS LTD.

Summary of Total Pilot Plant & Laboratory Equipment Purchases
(Gross, before Government & Corporate Contributions)

As at April 30, 2013

	Gross Cost
	\$
Pilot Plant Equipment	
Extractor A "Batch Skid"	420,429
Construction (Fiscal 2008-09)	8,302,737
Expansion (Fiscal 2010-11)	1,279,946
	<u>10,003,112</u>
 Laboratory Equipment	 <u>2,137,745</u>

LIGNOL INNOVATIONS LTD.		
Summary of Total Pilot Plant Construction Purchases (Fiscal 2008 & 2009)		
As At April 30, 2013		
PO Number	Vendor	Description
PO6012	Metso Paper	Continuous Digester
PO6012-A	Metso Paper	Continuous Digester - addition
PO7001	Vincent Corporation	Pulp wash press
PO7002	Ultra Drytech Engineering Ltd.	Lignin Dryer Skid
PO7003	Larox Inc.	Lignin filter
PO7004	Koch-Glitsch Canada	Ethanol Recovery Towers
PO7005	Anhydro Inc.	Evaporator skid
PO7006	Catalytic Combusion Corporation	Termal oxidizer
PO7007	Littleford Day, Inc.	Mixer Skid
PO7008	Continental Conveyor & Machine Works Ltd	Screw Conveyor
PO7009	KBHK Air Systems Inc.	HVAC
PO7010		
PO7011	Ellett Industries Ltd.	Flash / Mix Skid
PO7011-A	Poyry	Flash Tank Piping Layout
PO7012	CPE Systems Inc.	Fermenter skid
PO7013	Leavitt Machinery	Scissor Lift
PO7014		
PO7015	Ellett Industries Ltd.	Lot of stainless steel tanks
PO7016		
PO7017	Trane Northwest HVAC Sales	Cooling system
PO7018	Zesta Engineering Ltd	Hot oil system
PO7019	Continental Conveyor & Machine Works Ltd	Chip Transport Conveyors
PO7020	Andrew Garner & Associates Inc.	Corrosion testing
PO7021	All-Pro Services Ltd.	Steam boiler
PO7022	Scientific Surplus, LLC	Small fermentor
PO7023		Mechanical installation & insulation
PO7024	National Process Equipment	Instrumentation air system
PO7025	Enermax Fabricators Ltd.	Distillation Towers (Stripper/Rectifier/Reboiler)
PO7026	CPE Systems Inc.	CIP Skid
PO7027	Energy Technology Products (New York Blower)	RTO Vent Fan
PO7028	Commander Warehouse Equipment	Self Sumping Dumpster
PO7029	Lockerbie & Hole Contracting Limited	Machanical Engineering
PO7030	Mott Electric	Electrical & Instrumentational Contractors
PO7031		
PO7032	Wesco	LV Motors
PO7033	Contro Valve Inc	Control valves
PO7034	Quantum Supply Ltd.	Pressure safety valves
PO7035	IPS Project Systems	Ground penetrating radar & services
PO7036	Hayward Gordon Ltd	Fluid process pumps
PO7037	Goulds / ITT	Pumps
PO7038	CPE Systems Inc.	Centrifugal Pump
PO7039	Austin Denholm Industrial Sales Inc.	Diaphragm Pumps
PO7040	Austin Denholm Industrial Sales Inc.	Progressive Cavity Pump
PO7041	Smith Cameron	Solvent Pumps
PO7042		
PO7043	Bancroft Western Sales Ltd	Pulp storage tank agitator
PO7044	Hayward Gordon Ltd	Process mixers, Tank Agitators
PO7045	E.B. Horsman & Son	Control System (DCS)
PO7046	E.B. Horsman & Son	Starters
PO7047		
PO7048		
PO7049	Norpac Controls	General Transmitters
PO7050	Ellett Industries Ltd.	Level gauge
PO7051	Bearing & Transmission	Rotary Feeder Drive

PO Number	Vendor	Description
PO7052	BG Control	General Instrumentation
PO7053	E.B. Horsman & Son	Solenoid Valves
PO7054	GEA PHE Systems NA, Inc.	Heat Exchangers
PO7055	G. Trasolini Contractors	Underground Piping
PO7056	Trane Northwest HVAC Sales	Nitrogen Cooling Coil
PO7057	CPE Systems Inc.	Yeast Cart
PO7058	Mettler Toledo Inc	Mass Scales
PO7059	Zirco (1989) Ltd	Buckling Pin Relief Valves
PO7060	CB Engineering Ltd	LEL Gas Detector
PO7061	CPE Systems Inc.	Pressure Relief Valve
PO7062	BG Control	Level Transmitters
PO7063	Andrew Garner & Associates Inc.	Corrosion testing
PO7064	Preston Phipps Inc.	Stream Traps
PO7065	Groth Corporation	Flame Arrestor
PO7066	Cole Parmer	Standard Digital Pump System
PO7067	Enermax Fabricators Ltd.	Level Bridle for Distillation Towers
PO7068	Ludeman Trucking, Ltd.	Delivery Fermenter Skid fr. CPE
PO7069	Acklands Grainger	Pallet Jack, shop supplies
PO7070	Acuren Group Inc.	Radiographic Inspection
PO7071	Metso Paper	Continuous Digester - Commissioning Services
PO7072	Fike Canada, Inc.	Explosion Vent
PO7073	Meridian Valve	Valves
PO7074	SMC Canada	Poly Tubing
PO7075	Thorburn Equipment Inc	Flexible Metallic Hose
PO7076	Acuren Group Inc.	Radiographic Inspection - Pressure Vessel
PO7077	CPE Systems Inc.	Evaporator skid (refurbish)
PO7078	E.B. Horsman & Son	2-way Solenoid Valve
PO7079	Simplex Grinnell	Fire Alarm System
PO7080	Koch-Glitsch Canada	Recovery Tower
PO7081	Contro Valve Inc	Limit Stop Kit
PO7082	Norpac Controls	Relay
PO7083	Westcoast Cutting & Coring	Hole Cutting Service
PO7084	BC Safety Authority	Inspections
PO7085	IPS Project Systems	Radar Survey of water line
PO7086	Ludeman Trucking, Ltd.	Delivery Flash Skid
PO7087	All-Pro Services Ltd.	Gas Fitter
PO7088	Apollo Sheet Metal Ltd	Pulp Bin Hood & Lab Fermenter Support Bench
PO7089	E.B. Horsman & Son	Speed Switch Control Box
PO7090	BG Control	Relief Valve
PO7091	Lechler Inc.	Water Nozzle
PO7092	Cole Parmer	Flow Indicators
PO7093	Surrey Fluid Power Ltd.	Air Pressure Regulator
PO7094	Columbia Valve & Fitting Ltd.	Swagelok
PO7095	Ideal Door Ltd.	Garage Door Opener
PO7096	Columbia Valve & Fitting Ltd.	Swagelok
PO7097	Contro Valve Inc	Contro Valve Seat & Tool
PO7098	Columbia Valve & Fitting Ltd.	Swagelok
PO7099	McMaster Carr	O-ring kits
PO7100	BC Bearing Engineers	Drive Transmission Components
PO7101	Innovative Machining	Mild Steel Plate
PO7102	Abcco Products	Cooler Rental
PO7103	Westcoast Cutting & Coring	Diamond Core Drilling
PO7104	Apollo Sheet Metal Ltd	Enclose Coil
PO7105	Columbia Valve & Fitting Ltd.	Swagelok
PO7106	Surrey Fluid Power Ltd.	Tubing
PO7107	Magnacharge Battery	Forklift Charger
PO7108	Acklands Grainger	Carseals and tags, spill kit
PO7109	Electro Motors Co. Ltd	WEG Motor repair
PO7110	Scientific Surplus, LLC	Serum Port Assemblies
PO7111	Columbia Valve & Fitting Ltd.	Swagelok

PO Number	Vendor	Description
PO7112	Littleford Day, Inc.	Liquid Lance Assembly
PO7113	Komol Plastics Co	Bulk bags
PO7114	Surrey Fluid Power Ltd.	Tubing
PO7115	Innovative Machining	Modify Collar & Key
PO7116	CPE Systems Inc.	Pump Assembly
PO7117	Austin Denholm Industrial Sales Inc.	Pressure Regulator
PO7118	Columbia Valve & Fitting Ltd.	Swagelok
PO7119	Meridian Valve	Dryer Fitters
PO7120	Surrey Fluid Power Ltd.	Tubing
PO7121	Larox Inc.	Filter Cloths
PO7122	National Process Equipment	Sundyne Pump Parts
PO7123	Enermax Fabricators Ltd.	Apply FV
PO7124	BG Control	Vent pressure/Temperature Indicator
PO7125	Norpac Controls	RTD Probes for Dryer
PO7126	Columbia Valve & Fitting Ltd.	Swagelok
PO7127	E.B. Horsman & Son	Lignin Dryer Solenoids
PO7128	Contro Valve Inc	Valve Trim Kits
PO7129	CPE Systems Inc.	Fermenter Hoses
PO7130	Norpac Controls	HART Communicator
PO7131	Imperial Valve	PRV for Hot Oil
PO7132	CPE Systems Inc.	Syringes for Fermenter
PO7133	Scientific Surplus, LLC	Small fermentor
PO7134	Columbia Valve & Fitting Ltd.	Swagelok
PO7135	Fike Canada, Inc.	Rupture Disk holder
PO7136	Aesseal Canada Inc.	Gould Pump Repair
PO7137	CPE Systems Inc.	Refurbishment of Lignin Dryer
PO7138	G. Trasolini Contractors	Watermain Repair
PO7139	Acklands Grainger	SCBA Rescue Tanks
PO7140	Norpac Controls	Rotary Control Valve
PO7141	Meridian Valve	SS Pipe Reducer/Bushing
PO7142	Columbia Valve & Fitting Ltd.	Swagelok
PO7143	Abcco Products	Refrigerators
PO7144	Klondike Contracting	Waste Bin, Carpentry
PO7145	Rodger Industries Inc.	Spare Sanitary Fitting
PO7146	CPE Systems Inc.	CPE Site Work
PO7147	CPE Systems Inc.	Side Draw Cooler
PO7148	CPE Systems Inc.	Replacement Pumps
PO7149	Benchmark Instrumentation & Analytical	Cooler Gaskets
PO7150	Contro Valve Inc	Seat Ring
PO7151	Advantage Thermal Service	Pilot Plant Insulation
PO7152	New Line Hose & Fitting	Extractor Flush Line Hoses
PO7153	Columbia Valve & Fitting Ltd.	Swagelok
PO7154	Sinco Engineering Ltd.	Engineering work
PO7155	CPE Systems Inc.	Replacement Pumps
PO7156	BG Control	Pressure Gauge
PO7157	Austin Denholm Industrial Sales Inc.	Pump Seal Repairs
PO7158	Sihi Pumps	Pump Repairs
PO7159	Columbia Valve & Fitting Ltd.	Swagelok
PO7160	Fastenal	Fasteners
PO7161	EB Horsman & Son	Changing MSPs
PO7162	Viking Pump of Canada	PVDF
PO7163	National Process Equipment	Service Call
PO7164	Austin Denholm Industrial Sales Inc.	Electric Motor
PO7165	Canadian Mill Equipment	Performance Screen
PO7166	EB Horsman & Son	Upgrade G-916 Nreaker
PO7167	Columbia Valve & Fitting Ltd.	Swagelok
PO7168	CPE Systems Inc.	Ampco Pump Spare Parts
PO7169	M.Struss Welding	
PO7170	CPE Systems Inc.	Camlock Fitting, Filter Level Switch
PO7171	Klondike Contracting	Distillation Roof Enclosure

PO Number	Vendor	Description
PO7172	KJB Industries Ltd.	Chip screen support frame
PO7173	Tinsley, Inc.	Chip Screen Replacement Deck
PO7174	Black & MacDonald Limited	Water Cooler Repair
PO7175	United Lock Block Ltd.	Chip Screen Anchors
PO7176	G. Trasolini Contractors	Replacement Catch Basin Lid
PO7177	Roussos Electric Ltd.	Electrical works
PO7178	HBHK Air Systems	Flash Skid Roof Cover
PO7181	Columbia Valve & Fitting Ltd.	Swagelok
N/A	Poyry	Pilot Plant Detailed Engineering
N/A	Poyry	Assist Lockerbie & Hole Piping Isometric
N/A	Poyry	Field Assistance
N/A	Poyry	Ethanol Drying
N/A	Poyry	PP as build P&ID's
N/A	Sacuv-Davey	Project Engineering Services
N/A	Levelton	
		Visa?
		Change orders?
PO8001	Brinkmann	High Temperature Circulator
PO8002	Rose Scientific	Labfors Bioreactor
PO8003	Rose Scientific	Nucleo Counter
PO8004	Westech Industrial Ltd	Hydromotion Viscometers
PO8005	Vincent Corporation	Press Rental
PO8006	Philadelphia Mixing Solutions	Testing services
PO8007	Smith Cameron Pump Solutions	Diaphragm Pump
PO8008	CPE Systems Inc.	Fermenter Bench
PO8009	Vincent Corporation	Pulp Wash Press
PO8010	Bruker Optics	SpecFT-IR Spectrometer
PO8011	** Cancelled **	
PO8012	Philadelphia Mixing Solutions	Large Pulp Mixer
PO8013	Vincent Corporation	Pulp Filters
PO8014	Paul Adam	Pulp Shredder
PO8015	Sinco Engineering Ltd.	Mechanical Construction
PO8016	Austin & Denholm Industrial Sales	Mixer Motors
PO8017	Archon Industrieies, Inc.	Fermenter Tank Windows
PO8018	Cole-Parmer Canada	Rayon Swabs
PO8019	Oxoid Canada	CIP Effectivity Media Plates
PO8020	Mott Electric	Power Supply for Lab Fermenter
PO8021	ControValve	Control Valve
PO8022	Norpac Controls	Temperature Sensor
N/A	Poyry	Enzyme Project
N/A	Amy Chiu	Filter & Filtler Paper
PO9001	Poyry Engineering	Extractor B Engineering

LIGNOL INNOVATIONS LTD.			
Summary of Total Pilot Plant Expansion Purchases (Fiscal 2010 & 2011)			
As At April 30, 2013			
Date	Vendor	Description	PO#
5/1/09	Vincent Corporation	Screw press CP-6	8009
5/1/09	GEA PHE	Heat exchanger	7054
5/1/09	Archon Industries, Inc.	Sanitary glass assembly	8017
5/1/09	Klondike Contracting Corporation	Roof top enclosure	7171
5/12/09	CST Innovations Ltd.	Wood refiner	7182
5/13/09	CPE Systems	Ampco pump spare parts	7168
5/13/09	Metso Paper	Extractor C	8800
5/14/09	Norpac Controls	Temperature transmitter	8022
5/15/09	CPE Systems	Heat exchanger skid	9009
5/15/09	KBHK Air Systems	Roof opening cover	7178
5/15/09	Arjay Industries Ltd.	Extractor B skid & piping	9010
5/19/09	Advantage Thermal Service Ltd.	Insulation	7151
5/21/09	Contro Valve Inc.	Control valves	8021
5/22/09	Norpac Controls	Relief valve	8023
5/25/09	Fisher & Ludlow	Extractor access platform mate	7183
5/27/09	Austin & Denholm Industrial Sales	Mixer motor	8016
01/06/2009	Poyry Inc.	Enzyme project	N/A
01/06/2009	Poyry Inc.	Extractor B skid 3D model	9007
01/06/2009	Poyry Inc.	Extractor B	9001
01/06/2009	ChemPoint.com	Silicone thermal fluid	9022
02/06/2009	E.B. Horsman & Son	Electrical MCP upgrade	8025
02/06/2009	E.B. Horsman & Son	Electrical MCP upgrade	8025
03/06/2009	CPE Systems Incorporated	Heat exchanger skid-30%	9009
04/06/2009	United Lock-Block Ltd,	Lock blocks	7175
05/06/2009	Rodger Industries Inc.	Sanitary fittings	8028
08/06/2009	Metso Paper Ltd.	Metso filter housings & element	8800
10/06/2009	M. Struss Welding	Bend shaker frame to fit scree	7185
10/06/2009	Rodger Industries Inc.	Sanitary fittings	8028
11/06/2009	Mott Electric Limited	Enzyme-relocate tray & rigid c	N/A
15/06/2009	E.B. Horsman & Son	MCP upgrade	8025
15/06/2009	E.B. Horsman & Son	MCP upgrade	8025
16/06/2009	KJB Industries Ltd.	Chip screen support frame	7172
18/06/2009	Benchmark Instrumentation & Analytical S	Solvent heat exchanger	9004
23/06/2009	Austin & Denholm Industrial Sales	Drain pump	9005
24/06/2009	Sinco Engineering Ltd.	Engineering on Emzyme project	8015
26/06/2009	Mott Electric Limited	Reinstall tray & conduit	N/A
30/06/2009	Rodger Industries Inc.	Gaskets	8028
30/06/2009	Poyry Inc.	Emzyme project	N/A
30/06/2009	Poyry Inc.	Extractor B	9001
30/06/2009	Poyry Inc.	Extractor B skid 3D model	9007
01/07/2009	Vincent Corporation	Vincent screw press CP-4	8005
01/07/2009	Vincent Corporation	Vincent screw press CP-6	8009
01/07/2009	Tinsley, Inc.	Screen deck panels for chip sc	7173
01/07/2009	Philadelphia Mixing Solutions	Mixer motors	8012
01/07/2009	Poyry Inc.	Extractor C	8802
01/07/2009	Mott Electric Limited	Electrical & instrumentation	8026
01/07/2009	Ceva Freight Canada Corp	Freight for mixer	8012

LIGNOL INNOVATIONS LTD.			
Summary of Total Pilot Plant Expansion Purchases (Fiscal 2010 & 2011)			
As At April 30, 2013			
Date	Vendor	Description	PO#
01/07/2009	Ceva Freight Canada Corp	Freight for mixer	8012
07/07/2009	Norpac Controls Ltd.	Control valve	9020
08/07/2009	Smith Cameron Pump Solutions	Solvent pump upgrade	9002
08/07/2009	Praxair Distribution	Nitrogen regulator	9026
10/07/2009	Columbia Valve & Fitting Ltd.	Swagelok	8035
13/07/2009	Surrey Fluid Power Ltd.	SS tube	8036
14/07/2009	Norpac Controls Ltd.	Relief valves	8815
15/07/2009	Meridian Specialties	Regular service valves	9024
19/07/2009	Fairview Conveyor Services Inc.	Stainless steel pulp conveyor	9019
20/07/2009	Norpac Controls Ltd.	Relief valves	9008
20/07/2009	Tekniscience Inc.	Parts for fermenter	8032
21/07/2009	Austin & Denholm Industrial Sales	Reverse PC pump	8803
21/07/2009	Harlow Scientific	BioFlo lab fermentor	8042
22/07/2009	Austin & Denholm Industrial Sales	Reverse PC pump	8803
22/07/2009	Imperial Valve Ltd.	Filter relief valves	8816
22/07/2009	Columbia Valve & Fitting Ltd.	Swagelok	8035
23/07/2009	Valax Manufacturing Inc.	Electrical & Instrumentation	9013
30/07/2009	E.B. Horsman & Son	Electrical MCP upgrade	8025
30/07/2009	E.B. Horsman & Son	Electrical MCP upgrade	8025
31/07/2009	Delpro Industrial Sales Inc.	Pressure transmitters	9015
01/08/2009	Poyry Inc.	Extractor B	9001
01/08/2009	Poyry Inc.	Extractor C	8802
01/08/2009	Preston Phipps Inc.	Steam traps	9025
01/08/2009	Scientific Surplus, LLC	Serum port for fermentor	7110
01/08/2009	Vincent Corporation	Heavy duty swivel casters	8013
01/08/2009	Philadelphia Mixing Solutions	Mixer	8012
04/08/2009	A.R. Thomson Group	Mixer shaft seal	8038
05/08/2009	E.B. Horsman & Son	Flow meter	9023
05/08/2009	E.B. Horsman & Son	Extreme service valves	9006
05/08/2009	BG Controls	Temperature transmitters	9030
06/08/2009	CPE Systems Incorporated	Heat exchanger skid	9009
07/08/2009	Hoskin Scientific Limited	Buchner funnel	8031
07/08/2009	Meridian Specialties	Regular service valves	8818
11/08/2009	E.B. Horsman & Son	Freight-Extreme service valve	9006
11/08/2009	Austin & Denholm Industrial Sales	Flush water pump	8801
11/08/2009	Meridian Specialties	Regular service valves	8818
12/08/2009	Hayward Gordon Limited	Oil circulation pump	9017
13/08/2009	Tekniscience Inc.	Stopper serum	8032
14/08/2009	Meridian Specialties	Stainless steel strainer	9034
15/08/2009	Fairview Conveyor Services Inc.	Conveyor	9019
16/08/2009	Can-Am Air Conditioning Ltd.	Cimpressor & capillary	8050
17/08/2009	Valax Manufacturing Inc.	Electrical and instrumentation	8812
17/08/2009	Roussos Electric	Oil heater	9016
20/08/2009	Austin & Denholm Industrial Sales	Circulation pump	9003
25/08/2009	BG Controls	Temperature transmitters	9030
25/08/2009	Norpac Controls Ltd.	Relief valves	9008
25/08/2009	Delpro Industrial Sales Inc.	Isolation valves	8814

LIGNOL INNOVATIONS LTD.			
Summary of Total Pilot Plant Expansion Purchases (Fiscal 2010 & 2011)			
As At April 30, 2013			
Date	Vendor	Description	PO#
31/08/2009	Poyry Inc.	Extractor C	8802
31/08/2009	Poyry Inc.	Extractor B	9001
01/09/2009	BG Controls	Thermometer	9030
01/09/2009	Arjay Industries Ltd.	Extractor B skid	9010
01/09/2009	Pall Canada Limited	Filter housings and elements	9021
01/09/2009	Sinco Engineering Ltd.	Heat exchanger piping	7186
03/09/2009	Meridian Specialties	Meuller mod	9024
05/09/2009	Sinco Engineering Ltd.	Extractor B	9012
07/09/2009	Harlow Scientific	BioFlow fermenter	8043
08/09/2009	Delpro Industrial Sales Inc.	Isolation valves	8814
08/09/2009	Delpro Industrial Sales Inc.	Isolation valves	8814
08/09/2009	Delpro Industrial Sales Inc.	Isolation valves	8814
09/09/2009	Sinco Engineering Ltd.	Extractor C	8817
09/09/2009	Columbia Valve & Fitting Ltd.	Swagelok	8820
09/09/2009	Austin & Denholm Industrial Sales	Reverse PC pump	8803
10/09/2009	Columbia Valve & Fitting Ltd.	Swagelok	8821
10/09/2009	BG Controls	Instruments	8819
10/09/2009	Unified Alloys	SS compression tube fittings	8055
14/09/2009	Columbia Valve & Fitting Ltd.	Swagelok-TxT plug valve	8054
15/09/2009	Commander Warehouse Equipment	Rolling ladder	9037
16/09/2009	Meridian Specialties	Spectacle blind flange	9040
17/09/2009	Sinco Engineering Ltd.	Mechanical	8015
17/09/2009	Sinco Engineering Ltd.	Relocate air compressor	8048
17/09/2009	Sinco Engineering Ltd.	Mixer assembly	8059
17/09/2009	Sinco Engineering Ltd.	Acorn nuts & washers	8058
23/09/2009	E.B. Horsman & Son	Crouse hinds	8824
24/09/2009	Sinco Engineering Ltd.	Machanical work	8015
01/10/2009	Sinco Engineering Ltd.	Extractor C	8817
01/10/2009	Poyry Inc.	Extractor B	9001
01/10/2009	CPE Systems Incorporated	Tube in tube heat exchanger	8805
01/10/2009	CPE Systems Incorporated	Shell & tube heat exchanger	9009
01/10/2009	CPE Systems Incorporated	Tube in tube het exchanger	8805
13/10/2009	Austin & Denholm Industrial Sales	Circulation pump	9003
13/10/2009	AESSEAL Canada Inc.	Alternate G-261 seal system	9039
22/10/2009	Axton Incorporated	Digester field work	8811
22/10/2009	BCIT	Leasehold Improvement	N/A
23/10/2009	Valax Manufacturing Inc.	DCS configuration extractor C	8810
28/10/2009	Valax Manufacturing Inc.	Electrical & instrumentation	9013
01/11/2009	Poyry Inc.	Extractor B	9001
01/11/2009	Poyry Inc.	Extractor C	8802
05/11/2009	Univar Canada	Thermoil	9046
17/11/2009	Turnkey Control	DCS configuration	9062
17/11/2009	AESSEAL Canada Inc.	Alternate G-261 seal system	9039
23/11/2009	Advantage Thermal Service Ltd.	Extractor C Piping Insulation	8828
01/12/2009	Sinco Engineering Ltd.	Flash mixer B	9012
21/12/2009	Univar Canada	Thermoil	9046
30/12/2009	Norpac Controls Ltd.	Rosemount level transmitter	9052

LIGNOL INNOVATIONS LTD.			
Summary of Total Pilot Plant Expansion Purchases (Fiscal 2010 & 2011)			
As At April 30, 2013			
Date	Vendor	Description	PO#
01/01/2010	Sinco Engineering Ltd.	Piping installation	8817
01/01/2010	Sinco Engineering Ltd.	Mechanical installation	9012
01/01/2010	Arjay Industries Ltd.	Extractor Skid	9010
15/01/2010	Sinco Engineering Ltd.	Install solvent tank air diaph	9012
15/01/2010	Sinco Engineering Ltd.	Install flow meter on wash wat	9012
22/01/2010	Advantage Thermal Service Ltd.	Piping insulation	9207
22/01/2010	Advantage Thermal Service Ltd.	Piping insulation	9207
01/02/2010	Austin & Denholm Industrial Sales	Circulation pump	9003
01/02/2010	Valax Manufacturing Inc.	DCS Panel & Module	9014
01/02/2010	Valax Manufacturing Inc.	Electrical & Instrumentation	9013
01/02/2010	Valax Manufacturing Inc.	DCS configuration extractor C	8810
01/02/2010	Arjay Industries Ltd.	Extractor B Vessel	9010
01/03/2010	Valax Manufacturing Inc.	DCS Panel & Module	9014
01/03/2010	Valax Manufacturing Inc.	DCS configuration extractor C	8810
01/03/2010	Valax Manufacturing Inc.	DCS configuration extractor C	8810
05/04/2010	CPE Systems Incorporated	Strainer press insert assembly	9220
FY10			
10/8/10	New Logic Research, Inc.	VESP Pilot Equipment	6380
11/2/10	CPE Systems Incorporated	Separate box & drum top assembly	6368
12/1/10	New Logic Research, Inc.	VESP Pilot Equipment	6380
1/19/11	Mackenzie Mechanical	Ventilation upgrades	6308
1/31/11	Sinco Engineering Ltd.	VSEP piping	6427
4/30/11	Metso		PO7000

LIGNOL INNOVATIONS LTD.

Summary of Total Laboratory Equipment Purchases

At At April 30, 2013

Vendor - Description

Agilent - Gas Chromatography GC (#1) Total

Agilent - Gas Chromatography GC (#2) Total

Agilent Technologies - MSD Productivity ChemStation Total

Brinkmann Instruments - High temperature Circulator (#1) Total

Brinkmann Instruments - High temperature Circulator (#2) Total

Burker Biospin - Top Spin Total

Burker Optics - FTIR spectrometer Tensor Total

Cambridge - Visco lab sensor Total

Chemglass - 30L reactor Total

CIMS - Sample management system Total

Dionex - ASE 350 Total

Dionex - Ion Chromatography ICS 3000 (#1) Total

Dionex - Ion Chromatography ICS 3000 (#2) Total

Dionex - Ion Chromatography ICS 3000 (#3) Total

Dyadic - C1-G3 Filtrate Fermentation Total

Firing Industries - Grinding tank Total

Fisher - Elix water reservoir Total

Fisher - Freezer Total

Fisher - Freezone Total

Fisher - lab washer Total

Fisher - Legend XTR cell culture package Total

Fisher - Micro balance Total

Fisher - Multi-vapor P-12 Total

Fisher - P-6 multivapor condenser Total

Fisher - Peristaltic pumps Total

Fisher - Pressure Reaction Apparatus Total

Fisher - Refrigerated Incubator Shaker Total

Fisher - Rotavapor Total

Fisher - Rotor Pack Total

Fisher - spectrophotometer Total

GE Healthcare - Fast Protein Liquid Chromatographer Total

Kruss - Tensiometer Total

Masuko Sangyo - Super mass colloidier Total

MatLab - Analytical Software Total

Novasep - Filtration system Total

PerkinElmer - Elemental Analyzer Total

Rose Scientific - Labsfor III fermenters Total

TA Instrument - Modulated Differential Scanning Calorimeter MDSC Total

Transition Tech - Dual-channel biochemistry analyzer Total

Westech Industrial - Hydromotion viscometers Total

Others Total (~ 243 small items, average ~\$1800 per item)

Grand Total

Item	Size	Quantity	Location Notes
Flat toothpicks		650	11
Top-loading balance	small	1	104
Temperature controller		1	104
Mechanical stirrer blade		1	104
Septum (for RBF)		58	106
Funnel adaptor, plastic		7	106
		6	106
		5	106
		4	106
		3	106
		2	106
		1	106
Rubber stopper		14	106
		13	106
		12	106
		10	106
		9	106
		7	106
		6	106
		5.5	106
		5	106
Snap Cap	7666-50 plastic	26	64
Racks	Test tube; metal	6	39/74
	Plastic	2	39
Plastic Jugs	1000mL Fisher PP	5	Benchtopy
	1000mL Nalgene	2	Benchtopy
	600mL Nalgene	1	Benchtopy
	400mL Nalgene	1	Benchtopy
	250mL Nalgene	1	Benchtopy
	100mL Nalgene	1	Benchtopy
	50mL Nalgene	1	Benchtopy
Eppendorf Thermomixer R		1	Benchtopy
ELMI Skyliner Shaker DTS-4		1	Benchtopy
Vial trays	2mL	100	36
	8mL	1	73
Vortex mixer		2	Benchtopy
Soxhlet heating mantle	250mL; 3-place	2	57
Soxhlet condenser		6	57
Pipettes	100uL multichannel	1	56
	300uL multichannel	1	56
	1200 multichannel	1	56
	50-300 multichannel	1	56
Gas personal sampling pump and charcoal tubes		1	43
Stirbars	assorted		72
Pipette bulbs	latex	72	72
Epitube racks		2	73
Glass beads	3mm	1 bottle	74
Stainless steel beads			74
Ceramic/Porcelain beads			74
Stirrer/hotplate		6	Benchtopy Corning PC-420D
Bottle-top dispenser	2000mL; 30mL dispenser	1	79
Centrifuge bottles	large		75/76
Connectors	barbed Y-hose	30	75
Tubing	assorted		86
Ultrasonic bath		1	Benchtopy
ASE (extractor) components			88/89
Multivap components			88/89
Heating mantle	1L	1	Benchtopy
Hotwire anemometer		1	Benchtopy
Rotovaps		4	Benchtopy

Vacuum pump w/ controller		3	Benchtop
Multivap	6-place	1	Benchtop
Centrifuge bottles		1	Benchtop Thermo Legend XTK
Water bath		2	Benchtop Isotemp 210
Microcentrifuge		1	Benchtop Sorvall Fresco
Freeze dryer		1	Benchtop Labconco Triad
ASE extractor		1	Benchtop ASE 350
FTIR w/ ATR cell		1	Benchtop Bruker Tensor 27
Parr reactor w/ stirrer	2L	1	Benchtop
Vacuum oven		4	Benchtop
Vacuum pump		3	Benchtop
Hybridization oven		1	Benchtop
Mill		1	Benchtop Wiley
Autoclave		1	Benchtop
Biological safety cabinet		1	Benchtop Forma Class II, A2
Muffle furnace	large	1	Benchtop
	small	1	Benchtop
Tensiometer		1	79 Kruss K90
Clamps	3-prong	3	83
	2-prong	10	83
Tube Shaker w/ adaptors		1	28 Rose IntelliMixer
Butyl gloves	Cat#878-08	1	26 Best
Digital stirrer		1	68 IKA RW70
Jacks	Medium	1	Benchtop
	Large	1	Benchtop
Buret stand w/ clamp		2	Benchtop
Septa seals		301	90
Crimper		1	90
pH meter		2	Benchtop
Magnetic stir plate	small	3	Benchtop
Circulating waterbath		2	Benchtop K20
Cork rings	small	12	105
	medium	4	105
	large	2	105
Kech clips	TS24/40	30	105
	TS45/50	5	105
Thermoprobes		4	102
Thermocouple thermometer		1	102 Digi-Sense Dual Jtek
Thermometer		1	102 SPER Scientific 800007

CATEGORY	Item	Brand	Model	Serial Number	Quantity	Notes		
HPLC	Ion Chromatography	Dionex	ICS-3000		3			
	Dual Pump	Dionex			3			
	Autosampler	Dionex			3			
	AXP pump	Dionex			3			
	AXP-MS pump	Dionex			2			
GC	RID	Agilent Technologies	G1362A	CN60556284	1			
	Gas Chromatography	Agilent Technologies	7890A	US10930019	2			
			6890N	US10639047				
	Autosampler	Agilent Technologies	7693		1			
	Injector	Agilent Technologies	G4513A	CN93201276	2			
				CN95203131				
GPC	Inert MSD	Agilent Technologies	7693B Series	CN63641010	1			
	Gel Permeation Chromatography	Agilent Technologies	1200 Series					
	ALS	Agilent Technologies	G1329A	DE64763387	1			
	Degasser	Agilent Technologies	G1322A	JP73060269	1			
	Quat Pump	Agilent Technologies	G1311A	DE62962129	1			
	TCC	Agilent Technologies	G1316A	DE63964602	1			
MDSC	VWD	Agilent Technologies	G1314B	DE71359751	1			
	Modulated Differential Scanning Calorimetry	TA Instruments	Q200		1			
TGA	Refrigerated Cooling System	TA Instruments			1			
	Thermogravimetric Analyzer	TA Instruments	Q50		1			
UV-Vis	Heat Exchanger	TA Instruments			1			
	Spectrophotometer	Hach	DR5000		1			
		Varian	Cary 50 Bio		1			
FTIR		Molecular Devices	SpectraMax Plus		1			
	Fourier-Transform Infrared Spectrometer	Bruker	Tensor 27		1			
pH Meters	IR Pellet Maker	Pike Technologies	CrushIR		1			
	pH meter	Mettler Toledo	Seven Multi	1230275413	1			
			Seven Easy	1230055258	1			
	Dual channel pH/ion/conductivity meter	Fisher Scientific	Accumet Excel XL50		1			
Viscometers	pH/conductivity meter	Fisher Scientific	Accumet Excel XL20		1			
	Viscometers	Hydramotion	Viscolite 700		1			
		Hydramotion	ReactaVisc 300		1			
Microscope	Cambridge Viscosity	ViscoLab 3000		1				
Melting Point	Microscope	Fisher Scientific	Micromaster		1			
Balances	Melting Point Analyzer	Barnstead Electrothermal	Mel Temp		1			
	Analytical Balance, 4dp	Mettler Toledo	XS204	1123362521	2			
				1130020378				
		Mettler Toledo	XP204	1127453NO	1			
	Analytical Balance, 6dp	Mettler Toledo	XP56	1128342365	1			
	Top-loading Balance, 2dp	Mettler Toledo	XP6002S	1133230134	1			
		Mettler Toledo	PB8001-S/FACT	1127422138	1			
		Mettler Toledo	XP10002S	8016027907	1			
		Denver Instrument	S-6002	21850154	1			
		AcculAB	VI-400		1			
ASE	Top-loading Balance, 1dp	Fisher Science Education	SLF 5001-US	7131050598	1			
	Moisture Balance	Mettler Toledo	HB43 Halogen	1127501064	1			
		Mettler Toledo	HB43-S Halogen	1129132883	1			
ASE	Accelerated Solvent Extractor	Dionex	ASE350		1			

Rotavaps	Rotavapor	Buchi	R-210		4		
	Heating Bath	Buchi	B-491		4		
	Vacuum Controller	Buchi	V-855		3		
	Multivapor	Buchi	P-6		1		
		Buchi	P-12		1		
Vacuum Pumps	Vacuum Pump	Buchi	V-700		7		
		MaximaDry			1		
Ovens	Freeze Dryer	Labconco	Triad		1		
	Ovens	Fisher Scientific	Isotemp		2		
	Vacuum Oven	Fisher Scientific	Isotemp 281A		3		
		Fisher Scientific	285		1		
	Forced -Draft Furnace	Fisher Scientific	Isotemp Programmable		2	small and large	
Water Baths	Circulating Water Bath	Magni Whirl			2		
	Water Bath	Fisher Scientific	Isotemp 210		2		
Hot Plates	Stirring Hot Plate	Thermo Scientific	Isotemp		2		
		Corning	PC-420D		6		
		Thermolyne	Nuova II		1		
	RBF Heating Mantle	Barnstead Electrothermal			1		
		Glas-Col	TM108		1		
Stirrers/Shakers		Thermo Scientific			2	small	
	Stir Plate	Barnstead Electrothermal	Thermolyne		1		
		Fisher Scientific			2		
	Digital Stirrer	IKA	RW 20		2		
	Thermomixer	Eppendorf	R		1		
	Shaker	Elmi Skyline	DTS-4		1		
	Intelli-mixer	Elmi Skyline	RM-2L		1		
	Vortex Mixer	Barnstead Electrothermal	MaxiMix II		2		
		Fisher Scientific			1		
		Scientific Industries	Vortex Genie 2		1		
Centrifuges	Incubator Shaker	New Brunswick Scientific	Excella E24		2		
		New Brunswick Scientific	Innova 44		1		
	Microcentrifuge	Sorvall-Fresco			1		
Thermometers	Centrifuge	Thermo Scientific	Sorvall Legend XTR		1		
	Temperature Regulators	Thermo Scientific	DC10/K20		1		
		Thermo Electron Corporation	Haake DC10		1		
	Thermocouple Thermometer	Digi-Sense	Dual Jtek	424004	1		
	Biological Safety Cabinet	Thermo Electron Corporation	Forma Class II, A2	103833	1		
	Autoclave	Tuttnaeur Brinkmann	3870E		1		
	Nanopure Water Filtration System	Millipore	Direct-Q		1		
	Parr Reactor	Parr	4843		1		
	Dishwasher	Miele Professional	G7883		1		
	Crimper	Wheaton	Crimpenstein		1		
	Mill	Thomas Scientific	3383-L10		1		
	Deep Fryer	TFal	EZ Clean		1		
	Transformer	Variac	SC-5T		1		
	Oscilloscope	Tektronix	TDS 2002B	C059376	1	Two channel digital storage	
	DC Power Supply	GW Instek	GPS-303OD	E1902853	1		
	Desoldering Tool	Hakco	FM-204-01	0002 2042 0900 0263	1		
	Destaticizer	Mettler Toledo	EN 8 SLC		1		
	Sonicator	Branson	3510		1		

Brand

GE Healthcare
Masuko
Novasep
Perkin Elmer
Rose Scientific
Transition Technologies

Instrument

Fast Protein Liquid Chromatography
Super Mass Colloider
Tangential Filtration System
Elemental Analyzer
Labfors III Fermenters
Dual-Channel Biochemistry Analyzer

Item	Size	Quantity	Location Notes
Volumetric flasks	2000mL; TS27	5	64
	1000mL; TS22 class A	5	63
	1000mL; TS22 class B	3	63
	500mL; TS19 class A	1	63
	100mL; snap cap class A	16	63
	50mL; TS13 class A	3	63
	50mL; snap cap class A	18	63
Graduated cylinders	2000mL	3	65
	1000mL	3	65
	500mL plastic	1	65
	250mL	9	65
	100mL	3	65
	50mL	7	66
	10mL	7	66
Beakers	4000mL	1	oven
	2000mL	5	66/oven
	1000mL	8	66/oven
	600mL	10	66
	500mL	8	66/oven
	250mL	12	66/oven
	100mL	6	66
	50mL	10	66
	10mL	2	66
Filter flasks	1000mL	8	13
	500mL	20	92/oven
Erlenmeyer flasks	250mL	8	13
	2000mL	6	71/bio cabinet
	1000mL	4	13
	500mL	10	13
Separatoryfunnel	250mL	57	13/bio cabinet
	125mL	8	13/oven
	2000mL	1	14
	500mL	6	94/96
	250mL	4	94/96
Watchglass	125mL	2	94/96
	60mL	2	96
	7.5cm	10	11
	5cm	1	44
Weighing jars	20mL; TS29/12	12	62
	lid	9	62
Funnels	2.5cm	3	62
	4cm	55	62
	10cm	5	62
	15cm	6	62
	65mm	3	62
	100mm	1	62
Filter crucibles	150mL coarse	3	62
	150mL fine	1	62
	600mL fine	1	62
	50mL fine	1+	62/oven
	50mL medium	2+	62/oven
	50mL coarse	6	62
	succinate	6	62
Buchner funnel	20cm	1	62
Pycnometer	25mL	1	62
Solution bottles	8000mL	1	58
	5000mL	3	58/bio cabinet
	4000mL	2	58/benchttop
	2000mL	10	58/71
	1000mL	1	oven
	500mL	3	58

	250mL	2	58
	100mL	1	58
	25mL	5	62
	50mL	3	62
	25mL lid	2	62
	50mL lid	1	62
	250mL	1	62 description
Filter apparatus	250mL	1	78 Kontex Ultraware
Round bottom flasks	5000mL; 5-neck	1	104
	5000mL; TS24/40	1	22
	5000mL 4-neck	1	103
	2000mL; 4-neck	3	104
	2000mL; 3-neck	1	104
	2000mL; TS29/26	1	103
	2000mL; TS24/40	3	103
	1000mL; TS24/40	2	98/104
	1000mL; TS45/50	1	104
	1000mL; TS24/40 teardrop	7	99/104/64/103
	1000mL; 4-neck	3	104
	500mL; TS24/40	3	104
	500mL; TS24/40 angled 4-neck	1	95
	500mL; TS24/40 teardrop	4	104
	500mL; TS24/40 xmas light	1	104
	500mL; TS24/40 3-neck	1	79
	250mL; TS24/40	18	97/104
	250mL; 4-neck	4	79/104
	250mL; TS24/40 3-neck	15	79/95
	100mL; TS24/40	23	97/99/104/oven
	100mL; 3-neck	1	79/95
	50mL; TS24/40	16	97/99/oven
	50mL; TS14/20	1	79
Addition funnel	250ml; TS24/40	1	99
	125mL; TS24/40	6	96/100
	60mL; TS24/40	5	100
Rotovap adaptor	250mL; TS24/40	3	104
	TS24/40 to 14/20	2	103
Rotovap Wolff bottle		1	104
Stoppers	TS45/50	2	104
	TS24/40	34	64/97/98/benchtop
	TS27	12	64
	TS22	15	64
	TS22 plastic	2	64
	TS19	14	64
	TS16	9	64
	TS16 plastic	3	64
	TS14.5/23 plastic	5	64
	TS14	8	64
	TS14/10	4	98
	TS13	4	64
	TS9	1	64
Adaptors	TS24/49 to 45/40	1	104
	TS45/50 to 55/50	1	104
	TS24/40 to 55/50	10	104/46/98
	TS24/40 to 29/42	3	56/98
	TS24/40 to 10/30	3	56
	TS24/40 to 14/10	4	98 Aldrich
	S; TS24/40 to 24/42	1	56
Syringes	50mL	2	31
	20mL	4	31
	2mL	2	31
Distillation columns	30cm; TS24/40	1	56
	H-column with dispenser	14	46

Stillheads	TS29/42 with 24/40 takeoff and 10/30 port	1	56
	TS24/40 with 10/30 top port	1	56
Glass joints	90o; TS24/40	2	56
	TS10/30, with rod	5	96
Stir shaft joints	TS24/40	3	56
Sintered funnel	600mL medium	1	benchtop
Crystallizing dishes	Large	8	44
	Medium	5	28
	Small	9	44
Volumetric pipette	100mL	4	44
	50mL	1	benchtop
	25mL	7	benchtop
	20mL	1	benchtop
	10mL	2	benchtop
	9mL	1	benchtop
	5mL	1	benchtop
	1mL	1	benchtop
	Burette	50mL	1
25mL		5	44/benchtop
10mL		1	44
Condensers	TS24/40; threaded	6	48/98 GL-14 Chemglass
	TS24/40; barbed	2	48
	Allihn and Soxhlet	2	46
	TS24/40 short	4	98 GL-14 Chemglass
Y-adapter	TS24/40	3	46/56
Extender	TS24/40	1	46
	TS24/40; barbed	1	46
Bulb Stopcock	250mL; TS24/40	1	46
Gas bubbles	>TS10/30; threaded	2	46
Klason stems		6	oven
Septa bottles	150mL	56	92/oven
Klason cups		17	oven
Klason stirrods		20	oven
Reactor w/ lid	3000mL; 4-neck	1	22
Thermometers	15mm; TS10/30	1	56
	Immersion	11	77
	Mercury	2	77
	Regular	1	77
Ash crucibles		36	82 porcelain
Multivap tubes	P6	10	27
	P12	6	27
Screw-cap tubes	100mL	7	27 Pyrex
Soxhlet condensers	TS45/50 top, 24/40 bottom	6	100
Rotovap condenser	P12	1	98
Vacuum distillation separator	4-neck	1	103
Glass rods		30	101

Item	Size	Quantity	Location	Notes	
Weigh boats	Square	110		14	
	Boat	360		14	
	64x19mm aluminum	600		14	
	41x41x8mm plastic	1500		14	
	43mm aluminum w/tab	100		14	
	Large plastic	112		11	
	Medium blue	268		11/26	
Culture tubes	12x75mm glass	1000		14	
	10x75mm glass	200		14	
	15mL plastic	450		14	
	25x150mm glass	40		benchtop	
Pipets	3mL plastic	200		14	
	9" glass	2400		14	
Microscope slides	25x75x1mm	72		11 Fisher	
Multichannel pipet trays	8-channel	3		11	
	lids	8		11	
YSI Thermal paper		2751	19 rolls	38	
Epitubes	1.5mL	700		31/benchtop	
Kimwipes		28		31	
Syringes	3mL plastic	200		31	
	10mL	100		31	
	10mL luer lock	40		31	
	Assorted 3mL and 1mL	50		31	
	1mL plastic	250		benchtop	
	Needles	25g	2 cases		31
		1g	1 case		31
Syringe filters	4mm	78x50pack		36	
	50mm 0.2uM hose barbed	10		36	
	4mm 0.45uM	1000		26/36 Munktell	
	4mm 0.45uM	300		26 Whatman	
	25mm 0.45uM	150		36	
	0.45uM	150		36	
	25mm 0.2uM	50		74	
	Syringeless filter vials		100		36
HPLC vials (snap seal)	10mL	2500		36	
	1mL National Scientific	1000		36	
	2mL	1700		26/36	
HPLC vial caps		2200		32/benchtop	
Vial caps	2mL	500		36	
Crimp-top vials	2mL	3400		26/36	
Crimp-top vial caps		1500		32	
Screw-top vials	1.5mL (non-GPC)	300		36	
	1.5mL	250		36	
Vial inserts		100		32	
Pipette tips	200uL refill	100		benchtop	
Spectrometer plates	96-well	50		58	
Berl saddles		200		56	
Filter papers	125mm; 4	2 boxes		72 Whatman	
	125mm; 3	1 box		72 Whatman	
	125mm; 2	4 boxes		72 Whatman	
	125mm; 1	2 boxes		72 Whatman	
	70mm; 5	2 boxes		72 Whatman	
	70mm; 1	2 boxes		72 Whatman	
	55mm; 1	2 boxes		72 Whatman	
	55mm; 5	3 boxes		72 Whatman	
	42.5mm; 4	1 box		72 Whatman	
	55mm; glass			72 Whatman	
	47mm; glass			72 Whatman	
	24cm; 4	1 box		benchtop Whatman	
	55mm; 5	2 boxes		72 Fisher	
	125mm, hardened ashless	100		67	

Serum vials	1mL	1000	36
Millipore filters	glass fibre membrane		87 87
NMR tubes	2556122-5each 2412805-1pack 535-PP-7	6 6 19	80 Sigma 80 Sigma 80 Wilmad Lab Glass
Scintillaion vials w/ caps	20mL 10mL	200 50	28 28
Face shields		10	70 sticky foam
Aluminum seal	20mm	500	92

APPENDIX G

Lignol Innovations Ltd. Intellectual Property Portfolio Summary

Lignol has created a robust portfolio of Intellectual Property. This portfolio can be divided into 3 broad segments:

1. A series of process and system patents based on Lignol's biorefinery technology. These have evolved over time, as improvements and innovations were found to the original "Alcell"¹ organosolv pre-treatment process. These patents are further supported by technical know-how, experience and expertise developed through years of applied research and operation of various processes at bench, pilot and pre-commercial scale. These patents are summarized in Appendix 1.
2. A series of lignin **composition of matter** and other patents which claim a wide range of lignin derivatives based on their chemical and functional characteristics, such as aliphatic hydroxyl content, normalized radical scavenging index (nRSI), molecular weight, etc. Lignol views these patents as most valuable as the claims capture lignins produced by a number common manufacturing methods, including Kraft and other pulping processes. In addition, these patents cover most of the lignocellulosic feedstocks, including hardwoods, softwoods and annual fibres. Six of these patents have already been granted or allowed in the US, with others pending in CA, EP, BR, CN, etc. These patents are summarized in Appendix 2.

Any manufacturer wishing to make, use or sell lignin products within the patented countries will have to ensure their products, or intermediate products, do not fall within the claim scope of these patents. This could at a minimum involve costly and time consuming analytical testing of their lignin products for multiple properties to ensure non-infringement. Furthermore, any change in process conditions, environmental conditions, or feedstock composition will necessitate additional testing and/or actions to avoid infringement.

3. A number of lignin application patents which target specific end-use. These patents are summarized in Appendix 3.

¹ The Alcell process was developed by Repap in the mid 1980's through to late 1990's as an alternative sulphur-free pulping process to produce high quality pulp and high value-added coproducts, mainly lignin and furfural. Lignol acquired all rights to the Alcell process, along with technical design and operation data in early 2000's.

File #	Status	Title	Filing date	Application #	Priority date	Priority #	Publ. date	Publ. #	Issue date	Patent #
V82803US	ISSUED	Apparatus for treating pulp produced by solvent pulping							28-Oct-97	US 5,681,427
V82805AU	EXAMINATION	Organosolv biorefining of whole sugar cane	15-Jan-10	2010205870	16-Jan-09	61/145478	18-Aug-11	AU2010205870		
V82805BR	EXAMINATION	Organosolv biorefining of whole sugar cane	15-Jan-10	1007047-8	16-Jan-09	61/145478				
V82805CN	EXAMINATION	Organosolv biorefining of whole sugar cane	15-Jan-10	201080012260	16-Jan-09	61/145478	15-Feb-12	CN102356159		
V82805US	EXAMINATION	Organosolv biorefining of whole sugar cane	15-Jan-10	13/146399	16-Jan-09	61/145478	19-Apr-12	US20120094348		
V82805WO	NATIONAL PHASE	Organosolv biorefining of whole sugar cane	15-Jan-10	PCT/CA2010/000057	16-Jan-09	61/145478	22-Jul-10	WO2010/081231		
V82806CA	ISSUED	Hybrid biorefining and gasification of lignocellulosic feedstocks	3-Sep-10	2770561	4-Sep-09	61/239926	10-Mar-11	WO2011/026243	8-Jan-13	CA 2,770,561
V82806US	EXAMINATION	Hybrid biorefining and gasification of lignocellulosic feedstocks	3-Sep-10	13/393000	4-Sep-09	61/239926	8-Sep-12	US20120202260		
V82806WO	NATIONAL PHASE	Hybrid biorefining and gasification of lignocellulosic feedstocks	3-Sep-10	CA2010/001389	4-Sep-09	61/239926	10-Mar-11	WO2011/026243		
V82807AU	EXAMINATION	Concurrent saccharification and fermentation of fibrous biomass	4-Jul-08	2008271884	4-Jul-07	60/947962	8-Jan-09	AU2008271884		
V82807CA	ALLOWED	Concurrent saccharification and fermentation of fibrous biomass	4-Jul-08	2691634	4-Jul-07	60/947962	8-Jan-09	CA2691634		
V82807CN	ISSUED	Concurrent saccharification and fermentation of fibrous biomass	4-Jul-08	2008-0103958.6	4-Jul-07	60/947962	8-Jan-09	CN101784668	25-Dec-13	200880103958.6
V82807EP	EXAMINATION	Concurrent saccharification and fermentation of fibrous biomass	4-Jul-08	2008-772870	4-Jul-07	60/947962	8-Jan-09	EP2173889		
V82807NZ	ISSUED	Concurrent saccharification and fermentation of fibrous biomass	4-Jul-08	582383	4-Jul-07	60/947962	8-Jan-09		9-Jul-12	582383
V82807US	ISSUED	Concurrent saccharification and fermentation of fibrous biomass	3-Jul-08	12/167880	4-Jul-07	60/947962	8-Jan-09	US20090011484	15-Nov-11	US 8,058,041
V82807WO	NATIONAL PHASE	Concurrent saccharification and fermentation of fibrous biomass	4-Jul-08	CA2008/001249	4-Jul-07	60/947962	8-Jan-09	WO2009/003292		
V82808AU	EXAMINATION	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	25-Apr-08	2008255598	2007-05-31 & 2007-08-15 & 2008-01-18	60/941220 & 11/839378 & 12/016932	4-Dec-08	AU2008255598		

File #	Status	Title	Filing date	Application #	Priority date	Priority #	Publ. date	Publ. #	Issue date	Patent #
V82808CA	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	24-Aug-07	2597135	27-Apr-07 31-May-07 31-May-07 04-Jul-07 15-Aug-07	60/914609 60/941197 60/941220 60/947962 11/839378	7-Sep-08	2597135	26-Jul-11	CA 2597135
V82808CN	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	25-Apr-08	200880017996.X	2007-05-31 & 2007-08-15 & 2008-01-18	60/941220 & 11/839378 & 12/016932	4-Dec-08	CN101711263	28-Nov-12	CN 101711263
V82808EP	EXAMINATION	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	25-Apr-08	2008-000748195	2007-05-31 & 2007-08-15 & 2008-01-18	60/941220 & 11/839378 & 12/016932	10-Feb-10	EP2150572		
V82808NZ	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	25-Apr-08	580751	2007-05-31 & 2007-08-15 & 2008-01-18	60/941220 & 11/839378 & 12/016932	4-Dec-08		11-Dec-12	NZ 580751
V82808USCIP1	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	26-Nov-08	12/324311	2007-05-31 & 2007-08-15 & 2008-01-18	60/941220 & 11/839378 & 12/016932	7-May-09	US20090118477	5-Jun-12	US 8,193,324
V82808USCIP1DIV	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	30-May-12	13/484003	2008-11-26	12/324311	20-Sep-12	US20120237980	8-Jul-14	US 8,772,427
V82808USCON	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	30-Jan-08	12/022831	2007-05-31 & 2007-08-15 & 2008-01-18	60/941220 & 11/839378 & 12/016932	4-Dec-08	US20080299629	16-Dec-08	US 7,465,791
V82808USCON2	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	10-Nov-08	12/268417	2007-05-31 & 2007-08-15 & 2008-01-18 & 2008-01-30	60/941220 & 11/839378 & 12/016932 & 12/022831	7-May-09	US20090117226	24-Jul-12	US 8227004
V82808USCON2DIV	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	23-Jul-12	13/555,664	31-May-07	60/941,220	15-Nov-12	US20120289685	10-Sep-13	US 8528463
V82808WO	NATIONAL PHASE	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	25-Apr-08	CA2008/000793	2007-05-31 & 2007-08-15 & 2008-01-18	60/941220 & 11/839378 & 12/016932	4-Dec-08	WO2008/144878		
V82809AU	ISSUED	Concurrent anaerobic digestion and fermentation of lignocellulosic feedstocks	23-May-08	2008255540	31-May-07	60/941197	4-Dec-08	AU2008255540	13-Mar-14	AU2008255540
V82809CA	EXAMINATION	Concurrent anaerobic digestion and fermentation of lignocellulosic feedstocks	23-May-08	2687916	31-May-07	60/941197	4-Dec-08	CA2687916		
V82809EP	EXAMINATION	Concurrent anaerobic digestion and fermentation of lignocellulosic feedstocks	23-May-08	08757138.6	31-May-07	60/941197	3-Mar-10	EP2158167		
V82809NZ	ISSUED	Concurrent anaerobic digestion and fermentation of lignocellulosic feedstocks	23-May-08	581476	31-May-07	60/941197	30-Mar-12	NZ581476	9-Jul-12	581476
V82809US	EXAMINATION	Concurrent anaerobic digestion and fermentation of lignocellulosic feedstocks	23-May-08	12/602,036	31-May-07	60/941197	29-Sep-11	20110236946		

File #	Status	Title	Filing date	Application #	Priority date	Priority #	Publ. date	Publ. #	Issue date	Patent #
V82809WO	NATIONAL PHASE	Concurrent anaerobic digestion and fermentation of lignocellulosic feedstocks	23-May-08	CA2008/001001	31-May-07	60/941197	4-Dec-08	WO2008/144903		
V83021CA	FILED	Organosolv Process (Sweet Spot)	15-Feb-11	2827023	15-Feb-10 30-Jun-10	61/304,755 61/360,377	18-Aug-11	CA2827023		
V83021US	FILED	Organosolv Process (Sweet Spot)	13-Aug-12	13/584,697	15-Feb-10 30-Jun-10	61/304,755 61/360,377	15-Aug-13	US20130210100		
V83021WO	NATIONAL PHASE	Biorefinery Process	15-Feb-11	CA2011/000183	15-Feb-10	61/304,755	18-Aug-11	WO2011/097720		
V83292CA	FILED	Organosolv Process	29-Jun-11	2803177	30-Jun-10	61/360,377	5-Jan-12	2803177		
V83292EP	EXAMINATION	Organosolv Process	29-Jun-11	11800017.3	30-Jun-10	61/360,377	8-May-13	2588664		
V83292US	EXAMINATION	Organosolv Process	2011-06-29 2012-12-27	13/727,997	30-Jun-10	61/360,377	4-Jul-13	US20130172628		
V83292WO	NATIONAL PHASE	Organosolv Process (LTAC)	29-Jun-11	CA2011/000760	30-Jun-10	61/360,377	5-Jan-12	WO2012/000093		
V83440CA	FILED	Biomass Extraction Process	7-Sep-11	2810419	7-Sep-10	61/380,675	15-Mar-12	CA2810419		
V83440EP	FILED	Biomass Extraction Process	7-Sep-11	11822957.4	7-Sep-10	61/380,675	17-Jul-13	EP2614108		
V83440USCON	EXAMINATION	Biomass Extraction Process	7-Sep-11	13/787,565	7-Sep-10	61/380,675	26-Sep-13	US20130252292		
V83440WO	NATIONAL PHASE	Biomass Extraction Process	7-Sep-11	CA2011/001021	7-Sep-10	61/380,675	15-Mar-12	WO2012/031356		
V83790CA1	FILED	Flocculants for Enzyme Recovery and Recycling	22-Mar-12	2772388			22-Sep-13	CA2772388		
V83973CA	FILED	Compositions Comprising Lignocellulosic Biomass and Organic Solvent	23-Mar-12	2829413	24-Mar-11	61/467319	9-Sep-13	CA2829413		
V83973CN	FILED	Compositions Comprising Lignocellulosic Biomass and Organic Solvent	23-Mar-12	201280014785.7	24-Mar-11	61/467319	18-Dec-13	CN103459511		
V83973EP	EXAMINATION	Compositions Comprising Lignocellulosic Biomass and Organic Solvent	23-Mar-12	12760961.8	24-Mar-11	61/467319	29-Jan-14	EP2688959		
V83973US	FILED	Compositions Comprising Lignocellulosic Biomass and Organic Solvent	23-Mar-12	14/028333	24-Mar-11	61/467319	13-Feb-14	US20140046041		
V83973WO	NATIONAL PHASE	Compositions Comprising Lignocellulosic Biomass and Organic Solvent	23-Mar-12	PCT/CA2012/000265	24-Mar-11	61/467319	27-Sep-12	WO2012/126099		

File #	Status	Title	Filing date	Application #	Priority date	Priority #	Publ. Date	Publ. #	Issue date	Patent #
V82790BR	EXAMINATION	Derivatives of native lignins	15-Feb-10	1014400-5	28-May-09 12-Aug-09	61/182,044 & 61/233,345				
V82790CA	FILED	Derivatives of native lignins	15-Feb-10	2,798,158	28-May-09 12-Aug-09	61/182,044 & 61/233,345	1-Nov-12	CA2798158		
V82790CN	EXAMINATION	Derivatives of native lignins	15-Feb-10	201080029603.4	28-May-09 12-Aug-09	61/182,044 & 61/233,345	16-May-12	CN102459426		
V82790EP	FILED	Derivatives of native lignins	15-Feb-10	2010-0779947	28-May-09 12-Aug-09	61/182,044 & 61/233,345	4-Apr-12	EP2435453		
V82790IN	EXAMINATION	Derivatives of Native Lignin	15-Feb-10	10260/DELNP/2011	28-May-09 12-Aug-09	61/182,044 & 61/233,345	26-Oct-12	IN10260DELNP2011		
V82790US	ISSUED	Derivatives of Native Lignins	15-Feb-10	12/705934	28-May-09 12-Aug-09	61/182,044 & 61/233,345	2-Dec-10	US20100305241	21-May-13	US 8,445,562
V82790USCON	ALLOWED	Derivatives of Native Lignin	16-May-13	13/896254	28-May-09 12-Aug-09	61/182,044 & 61/233,345	26-Sep-13	US2013/0253075		
V82790USCON2	FILED	Derivatives of Native Lignin	5-Jun-14	14/297360	28-May-09 12-Aug-09	61/182,044 & 61/233,345				
V82790WO	NATIONAL PHASE	Derivatives of native lignins	15-Feb-10	CA2010/000205	28-May-09 12-Aug-09	61/182,044 & 61/233,345	2-Dec-10	WO2010/135804		
V82991BR	EXAMINATION	Derivatives of Native Lignins From Softwood Feedstocks	15-Feb-10	1014694-6	28-May-09 12-Aug-09	61/182,044 & 61/233,345				
V82991CA	FILED	Derivatives of Native Lignins From Softwood Feedstocks	15-Feb-10	2798161	28-May-09 12-Aug-09	61/182,044 & 61/233,345	1-Nov-12	CA2798161		
V82991CN	EXAMINATION	Derivatives of Native Lignins From Softwood Feedstocks	15-Feb-10	201080029026.9	28-May-09 12-Aug-09	61/182,044 & 61/233,345	28-Nov-12	CN102803281		
V82991EP	EXAMINATION	Derivatives of Native Lignins From Softwood Feedstocks	15-Feb-10	10779949.6	28-May-09 12-Aug-09	61/182,044 & 61/233,345	4-Apr-12	EP2435455		
V82991IN	EXAMINATION	Derivatives of Native Lignins From Softwood Feedstocks	15-Feb-10	10257/DELNP/2011	28-May-09 12-Aug-09	61/182,044 & 61/233,345	26-Oct-12	IN10257DELNP2011		
V82991US	ISSUED	Derivatives of Native Lignins From Softwood Feedstocks	15-Feb-10	12/705938	28-May-09 12-Aug-09	61/182,044 & 61/233,345	2-Dec-10	US2010/0305243	30-Apr-13	US 8,431,635
V82991USDIV	ISSUED	Derivatives of Native Lignin From Softwood Feedstocks	14-Mar-13	13/829608	28-May-09 12-Aug-09 15-Feb-10	61/182,044 12/705,938	5-Sep-13	US2013/0228298	15-Apr-14	US 8,696,865
V82991USCON	FILED	Derivatives of Native Lignin From Softwood Feedstocks	24-Feb-14	14/188495	28-May-09 12-Aug-09 15-Feb-10 14-Mar-13	61/182,044 & 61/233,345 12/705,938 13/829,608				
V82991WO	NATIONAL PHASE	Derivatives of native lignins from softwood feedstocks	15-Feb-10	CA2010/000210	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	2-Dec-10	WO2010/135806		
V82992BR	EXAMINATION	Derivatives of Native Lignins from Annual Fibre Feedstocks	15-Feb-10	PI 1012286-9	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345				
V82992CA	FILED	Derivatives of Native Lignins from Annual Fibre Feedstocks	15-Feb-10	2,798,160	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	1-Nov-12	CA2798160		
V82992CN	EXAMINATION	Derivatives of Native Lignins from Annual Fibre Feedstocks	15-Feb-10	201080029015.0	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	16-May-12	CN102459424		

V82992EP	EXAMINATION	Derivatives of Native Lignins from Annual Fibre Feedstocks	15-Feb-10	10779948.8	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	4-Apr-12	EP2435454	
V82992IN	EXAMINATION	Derivatives of Native Lignins from Annual Fibre Feedstocks	15-Feb-10	10258/DELNP/2011	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	26-Oct-12	IN10258DELNP2011	
V82992US	ISSUED	Derivatives of Native Lignins from Annual Fibre Feedstocks	15-Feb-10	12/705939	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	2-Dec-10	US20100305244	23-Apr-13 US 8,426,502
V82992USCON	EXAMINATION	Derivatives of Native Lignin from Annual Fibre Feedstocks	14-Mar-13	13/826817	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	1-Aug-13	US20130197135	
V82992WO	NATIONAL PHASE	Derivatives of Native Lignins from Annual Fibre Feedstocks	15-Feb-10	CA2010/000209	28/05/2009 & 12/08/2009	61/182,044 & 61/233345	2-Dec-10	WO2010/135805	
V82993US	ISSUED	Processes for recovery of derivatives of native lignin (product-by-process claims)	27-May-10	12/789366	28/05/2009 & 12/08/2009	61/182044 & 61/233345 & 61/304751			19-Feb-13 US 8,378,020
V82993USDIV	ALLOWED	Processes for recovery of derivatives of native lignin (product-by-process claims)	18-Jan-13	13/745673	28/05/2009 & 12/08/2009	61/182044 & 61/233345 & 61/304751	11-Jul-13	US20130178563	
V82993WO1	FILED	Processes for Recovery of Derivatives of Native Lignin (product-by-process claims)	18-Dec-12	PCT/CA2012/001172	N/A	N/A			
V83015BR	EXAMINATION	Derivatives of Native Lignin from Hardwood Feedstocks	15-Feb-10	1014395-5	28-May-09 & 12-Aug-09	61/182,044 & 61/233,345			
V83015CA	FILED	Derivatives of Native Lignin from Hardwood Feedstocks	15-Feb-10	2798256	28-May-09 & 12-Aug-09	61/182,044 & 61/233,345	1-Nov-12	CA2798256	
V83015CN	EXAMINATION	Derivatives of Native Lignins from Hardwood Feedstocks	15-Feb-10	201080029348.3	28-May-09 & 12-Aug-09	61/182,044 & 61/233,345	16-May-12	CN102459425	
V83015EP	EXAMINATION	Derivatives of Native Lignins from Hardwood Feedstocks	15-Feb-10	10779950.4	28-May-09 & 12-Aug-09	61/182,044 & 61/233,345	4-Apr-12	EP2435456	
V83015IN	EXAMINATION	Derivatives of Native Lignins from Hardwood Feedstocks	15-Feb-10	10259/DELNP/2011	28-May-09 & 12-Aug-09	61/182,044 & 61/233,345	26-Oct-12	IN10259DELNP2011	
V83015US	ISSUED	Derivatives of Native Lignins from Hardwood Feedstocks	15-Feb-10	12/705,944	28-May-09 & 12-Aug-09	61/182,044 & 61/233,345	2-Dec-10	US2010/0305242	16-Oct-12 US 8,288,460
V83015WO	NATIONAL PHASE	Derivatives of Native Lignins from Hardwood Feedstocks	15-Feb-10	CA2010/000211	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	2-Dec-10	WO2010/135807	
V83019CA	FILED	Binder Compositions Comprising Lignin Derivatives	15-Feb-11	2,824,446	15-Feb-10 & 27-May-10	61/304,742 & 61/304,745	20-Jun-13	CA2824446	
V83019CN	EXAMINATION	Binder Compositions Comprising Lignin Derivatives	15-Feb-11	201180018792.X	15-Feb-10 & 27-May-10	61/304,742 & 61/304,745	6-Mar-13	CN102959033	
V83019EP	EXAMINATION	Binder Compositions Comprising Lignin Derivatives	15-Feb-11	11741787.3	15-Feb-10 & 27-May-10	61/304,742 & 61/304,745	26-Dec-12	EP2536798	
V83019US	EXAMINATION	Binder Compositions Comprising Lignin Derivatives	2011-02-15 & 2012-08-13	13/584,651	15-Feb-10 & 27-May-10	61/304,742 & 61/304,745	22-Aug-13	US20130213550	
V83019WO	NATIONAL PHASE	Binder compositions comprising lignin derivatives	15-Feb-11	CA2011/000182	15-Feb-10	61/304,742	18-Aug-11	WO2011/097719	

V83022BR	EXAMINATION	Resin Compositions Comprising Lignin Derivatives	27-May-10	PI1012285	2009-05-28 2009-08-12 2010-02-15	61/182,044 & 61/233,345 & 61/304,745				
V83022CA	ISSUED	Resin Compositions Comprising Lignin Derivatives	27-May-10	2763742	2009-05-28 2009-08-12 2010-02-15	61/182,044 & 61/233,345 & 61/304,745	2-Dec-10	CA2763742	8-Jan-13	CA 2,763,742
V83022CN	EXAMINATION	Resin Compositions Comprising Lignin Derivatives	27-May-10	201080029349.8	2009-05-28 2009-08-12 2010-02-15	61/182,044 & 61/233,345 & 61/304,745	16-May-12	CN102459293		
V83022EP	EXAMINATION	Resin Compositions Comprising Lignin Derivatives	27-May-10	10779975.1	2009-05-28 2009-08-12 2010-02-15	61/182,044 & 61/233,345 & 61/304,745	4-Apr-12	EP2435457		
V83022IN	EXAMINATION	Resin Compositions Comprising Lignin Derivatives	27-May-10	10261/DELNP/2011	2009-05-28 2009-08-12 2010-02-15	61/182,044 & 61/233,345 & 61/304,745	26-Oct-12	IN10261DELNP2011		
V83022US	EXAMINATION	Resin Compositions Comprising Lignin Derivatives	27-May-10	13/322890	2009-05-28 2009-08-12 2010-02-15	61/182,044 & 61/233,345 & 61/304,745	31-May-12	US20120136097		
V83022WO	NATIONAL PHASE	Resin compositions comprising lignin derivatives	27-May-10	CA2010/000800	2009-05-28 2009-08-12 2010-02-15	61/182,044 & 61/233,345 & 61/304,745	2-Dec-10	WO2010/135832		
V83023CA	FILED	Carbon fibres compositions comprising lignin derivatives (Carbon Fibre)	15-Feb-11	2798268	15-Feb-10	61/304,752	2-Nov-12	CA2798268		
V83023CN	EXAMINATION	Carbon fibres compositions comprising lignin derivatives	15-Feb-11	201180019183.6	15-Feb-10	61/304,752	26-Dec-12	CN102844357		
V83023EP	EXAMINATION	Carbon fibres compositions comprising lignin derivatives	15-Feb-11	11741789.9	15-Feb-10	61/304,752	26-Dec-12	EP2536780		
V83023JP	EXAMINATION	Carbon fibres compositions comprising lignin derivatives	15-Feb-11	2012-553159	15-Feb-10	61/304,752	30-May-13	JP2013519691		
V83023US	EXAMINATION	Carbon fibres compositions comprising lignin derivatives	15-Feb-11	13/584616	15-Feb-10	61/304,752	15-Aug-13	US20130211056		
V83023WO	NATIONAL PHASE	Carbon fibres compositions comprising lignin derivatives	15-Feb-11	CA2011/000184	15-Feb-10	61/304,752	18-Aug-11	WO2011/097721		
V83216CA	FILED	Derivatives of Native Lignin, Lignin-Wax Compositions, Their Preparation, and Uses Thereof	27-May-10	2798196	28/05/2009 12/08/2009	61/182044 & 61/233345	1-Nov-12	CA2798196		
V83216EP	EXAMINATION	Derivatives of Native Lignin, Lignin-Wax Compositions, Their Preparation, and Uses Thereof	27-May-10	10779976.9	28/05/2009 12/08/2009	61/182044 & 61/233345	4-Apr-12	EP2435458		
V83216US	FILED	Derivatives of Native Lignin, Lignin-Wax Compositions, Their Preparation, and Uses Thereof	27-May-10	13/322907	28/05/2009 12/08/2009	61/182044 & 61/233345	4-Oct-12	US20120247617		
V83216WO	NATIONAL PHASE	Lignin derivatives, lignin-modified wax emulsions, their preparation, and uses therefor	27-May-10	CA2010/000801	28/05/2009 12/08/2009	61/182044 & 61/233345	2-Dec-10	WO2010/135833		

File #	Status	Title	Filing date	Application #	Priority date	Priority #	Publ. date	Publ. #	Issue date	Patent #
V83293CA	FILED	Environmental Remediation Using Lignin	2-Jun-11	2,801,384	3-Jun-10	61/351,230				
V83293EP	FILED	Environmental Remediation Using Lignin	2-Jun-11	11789013.7	3-Jun-10	61/351,230	10-Apr-13	2575995		
V83293US	EXAMINATION	Environmental Remediation Using Lignin	2-Jun-11	13/692,742	3-Jun-10	61/351,230	23-May-13	US20130126435		
V83293WO	NATIONAL PHASE	Environmental Remediation using Lignin	2-Jun-11	CA2011/000648	3-Jun-10	61/351,230	8-Dec-11	WO2011/150504		
V83464CA	FILED	Remediation of Naphthenic Acid Contamination	26-Sep-11	2,812,346	24-Sep-10	61/386,458	22-Mar-13	CA2812346		
V83464US	EXAMINATION	Remediation of Naphthenic Acid Contamination	22-Mar-13	13/849,385	24-Sep-10	61/386,458	5-Dec-13	US20130319948		
V83464WO	NATIONAL PHASE	Remediation of Naphthenic Acid Contamination	26-Sep-11	CA2011/001083	24-Sep-10	61/386,458	29-Mar-12	WO2012/037668		

APPENDIX H



Territory Biofuels Limited Overview

TBF Overview

• Darwin Plant Background

- Darwin plant constructed 206/7 by Natural Fuels (ASX listed) and Babcock & Brown (Inv. Bank) - Cost \$80 million.
- Vopak invested additional circa \$35 million in dedicated tank farm.
- Lurgi designed - 120,000 tonne per annum plant
- Designed to accept food grade oils only (<0.3% FFA) - Uneconomical from commissioning.
- Natural Fuels entered Administration - TBF acquired plant on favourable terms plus long term (favourable) tank lease from Vopak.
- TBF proceeding with strategy to process low cost - high FFA - waste based and sustainable feedstocks.
- Feedstock pre-treatment and post refining plants ready for final design (\$9 million)
- Supply arrangements in place for access to certified (sustainable) high FFA feedstocks - low cost / strong economics.
- Darwin Plant:
 - Owned outright
 - Deep water port access
 - Long term tank rentals
 - Pharmaceutical grade glycerine refinery attached
 - Lowest cost producer in Australia
 - ICSS / EPA and other approvals in place
 - Lurgi sign - off on restart plan (\$1.25 million)

TBF's DARWIN PLANT



TBF Overview

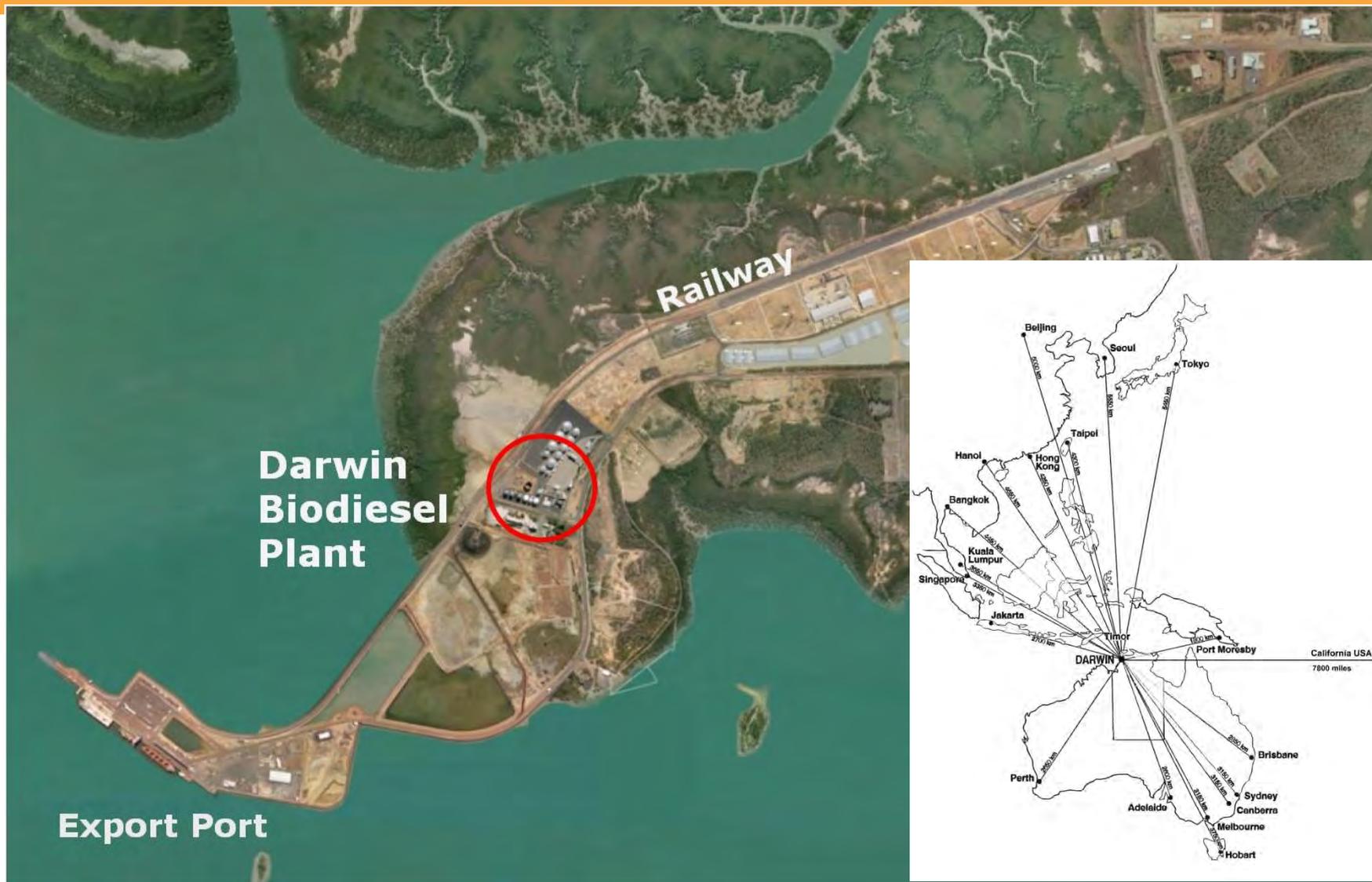
•Emerging producer of biofuels from certified, sustainable, waste based feedstocks.

- Since late 2012 TBF has been successfully executing on a multi-feedstock / multi-market strategy to release the locked up value in the TBF's owned Darwin biodiesel plant.
- Key milestones achieved now see TBF having a phased / de-risked implementation plus a diversified feedstock supply chain – focussed on **sustainably certified waste** based feedstocks:
 - The plant is ISCC certified allowing sales into the profitable UK market
 - The plant has EPA approval allowing sales to the USA
 - Access to feedstock supply chains – circa 120,000 tonne plus pa of certified, sustainable feedstocks
 - Lurgi engineering sign off on restart costs and punch list.
 - Over \$5 million invested to date.
- TBF's Darwin Plant: The ONLY Australian plant that can offer:
 - High volume storage
 - Deepwater port access
 - ISCC and EPA approved
 - Toll production in Australia to avoid excise (\$400) per tonne by existing importers. (Current imports >240 mill litres pa)
 - Processing of vegetable oil based feedstocks to EU/USA as Australian produced biodiesel does not attract tariffs when sold into those markets.(Toll or direct)
 - Close proximity to Indonesia – key waste based feedstock supply market.
 - Pharmaceutical grade glycerine plant to upgrade co-products.
 - Signed off by Lurgi as restart ready (\$1.25 mill to restart).

Financial Information



SUMMARY FINANCIAL PROJECTIONS



Step Wise - Multi Feedstock . Multi Sales Strategy

•TBF's approach focuses on 3 key criteria to drive attractive margins

1. **Multiple types** of low cost feedstocks processed using the pre-treatment plant:

<u>Expensive feedstocks</u>		<u>Low-cost feedstocks... require pre-treatment</u>	
Food oils: canola, soy	\$900 - \$1,200 / tonne	Waste vegetable oils: PSO, HFFACPO	\$400 - \$650 / tonne
High Grade Vegetable Oils	\$750 - \$950 / tonne	Used cooking oil	\$500 - \$800 / tonne
Mid-grade tallow	\$700 - \$850 / tonne	Brown grease	\$400 - \$500 / tonne

- Darwin uses 120,000 tonnes of feedstock per year; each \$100/tonne reduction = \$12 million more profit
- **Multiple sources** of environmentally certified waste feedstocks to create a robust supply chain
- Two separate feedstock agreements have been established; one has European certification approved and USA certification and the other has European certification pending
- Engagement with local government in support of long term supply agreements for using non-arable land to grow energy crops
- **Multiple sales** and off-takes of biodiesel into export markets in addition to domestic and regional sales to create a robust sales channel
 - International Sustainability and Carbon Certification ("ISCC") for premium prices into the European market
 - US Environmental Protection Agency ("EPA") approval as a Renewable Identification Number ("RIN")-generating foreign producer

Full Upgrade Model

TBF Darwin Projections - Full Plant Upgrade Model (with working capital facility funding in place)		Unit: '000 USD		
Profit & Loss Statement	2015	2016	2017	
Revenue				
<i>Biodiesel export</i>	12,243	97,017	101,123	
<i>Biodiesel local</i>	-	8,446	42,230	
<i>Pharma glycerine</i>	762	6,370	8,273	
Total revenue	13,005	111,833	151,626	
Costs				
<i>Total variable costs</i>	9,674	82,675	107,090	
Margin After Conversion	3,331	29,158	44,536	
<i>Total fixed costs</i>	4,097	5,505	7,529	
Total expenses	13,771	88,180	114,619	
EBITDA pre TBF Corporate Costs	(766)	23,653	37,007	

Assumes 50% exports at premium prices, 25% exports at standard prices, 25% domestic sales



APPENDIX I

Lterm: XPSP0050 BC OnLine: PPRS SEARCH RESULT
For: PY84034 DYE & DURHAM

2014/08/25
13:09:17

Index: BUSINESS DEBTOR

Search Criteria: LIGNOL ENERGY CORPORATION

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: MAR 28, 2013 Reg. Length: 5 YEARS
Reg. Time: 10:46:59 Expiry Date: MAR 28, 2018
Base Reg. #: 263444H Control #: D1708858

Block#

+++ Secured Party: DIFFERENCE CAPITAL FUNDING INC
2950-130 KING ST WEST
TORONTO ON M5X 1C7

=D0001 Base Debtor: LIGNOL ENERGY CORPORATION
(Business) 101-4705 WAYBURNE DRIVE
BURNABY BC V5G 3L1

General collateral:

ALL SECURITIES OF AUSTRALIAN RENEWABLE FUELS LIMITED AND TERRITORY
BIOFUELS LIMITED BENEFICIALLY OWNED BY THE BASE DEBTOR, TOGETHER
WITH ALL RENEWALS AND REPLACEMENTS THEREOF, SUBSTITUTIONS
THEREFOR AND ACCRETIONS THERETO; AND ANY AND ALL PROCEEDS
THEREFROM INCLUDING, WITHOUT LIMITATION, PROCEEDS THAT ARE GOODS,
INTANGIBLES, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, CHATTEL PAPER,
INSTRUMENTS, FINANCIAL ASSETS OR MONEY (AND TERMS USED HEREIN THAT
ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT OF BRITISH
COLUMBIA OR THE REGULATIONS MADE THEREUNDER HAVE THOSE DEFINED
MEANINGS).

Registering

Party: FASKEN MARTINEAU DUMOULIN LLP
SUITE 2900, 550 BURRARD STREET
VANCOUVER BC V6C 0A3

----- S E C U R E D P A R T Y T R A N S F E R -----

Reg. #: 736843H Reg. Date: JAN 03, 2014
Reg. Time: 12:25:52
Control #: D2194356

Base Reg. Type: PPSA SECURITY AGREEMENT
Base Reg. #: 263444H Base Reg. Date: MAR 28, 2013

Block#

** DELETED **
+++ Secured Party: DIFFERENCE CAPITAL FUNDING INC
2950-130 KING ST WEST
TORONTO ON M5X 1C7

*** ADDED ***
S0002 Secured Party: DIFFERENCE CAPITAL FINANCIAL INC
2950-130 KING ST WEST
TORONTO ON M5X 1C7

PPSA Search

Search Criteria: LIGNOL ENERGY CORPORATION

Page: 2

Registering

Party: FASKEN MARTINEAU DUMOULIN LLP
SUITE 2900, 550 BARRARD STREET
VANCOUVER BC V6C 0A3

----- A M E N D M E N T / O T H E R C H A N G E -----

Reg. #: 771544H

Reg. Date: JAN 27, 2014

Reg. Time: 09:04:45

Control #: D2228097

Base Reg. Type: PPSA SECURITY AGREEMENT

Base Reg. #: 263444H

Base Reg. Date: MAR 28, 2013

Details Description:

AMEND GENERAL COLLATERAL TO REFLECT CORRECTLY THE FACT THAT THE DEBTOR HAS GRANTED TO THE SECURED PARTY A SECURITY INTEREST IN ALL SECURITIES OF AUSTRALIAN RENEWABLE FUELS LIMITED, TERRITORY BIOFUELS LIMITED, NEUTRAL FUELS (MELBOURNE) PTY. LTD. AND NEUTRAL FUELS PARENT COMPANY BENEFICIALLY OWNED BY IT. (FOR CLARITY, THE ORIGINAL COLLATERAL DESCRIPTION IS DELETED IN ITS ENTIRETY AND THE CORRECT COLLATERAL DESCRIPTION IS INSERTED THEREFOR.)

General collateral:

** DELETED **

ALL SECURITIES OF AUSTRALIAN RENEWABLE FUELS LIMITED AND TERRITORY BIOFUELS LIMITED BENEFICIALLY OWNED BY THE BASE DEBTOR, TOGETHER WITH ALL RENEWALS AND REPLACEMENTS THEREOF, SUBSTITUTIONS THEREFOR AND ACCRETIONS THERETO; AND ANY AND ALL PROCEEDS THEREFROM INCLUDING, WITHOUT LIMITATION, PROCEEDS THAT ARE GOODS, INTANGIBLES, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, FINANCIAL ASSETS OR MONEY (AND TERMS USED HEREIN THAT ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT OF BRITISH COLUMBIA OR THE REGULATIONS MADE THEREUNDER HAVE THOSE DEFINED MEANINGS).

*** ADDED ***

ALL SECURITIES OF AUSTRALIAN RENEWABLE FUELS LIMITED, TERRITORY BIOFUELS LIMITED, NEUTRAL FUELS (MELBOURNE) PTY. LTD. AND NEUTRAL FUELS PARENT COMPANY BENEFICIALLY OWNED BY THE BASE DEBTOR, TOGETHER WITH ALL RENEWALS AND REPLACEMENTS THEREOF, SUBSTITUTIONS THEREFOR AND ACCRETIONS THERETO; AND ANY AND ALL PROCEEDS THEREFROM INCLUDING, WITHOUT LIMITATION, PROCEEDS THAT ARE GOODS, INTANGIBLES, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, FINANCIAL ASSETS OR MONEY (AND TERMS USED HEREIN THAT ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT OF BRITISH COLUMBIA OR THE REGULATIONS MADE THEREUNDER HAVE THOSE DEFINED MEANINGS).

Registering

Party: FASKEN MARTINEAU DUMOULIN LLP
SUITE 2900, 550 BARRARD STREET
VANCOUVER BC V6C 0A3

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: DEC 23, 2013

Reg. Length: 5 YEARS

Reg. Time: 12:38:08

Expiry Date: DEC 23, 2018

Base Reg. #: 723286H

Control #: D2180143

PPSA Search

Block#

Continued on Page 3

Search Criteria: LIGNOL ENERGY CORPORATION

Page: 3

+++ Secured Party: DIFFERENCE CAPITAL FUNDING INC
2950-130 KING ST WEST
TORONTO ON M5X 1C7

=D0001 Base Debtor: LIGNOL ENERGY CORPORATION
(Business) 101-4705 WAYBURNE DRIVE
BURNABY BC V5G 3L1

General collateral:

ALL MONEYS NOW DUE OR HEREAFTER TO BECOME DUE TO THE DEBTOR UNDER A PROMISSORY NOTE AND LOAN AGREEMENT BETWEEN THE DEBTOR AND NEUTRAL FUELS PARENT COMPANY DATED NOVEMBER 12, 2013, ALL INTEREST, IF ANY, DUE AND TO BECOME DUE THEREON AND ALL RIGHTS, BENEFITS AND SECURITY THEREUNDER AND ANY PROCEEDS THEREFROM INCLUDING, WITHOUT LIMITATION, ALL GOODS, INVESTMENT PROPERTY, INSTRUMENTS, DOCUMENTS OF TITLE, CHATTEL PAPER AND INTANGIBLES (ALL AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT, ANY REGULATIONS THEREUNDER AND ANY AMENDMENTS THERETO).

Registering

Party: FASKEN MARTINEAU DUMOULIN LLP
SUITE 2900, 550 BURRARD STREET
VANCOUVER BC V6C 0A3

----- S E C U R E D P A R T Y T R A N S F E R -----

Reg. #: 736650H Reg. Date: JAN 03, 2014
Reg. Time: 10:45:39
Control #: D2194164

Base Reg. Type: PPSA SECURITY AGREEMENT
Base Reg. #: 723286H Base Reg. Date: DEC 23, 2013

Block#

** DELETED **
+++ Secured Party: DIFFERENCE CAPITAL FUNDING INC
2950-130 KING ST WEST
TORONTO ON M5X 1C7

*** ADDED ***
S0002 Secured Party: DIFFERENCE CAPITAL FINANCIAL INC
2950-130 KING ST WEST
TORONTO ON M5X 1C7

Registering

Party: FASKEN MARTINEAU DUMOULIN LLP
SUITE 2900, 550 BURRARD STREET
VANCOUVER BC V6C 0A3

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: MAY 28, 2014 Reg. Length: 5 YEARS
Reg. Time: 11:53:05 Expiry Date: MAY 28, 2019
Base Reg. #: 980615H Control #: D2444331

Block#

APPENDIX J

PURCHASE AND SALE AGREEMENT

This agreement (this “**Agreement**”) dated as of the ____ day of _____, 2014.

BETWEEN:

(the “**Purchaser**”)

AND:

The Bowra Group Inc., in its capacity as court-appointed receiver over the assets, undertakings and properties of Lignol Energy Corporation and Lignol Innovations Ltd., including the proceeds thereof, and not in its personal capacity

(the “**Receiver**” or the “**Vendor**”)

WHEREAS:

A. On August 29, 2014, on the application of Difference Capital Financials Ltd., the Supreme Court of British Columbia (the “**Court**”) in Action Number S146537, Vancouver Registry (the “**LEC Receivership Proceedings**”), appointed the Vendor to act as receiver over the assets, undertakings and properties of Lignol Energy Corporation (“**LEC**”).

B. On October 16, 2014, on the application of the Receiver, the Court in Action Number S147885, Vancouver Registry (the “**LIL Receivership Proceedings**”), appointed the Receiver to act as receiver over the assets, undertakings and properties of Lignol Innovations Ltd. (“**LIL**”).

C. LEC is the registered and beneficial owner of the shares listed on **Schedules “A” to “E”** hereto (collectively, the “**Shares**”).

D. LIL is the owner of the property, rights and interests listed on **Schedule “F”** hereto (the “**LIL Property**”).

E. The Receiver wishes to sell and the Purchaser wishes to purchase the Shares and LIL Property (collectively, the “**Assets**”), subject to and in accordance with the terms and conditions hereof.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained the parties hereto agree as follows:

1. DEFINED TERMS

Capitalized terms used but not otherwise defined herein shall have the following meanings:

“**Approval and Vesting Order**” means an Order of the Court in the LEC Receivership Proceedings and the LIL Receivership Proceedings, as required, substantially in form attached as

Schedule “G” hereto and as may be amended with the consent of the Vendor and Purchaser acting reasonably:

“**Business Day**” means a day other than a Saturday, a Sunday or a statutory holiday in British Columbia.

“**Canadian Dollars**” means the lawful currency of Canada.

“**Closing**” means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement.

“**Closing Date**” means the 10th Business Day following the day on which the Approval and Vesting Order is obtained, or such other time and date as may be agreed upon in writing by Vendor and Purchaser, acting reasonably.

“**Governmental Authority**” means any government, regulatory authority, governmental department, agency, commission, bureau, court, judicial body, arbitral body or other law, rule or regulation making entity:

- (a) having jurisdiction over LEC or LIL, the Vendor, the Purchaser or the Assets on behalf of any country, province, state, locality or other geographical or political subdivision thereof; or
- (b) exercising or entitled to exercise any administrative, judicial, legislative, regulatory or taxing authority or power with respect to the Assets.

“**Order**” means any order, decision, determination, judgment, injunction, decree, award or writ with respect to the Assets made by of any court (including the Court), arbitrator or Governmental Authority, or other Person who has jurisdiction over the subject matter of the order, decision, determination , judgment, injunction, decree, award or writ.

“**Person**” means any individual, corporation, partnership, joint venture, limited liability company, association, trust, governmental body or any other entity or body.

“**Purchaser’s Solicitors**” means [●].

“**Vendor’s Solicitors**” means Blake, Cassels & Graydon LLP.

2. OFFER TO PURCHASE THE ASSETS

2.1 By signing this Agreement and delivering it to the Vendor or the Vendor’s Solicitors, the Purchaser hereby offers to purchase all of LEC’s, LIL’s and the Vendor’s right, title and interest in the following Assets (the “**Purchased Assets**”) at the price (the “**Purchased Price**”) indicated in this Section 2.1 on the terms and conditions set out in this Agreement (the “**Offer**”):

ASSETS	PURCHASE PRICE
Shares of Territory Biofuels as shown on Schedule “A” hereto.	\$
Shares of Australian Renewable Fuels	\$

Ltd. as shown on Schedule "B" hereto.	
Shares of Neutral Parent Co. as shown on Schedule "C" hereto.	\$
Shares of Neutral Fuels (Melbourne) Pty Ltd. as shown on Schedule "D" hereto.	\$
Shares of LIL as shown on Schedule "E" hereto.	\$
Assets of LIL as shown on Schedule "F" hereto.	\$
TOTAL PURCHASE PRICE (EXCLUSIVE OF ALL TAXES AND FEES AS MAY BE PAYABLE)	\$

2.2 This Offer may be accepted by delivery by the Vendor of a copy of this Agreement signed by the Vendor and the Purchaser to the Purchaser.

2.3 This Offer will remain open for acceptance until **[date]**, after which time it will be deemed to have been automatically withdrawn.

2.4 If this Offer is not accepted by the Vendor, the Offer will be extinguished and will no longer be binding on the Purchaser.

3. PURCHASE AND SALE OF THE PURCHASED ASSETS

3.1 Purchase and Sale. Upon delivery by the Vendor to the Purchaser of a signed copy of this Agreement executed by each of the Vendor and the Purchaser, this Agreement shall become a binding Agreement whereby the Vendor agrees to sell and transfer to the Purchaser, and the Purchaser agrees to purchase and acquire all of LEC's, LIL's and the Vendor's right, title and interest in and to the Purchased Assets on the terms set out in this Agreement.

4. DEPOSIT AND PAYMENT

4.1 Purchase Price. The Purchase Price for the sale, assignment, transfer and conveyance of the Purchased Assets to the Purchaser shall be payable as set forth (all in Canadian Dollars):

- (a) \$_____, (being 10% of the Purchase Price) by way of deposit (the "Deposit") payable to the Vendor's Solicitors upon delivery of this Agreement, executed by the Purchaser, to the Vendor;
- (b) as to the balance of the Purchase Price (the "Unpaid Balance"), on the Closing Date; and
- (c) The Purchase Price will be allocated among the Purchased Assets as set out in Section 2.1.

4.2 Deposit. The Deposit which has been paid to the Vendor's Solicitors in accordance with Section 4.1(a), shall be dealt with as follows:

- (a) the Deposit shall be placed in an interest bearing trust account.
- (b) the Deposit and any interest earned thereon shall be paid to the Vendor:
 - (i) and credited to the Purchase Price at the Closing Date; or
 - (ii) as liquidated damages, the Parties hereby agreeing that the Deposit constitutes a genuine pre-estimate of the damages that will be suffered by the Vendor if the Purchaser breaches any of the terms of this Agreement.
- (c) The Vendor acknowledges and agrees that it has no interest in the Deposit except the right to receive the Deposit in those certain circumstances described in Section 4.2(b).

5. CONDITIONS PRECEDENT

5.1 The obligations of the Vendor to complete the sale of the Purchased Assets contemplated by this Agreement and of the Purchaser to complete the purchase of the Purchased Assets as contemplated by this Agreement are subject to the satisfaction of each of the following conditions (the "**Conditions Precedent**") by the dates set forth below, and if no dates are set forth then by or at the Closing Date:

- (a) Approval and Vesting Order. The Vendor shall have obtained the Approval and Vesting Order by no later than [●], 2014;
- (b) No Actions or Proceedings. As of the Closing Date, no appeal of, motion to vary, stay or vacate, or, motion for leave to appeal the Approval and Vesting Order shall be outstanding, pending or threatened by any Person (not including the Purchaser) or any Governmental Authority; and
- (c) No Orders. As of the Closing Date, no order or direction shall have been made by any Governmental Authority which would have the effect of prohibiting or preventing the sale of the Purchased Assets to the Purchaser.

The foregoing conditions are inserted for the mutual benefit of the Vendor and the Purchaser and may be waived in whole or in part only if jointly waived in writing by the Vendor and the Purchaser at or prior to the applicable time set for the satisfaction of such conditions.

6. REPRESENTATIONS AND WARRANTIES OF THE VENDOR

6.1 The Purchaser acknowledges that it is acquiring the Purchased Assets on an "as is, where is" basis, without representation and warranty and without reliance on any information provided to the Purchaser by or on behalf of the Vendor, except that the Vendor makes the following representations and warranties to the Purchaser:

- (a) Due Authorization, Approvals and Consents. Subject to obtaining the Approval and Vesting Order: (i) the Vendor has the authority to assign, transfer and convey the Purchased Assets to the Purchaser in the manner contemplated herein; and (ii) this Agreement and all other agreements, documents and instruments required to be delivered by the Vendor hereunder have been duly executed and delivered by the Vendor and constitute and will constitute legal, valid and binding obligations of the Vendor, enforceable in accordance with their terms.

7. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

7.1 The Purchaser represents and warrants to the Vendor as follows, with the intent that the Vendor shall rely thereon in entering into this Agreement and in concluding the purchase and sale contemplated herein:

- (a) Formation and Good Standing. The Purchaser is a corporation duly incorporated, validly existing and organized and in good standing under the laws of its incorporating jurisdiction, and has the corporate power and capacity to enter into this Agreement and to carry out its terms;
- (b) Authority to Purchase. The execution and delivery of this Agreement and the completion of the transaction contemplated herein shall by the Closing Date be duly and validly authorized by all necessary corporate action on the part of the Purchaser, and this Agreement will constitute a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms;
- (c) Absence of Legal Conflict. Neither the execution and delivery of this Agreement by the Purchaser, nor the performance of this Agreement by the Purchaser and the consummation by the Purchaser of the transactions contemplated by this Agreement will:
 - (i) conflict with or violate the constating documents of the Purchaser or any resolution of either of its directors or shareholders;
 - (ii) conflict with or violate any law, rule, regulation, permit, Order, judgment or decree applicable to the Purchaser or by which its properties are bound or affected, the conflict with which or violation of which would prohibit or materially delay the Purchaser's ability to perform its obligations under this Agreement; or
 - (iii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under any agreement to which the Purchaser is a party or by which the Purchaser or any of its properties is bound or affected and which would prohibit or materially delay the Purchaser's ability to perform its obligations under this Agreement.
- (d) the Purchaser is not a non-Canadian person as defined in the *Investment Canada Act* (Canada);

- (e) the Purchaser is or will be registered under Part IX of the *Excise Tax Act* (Canada) on or before the Closing Date.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES

8.1 The representations and warranties made by each of the Vendor and the Purchaser in this Agreement shall survive Closing for a period of one (1) year.

9. PURCHASER'S ACKNOWLEDGEMENT

9.1 The Purchaser hereby expressly acknowledges and agrees that:

- (a) the Vendor is acting only in its representative capacity as Court-appointed receiver over the Assets and not in its personal capacity and shall have no liability under or as a result of entering into or carrying out the transaction which is the subject of this Agreement.
- (b) the Vendor may receive multiple offers to purchase some or all of the Purchased Assets and it is free to refuse the Offer at its absolute and sole discretion. The Vendor will give preference to offers for all of the Assets whether or not such offers allocate a lower price to any particular asset than other offers for that Asset;
- (c) any offer accepted by the Vendor for the sale of the Purchased Assets is subject to the approval of the Court;
- (d) the Purchaser must make its own arrangements to support this Agreement in Court;
- (e) if the Court vacates, sets aside or varies any Order approving this Agreement, or does not approve the Agreement or the Approval and Vesting Order, for any reason whatsoever, then the Vendor shall not be liable to the Purchaser or any other person in any way whatsoever;
- (f) the Purchaser has relied entirely upon its own inspection and investigation of all matters in respect of the Purchased Assets.
- (g) the Vendor has not made and will not make any warranty or representation in relation to the Purchased Assets including any warranty or representation as to the fitness, design, condition or quality of the Purchased Assets.
- (h) no representation, warranty or condition is expressed by the Vendor or can be implied as to title or encumbrances to the Purchased Assets, or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted in Section 6.1.
- (i) without limiting the generality of the foregoing Section 9.1(h), any and all conditions, warranties or representations expressed or implied pursuant to the *Sale*

of Goods Act (British Columbia) or similar legislation do not apply hereto and have in any event been waived by the Purchaser.

- (j) the description of the Purchased Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning the completeness or the accuracy of such descriptions.

10. DELIVERY OF CLOSING DOCUMENTS

10.1 Vendor's Closing Documents. On the Closing Date, the Vendor will deliver the following to the Purchaser's Solicitor:

- (a) a copy of the Approval and Vesting Order;
- (b) all such other assurances, consents, agreements, documents and instruments as may be reasonably required to transfer the Purchased Assets to the Purchaser as contemplated in this Agreement.

10.2 Purchaser's Closing Documents. On the Closing Date, the Purchaser will deliver the following to the Vendor's Solicitors in a form acceptable to the Vendor, acting reasonably:

- (a) an irrevocable direction from the Purchaser authorizing the Vendor's Solicitors to release the Deposit to or as directed by the Vendor;
- (b) payment of the Unpaid Balance; and
- (c) all such other assurances, consents, agreements, documents and instruments as may be reasonably required to transfer the Purchased Assets to the Purchaser as contemplated in this Agreement.

11. TAXES AND FEES

11.1 The Purchaser shall be solely responsible for payment of all applicable federal, provincial and municipal taxes in connection with the Purchased Assets including, without limitation, goods and services tax, retail sales tax and social services tax.

11.2 The Purchaser agrees to indemnify and save the Vendor harmless from and against all claims and demands made or assessed by any Governmental Authority after the Closing Date for payment of any taxes, penalties or fees of any kind whatsoever in any way relating to the Purchased Assets.

12. RISK

12.1 The Purchased Assets will be at the risk of Vendor up until the Closing Date. From and including the Closing Date the Purchased Assets will be at the risk of the Purchaser.

13. MISCELLANEOUS

13.1 Severability. If any term, covenant or condition of this Agreement or the application thereof to any person or circumstance shall, to any extent, be held to be invalid or unenforceable, the remainder of this Agreement, or the application of that term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant and condition of this Agreement shall be valid and enforced to the fullest extent permitted by law.

13.2 Notice. Any notices, requests or demands which may or are required to be given or made hereunder shall be in writing and served personally addressed:

if to the Purchaser, to:

[•]

[address]

Attention: _____

with a copy to:

and if to the Vendor, to:

The Bowra Group Inc.
505 Burrard Street Suite 430
Vancouver, B.C. V7X 1M3
Fax : 604-689-8584
Attention : Douglas Chivers

with a copy to:

Blake, Cassels & Graydon LLP
2600 – 595 Burrard Street
Vancouver, B.C. V7X 1L3
Fax : 604-631-3309
Attention: Peter Rubin

13.3 Entire Agreement. This Agreement constitutes the entire agreement between the parties and there are no representations or warranties, express or implied, statutory or otherwise and no agreements collateral hereto other than as expressly set forth or referred to herein.

13.4 Time of Essence. Time, where mentioned in this Agreement, shall be of the essence.

13.5 Currency. Unless otherwise expressly provided herein, all sums of money referred to in this Agreement are expressed in Canadian Dollars.

13.6 Interpretation. Wherever the singular or masculine is used in this Agreement, references to plural, feminine and body corporate shall be construed as necessary.

13.7 Governing Law. This Agreement shall be governed by all and interpreted in accordance with the laws of the Province of British Columbia.

13.8 Execution in Counterpart. This Agreement may be executed in counterparts and the parties hereto may evidence their execution of this Agreement by facsimile or other electronic transmission.

13.9 Successors and Assigns. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their proper and duly authorized officers as of the date first above written.

[•], by its authorized signatory:

Date: _____

The Bowra Group Inc.

in its capacity as Court-appointed receiver of the assets and undertakings of Lignol Energy Corporaion and Lignol Innovations Ltd. and not in its personal capacity, by its authorized signatory:

Date: _____

SCHEDULE "G" TO PURCHASE AND SALE AGREEMENT

FORM OF APPROVAL AND VESTING ORDER

THE APPLICATION of [The Bowra Group Inc.], in its capacity as Court-appointed Receiver (the "Receiver") of the assets, undertakings and properties of [Lignol Energy Corporation / Lignol Innovations Ltd.] coming on for hearing at Vancouver, British Columbia, on the [] day of [], 2014; AND ON HEARING [], counsel for the Receiver, and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed;

THIS COURT ORDERS AND DECLARES THAT:

1. The sale transaction (the "**Transaction**") contemplated by the Asset Purchase Agreement dated [], [] (the "**Sale Agreement**") between the Receiver and [] (the "**Purchaser**"), a copy of which is attached as **Schedule "B"** hereto is hereby approved, and the Sale Agreement is commercially reasonable. The execution of the Sale Agreement by the Receiver is hereby authorized and approved, and the Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance to the Purchaser of the assets described in the Sale Agreement as the "**Purchased Assets**".
2. Upon delivery by the Receiver to the Purchaser of a certificate substantially in the form attached as **Schedule "C"** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser in fee simple, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of this Court dated [date]; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia or any other personal property registry system; and (iii) those Claims listed on **Schedule "D"** hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule "E"** hereto), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.
3. Upon presentation for registration in the Land Title Office for the Land Title District of Vancouver of a certified copy of this Order, together with a letter from [Blake, Cassels & Graydon LLP], solicitors for the Receiver, authorizing registration of this Order, the British Columbia Registrar of Land Titles is hereby directed to:

- (a) enter the Purchaser as the owner of the Lands, as identified in **Schedule “F”** hereto, together with all buildings and other structures, facilities and improvements located thereon and fixtures, systems, interests, licenses, rights, covenants, restrictive covenants, commons, ways, profits, privileges, rights, easements and appurtenances to the said hereditaments belonging, or with the same or any part thereof, held or enjoyed or appurtenant thereto, in fee simple in respect of the Lands, and this Court declares that it has been proved to the satisfaction of the Court on investigation that the title of the Purchaser in and to the Lands is a good, safe holding and marketable title and directs the BC Registrar to register indefeasible title in favour of the Purchaser as aforesaid; and
 - (b) having considered the interest of third parties, to discharge, release, delete and expunge from title to the Lands all of the registered Encumbrances except for those listed in **Schedule “E”**.
4. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Receiver’s Certificate all Claims shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having had possession or control immediately prior to the sale.
5. The Receiver is to file with the Court a copy of the Receiver’s Certificate forthwith after delivery thereof.
6. Pursuant to Section 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* or Section 18(10)(o) of the *Personal Information Protection Act* of British Columbia, the Receiver is hereby authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the company’s records pertaining to the Debtor’s past and current employees, including personal information of those employees listed in Schedule “[number]” to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.
7. Subject to the terms of the Sale Agreement, vacant possession of the Purchased Assets, including any real property, shall be delivered by the Receiver to the Purchaser at 12:00 noon on the Closing Date (as defined in the Sale Agreement), subject to the permitted encumbrances as set out in the Sale Agreement and listed on **Schedule “E”**.
8. The Receiver, with the consent of the Purchaser, shall be at liberty to extend the Closing Date to such later date as those parties may agree without the necessity of a further Order of this Court [provided that the Closing Date occurs by _____ or within _____ days of the date of this Order].
9. Notwithstanding:

- (a) these proceedings;
- (b) any applications for a bankruptcy order in respect of the Debtor now or hereafter made pursuant to the *Bankruptcy and Insolvency Act* and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made by or in respect of the Debtor,

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute or be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

- 10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
- 11. The Receiver or any other party have liberty to apply for such further or other directions or relief as may be necessary or desirable to give effect to this Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

SCHEDULE “A” TO APPROVAL AND VESTING ORDER

Counsel List

SCHEDULE “B” TO APPROVAL AND VESTING ORDER

Purchase and Sale Agreement

SCHEDULE “C” TO APPROVAL AND VESTING ORDER

Receiver’s Certificate

SCHEDULE “D” TO APPROVAL AND VESTING ORDER

Expunged Encumbrances / Claims

SCHEDULE “E” TO APPROVAL AND VESTING ORDER

Permitted Encumbrances

SCHEDULE “F” TO THE APPROVAL AND VESTING ORDER

List of Lands

APPENDIX K

PURCHASE AND SALE AGREEMENT

This agreement (this “**Agreement**”) dated as of the ____ day of _____, 2014.

BETWEEN:

Territory Biofuels Limited

(the “**Vendor**”)

AND:

(the “**Purchaser**”)

WHEREAS:

A. The Vendor is the owner of the property, rights and interests listed on Schedule “A” hereto (the “**Assets**”).

B. The Vendor has agreed to sell and the Purchaser has agreed to purchase some or all of the Assets on the terms and conditions set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained the parties hereto agree as follows:

1. DEFINED TERMS

Capitalized terms used but not otherwise defined herein shall have the following meanings:

“**Business Day**” means a day other than a Saturday, a Sunday or a statutory holiday in British Columbia.

“**Canadian Dollars**” means the lawful currency of Canada.

“**Closing**” means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement.

“**Closing Date**” means the [date], or such other time and date as may be agreed upon in writing by Vendor and Purchaser, acting reasonably.

“**Governmental Authority**” means any government, regulatory authority, governmental department, agency, commission, bureau, court, judicial body, arbitral body or other law, rule or regulation making entity:

- (a) having jurisdiction over the Assets on behalf of any country, province, state, locality or other geographical or political subdivision thereof; or

- (b) exercising or entitled to exercise any administrative, judicial, legislative, regulatory or taxing authority or power with respect to the Assets.

“**Order**” means any order, decision, determination, judgment, injunction, decree, award or writ with respect to the Assets made by of any court, arbitrator or Governmental Authority, or other Person who has jurisdiction over the subject matter of the order, decision, determination , judgment, injunction, decree, award or writ.

“**Person**” means any individual, corporation, partnership, joint venture, limited liability company, association, trust, governmental body or any other entity or body.

“**Purchaser’s Solicitors**” means [●].

“**Vendor’s Solicitors**” means Blake, Cassels & Graydon LLP.

2. OFFER TO PURCHASE THE ASSETS

2.1 By signing this Agreement and delivering it to the Vendor or the Vendor’s Solicitors, the Purchaser hereby offers to purchase all the Vendor’s right, title and interest in the following Assets (the “**Purchased Assets**”) at the price (the “**Purchased Price**”) indicated in this Section 2.1 on the terms and conditions set out in this Agreement (the “**Offer**”):

ASSETS	PURCHASE PRICE
TOTAL PURCHASE PRICE (EXCLUSIVE OF ALL TAXES AND FEES AS MAY BE PAYABLE)	\$

2.2 This Offer may be accepted by delivery by the Vendor of a copy of this Agreement signed by the Vendor and the Purchaser to the Purchaser.

2.3 This Offer will remain open for acceptance until [date], after which time it will be deemed to have been automatically withdrawn.

2.4 If this Offer is not accepted by the Vendor, the Offer will be extinguished and will no longer be binding on the Purchaser.

3. PURCHASE AND SALE OF THE PURCHASED ASSETS

3.1 Purchase and Sale. Upon delivery by the Vendor to the Purchaser of a signed copy of this Agreement executed by each of the Vendor and the Purchaser, this Agreement shall become a binding Agreement whereby the Vendor agrees to sell and transfer to the Purchaser, and the Purchaser agrees to purchase and acquire all the Vendor’s right, title and interest in and to the Purchased Assets on the terms set out in this Agreement.

4. DEPOSIT AND PAYMENT

4.1 Purchase Price. The Purchase Price for the sale, assignment, transfer and conveyance of the Purchased Assets to the Purchaser shall be payable as set forth (all in Canadian Dollars):

- (a) \$_____, (being 10% of the Purchase Price) by way of deposit (the “**Deposit**”) payable to the Vendor’s Solicitors upon delivery of this Agreement, executed by the Purchaser, to the Vendor;
- (b) as to the balance of the Purchase Price (the “**Unpaid Balance**”), on the Closing Date; and
- (c) The Purchase Price will be allocated among the Purchased Assets as set out in Section 2.1.

4.2 Deposit. The Deposit which has been paid to the Vendor’s Solicitors in accordance with Section 4.1(a), shall be dealt with as follows:

- (a) the Deposit shall be placed in an interest bearing trust account.
- (b) the Deposit and any interest earned thereon shall be paid to the Vendor:
 - (i) and credited to the Purchase Price at the Closing Date; or
 - (ii) as liquidated damages, the Parties hereby agreeing that the Deposit constitutes a genuine pre-estimate of the damages that will be suffered by the Vendor if the Purchaser breaches any of the terms of this Agreement.
- (c) The Vendor acknowledges and agrees that it has no interest in the Deposit except the right to receive the Deposit in those certain circumstances described in Section 4.2(b).

5. CONDITIONS PRECEDENT

5.1 The obligations of the Vendor to complete the sale of the Purchased Assets contemplated by this Agreement are subject to the satisfaction of each of the following conditions (the “**Conditions Precedent**”) by the dates set forth below, and if no dates are set forth then by or at the Closing Date:

- (a) the representations and warranties of the Purchaser contained in Section 7 will be true on and as of the Closing Date in all material respects with the same effect as though such representations and warranties had been made on and as of the Closing Date; and
- (b) all of the covenants and agreements of the Purchaser to be performed on or before the Closing Date will have been duly performed in all material respects.

The foregoing conditions are inserted for the mutual benefit of the Vendor and the Purchaser and may be waived in whole or in part only if jointly waived in writing by the Vendor and the Purchaser at or prior to the applicable time set for the satisfaction of such conditions.

6. REPRESENTATIONS AND WARRANTIES OF THE VENDOR

6.1 The Purchaser acknowledges that it is acquiring the Purchased Assets on an “as is, where is” basis, without representation and warranty and without reliance on any information provided to the Purchaser by or on behalf of the Vendor, except that the Vendor makes the following representations and warranties to the Purchaser:

- (a) Due Authorization, Approvals and Consents. Subject to obtaining the Approval and Vesting Order: (i) the Vendor has the authority to assign, transfer and convey the Purchased Assets to the Purchaser in the manner contemplated herein; and (ii) this Agreement and all other agreements, documents and instruments required to be delivered by the Vendor hereunder have been duly executed and delivered by the Vendor and constitute and will constitute legal, valid and binding obligations of the Vendor, enforceable in accordance with their terms.

7. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

7.1 The Purchaser represents and warrants to the Vendor as follows, with the intent that the Vendor shall rely thereon in entering into this Agreement and in concluding the purchase and sale contemplated herein:

- (a) Formation and Good Standing. The Purchaser is a corporation duly incorporated, validly existing and organized and in good standing under the laws of its incorporating jurisdiction, and has the corporate power and capacity to enter into this Agreement and to carry out its terms;
- (b) Authority to Purchase. The execution and delivery of this Agreement and the completion of the transaction contemplated herein shall by the Closing Date be duly and validly authorized by all necessary corporate action on the part of the Purchaser, and this Agreement will constitute a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms;
- (c) Absence of Legal Conflict. Neither the execution and delivery of this Agreement by the Purchaser, nor the performance of this Agreement by the Purchaser and the consummation by the Purchaser of the transactions contemplated by this Agreement will:
 - (i) conflict with or violate the constating documents of the Purchaser or any resolution of either of its directors or shareholders;
 - (ii) conflict with or violate any law, rule, regulation, permit, Order, judgment or decree applicable to the Purchaser or by which its properties are bound or affected, the conflict with which or violation of which would prohibit or

materially delay the Purchaser's ability to perform its obligations under this Agreement; or

- (iii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under any agreement to which the Purchaser is a party or by which the Purchaser or any of its properties is bound or affected and which would prohibit or materially delay the Purchaser's ability to perform its obligations under this Agreement.
- (d) the Purchaser is not a non-Canadian person as defined in the *Investment Canada Act* (Canada);
- (e) the Purchaser is or will be registered under Part IX of the *Excise Tax Act* (Canada) on or before the Closing Date.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES

8.1 The representations and warranties made by each of the Vendor and the Purchaser in this Agreement shall survive Closing for a period of **one (1) year**.

9. PURCHASER'S ACKNOWLEDGEMENT

9.1 The Purchaser hereby expressly acknowledges and agrees that:

- (a) the Purchaser has relied entirely upon its own inspection and investigation of all matters in respect of the Purchased Assets.
- (b) the Vendor has not made and will not make any warranty or representation in relation to the Purchased Assets including any warranty or representation as to the fitness, design, condition or quality of the Purchased Assets.
- (c) no representation, warranty or condition is expressed by the Vendor or can be implied as to title or encumbrances to the Purchased Assets, or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted in Section 6.1.
- (d) without limiting the generality of the foregoing Section 9.1(h), any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (British Columbia) or similar legislation do not apply hereto and have in any event been waived by the Purchaser.
- (e) the description of the Purchased Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning the completeness or the accuracy of such descriptions.

10. DELIVERY OF CLOSING DOCUMENTS

10.1 Vendor's Closing Documents. On the Closing Date, the Vendor will deliver the following to the Purchaser's Solicitor:

- (a) a copy of the Approval and Vesting Order;
- (b) all such other assurances, consents, agreements, documents and instruments as may be reasonably required to transfer the Purchased Assets to the Purchaser as contemplated in this Agreement.

10.2 Purchaser's Closing Documents. On the Closing Date, the Purchaser will deliver the following to the Vendor's Solicitors in a form acceptable to the Vendor, acting reasonably:

- (a) an irrevocable direction from the Purchaser authorizing the Vendor's Solicitors to release the Deposit to or as directed by the Vendor;
- (b) payment of the Unpaid Balance; and
- (c) all such other assurances, consents, agreements, documents and instruments as may be reasonably required to transfer the Purchased Assets to the Purchaser as contemplated in this Agreement.

11. TAXES AND FEES

11.1 The Purchaser shall be solely responsible for payment of all applicable federal, provincial and municipal taxes in connection with the Purchased Assets including, without limitation, goods and services tax, retail sales tax and social services tax.

11.2 The Purchaser agrees to indemnify and save the Vendor harmless from and against all claims and demands made or assessed by any Governmental Authority after the Closing Date for payment of any taxes, penalties or fees of any kind whatsoever in any way relating to the Purchased Assets.

12. RISK

12.1 The Purchased Assets will be at the risk of Vendor up until the Closing Date. From and including the Closing Date the Purchased Assets will be at the risk of the Purchaser.

13. MISCELLANEOUS

13.1 Severability. If any term, covenant or condition of this Agreement or the application thereof to any person or circumstance shall, to any extent, be held to be invalid or unenforceable, the remainder of this Agreement, or the application of that term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant and condition of this Agreement shall be valid and enforced to the fullest extent permitted by law.

13.2 Notice. Any notices, requests or demands which may or are required to be given or made hereunder shall be in writing and served personally addressed:

if to the Purchaser, to:

[•]

[address]

Attention: _____

with a copy to:

and if to the Vendor, to:

Territory Biofuels Limited

[address]

with a copy to:

[insert]

13.3 Entire Agreement. This Agreement constitutes the entire agreement between the parties and there are no representations or warranties, express or implied, statutory or otherwise and no agreements collateral hereto other than as expressly set forth or referred to herein.

13.4 Time of Essence. Time, where mentioned in this Agreement, shall be of the essence.

13.5 Currency. Unless otherwise expressly provided herein, all sums of money referred to in this Agreement are expressed in Canadian Dollars.

13.6 Interpretation. Wherever the singular or masculine is used in this Agreement, references to plural, feminine and body corporate shall be construed as necessary.

13.7 Governing Law. This Agreement shall be governed by all and interpreted in accordance with the laws of the Province of British Columbia.

13.8 Execution in Counterpart. This Agreement may be executed in counterparts and the parties hereto may evidence their execution of this Agreement by facsimile or other electronic transmission.

13.9 Successors and Assigns. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their proper and duly authorized officers as of the date first above written.

Territory Biofuels Limited,
by its authorized signatory:

Date: _____

[Purchaser],
by its authorized signatory:

Date: _____

APPENDIX E

Lignol Energy Corporation

Potential Purchaser List

As at January 5, 2015

#	Company	ROP Sent	NDA Signed
1	Gryphin	Yes	Yes
2	DuPont	Yes	Yes
3	Stora Enso	Yes	Yes
4	Valmet	Yes	Yes
5	Asia Pulp and Paper (APP)/ Paper Excellence	Yes	
6	American Process	Yes	Yes
7	RJ Reynolds	Yes	
8	Renmatix	Yes	Yes
9	Fibria	Yes	Yes
10	Mead Westvaco	Yes	
11	Pure Vision Technology	Yes	
12	Noram	Yes	
13	Vertichem	Yes	
14	Kemetco Research Inc.	Yes	
15	S2G BioChem	Yes	
16	Econotech	Yes	
17	Energreen Power	Yes	
18	Michael Farley	Yes	
19	West Fraser	Yes	
20	Idemitsu Kosan	Yes	
21	Intellectual Ventures	Yes	
22	Biomethodes	Yes	
23	National BioDiesel	Yes	
24	Mercer		
25	Wilmar		
26	Flow Commodities Pty Ltd.	Yes	Yes
27	Venture Group Equities	Yes	Yes
28	Australia Renewable Fuels		
29	M-Energy Co Ltd.		
30	REG		Yes
31	Envirotek Australia	Yes	
32	Accelergy	Yes	
33	AFG Venture Group/Swire	Yes	
34	ADM		
35	Air Liquide E & C (former Lurgi AG)		

36	ALPAC		
37	Andritz	Yes	Yes
38	Asia Pacific Resources International		
39	BASF		
40	Bio-Amber		
41	Bio-Chemtex		
42	Biox	Yes	
43	Borregard		
44	Cargill		
45	Cascade	Yes	
46	CIMV		
47	Clariant		
48	Conifex	Yes	
49	Dedini		
50	Denzo		
51	Diashowa/Marubeni		
52	Domtar		
53	DSM		
54	Felda Global Ventures		
55	Genting Plantations Berhad		
56	Georgia Pacific		
57	Glencore	Yes	
58	Greenfield	Yes	
59	Gull Group/Ecotech Biodiesel		
60	Harvest Power		
61	International Paper		
62	Leaf Resources	Yes	
63	Lenzing	Yes	
64	Mitsui	Yes	
65	Neste Oil	Yes	
66	Neucel		
67	Novamont		
68	Raw Energy Resources	Yes	
69	Resolute		
70	SAPPI		
71	Scxilin		
72	SQ (ShenQuan) Group	Yes	
73	Sumitomo Plastics	Yes	
74	Swire Group		
75	Synthenol	Yes	

76	Tembec		
77	Tolko		
78	TransTechnika		
79	UPM	Yes	
80	Weyerhaeuser	Yes	Yes
81	Woodland Bio-Fuels	Yes	
82	Xylitol Canada		
82		45	12

APPENDIX F

LIL - Receivership

Summary of Offers Received

#	Party	Date	10% Deposit	LIL - Intellectual Property		Physical Assets		Total
				Lignin IP	Process IP	Lab	Plant	
1	Fibria	Dec 11 14	Yes	2,457,800		1,000,000		3,457,800
2	Offer Company #1	Dec 9 14	No					1,600,000
3	Europe Co.	Nov 28 14	Yes	1,050,000	-	-	-	1,050,000
4	Offer Company #2	Nov 28 14	Yes	225,000	-	125,000	-	350,000
5	American Co.	Dec 2 14	Yes			350,000		350,000
6	Offer Company #3	Dec 2 14	No	284,000		-	-	284,000
7	Offer Company #4	Nov 24 14	NA	-	-	245,000		245,000
8	Offer Company #5	Nov 28 14	No	-	-	110,000	-	110,000
9	Offer Company #6	Nov 28 14	Yes	15,000		-	-	15,000

APPENDIX G

PURCHASE AND SALE AGREEMENT

This agreement (this "Agreement") dated as of the 11th day of December 2014.

BETWEEN:

1021529 B.C. Ltd., a company incorporated under the laws of the Province of British Columbia and having its registered office at 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V7X 1T2

(the "Purchaser")

AND:

The Bowra Group Inc., in its capacity as court-appointed receiver over the assets, undertakings and properties of Lignol Energy Corporation and Lignol Innovations Ltd., including the proceeds thereof, and not in its personal capacity

(the "Receiver" or the "Vendor")

WHEREAS:

- A. On August 29, 2014, on the application of Difference Capital Financials ^{Inc. D} Ltd., the Supreme Court of British Columbia (the "Court") in Action Number S146537, Vancouver Registry (the "LEC Receivership Proceedings"), appointed the Vendor to act as receiver over the assets, undertakings and properties of Lignol Energy Corporation ("LEC").
- B. On October 16, 2014, on the application of the Receiver, the Court in Action Number S147885, Vancouver Registry (the "LIL Receivership Proceedings"), appointed the Receiver to act as receiver over the assets, undertakings and properties of Lignol Innovations Ltd. ("LIL").
- C. LIL is the owner of the property, rights and interests listed on Schedule "A" hereto (the "LIL Property").
- D. The Receiver wishes to sell and the Purchaser wishes to purchase the LIL Property (collectively, the "Assets"), subject to and in accordance with the terms and conditions hereof.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained the parties hereto agree as follows:

1. DEFINED TERMS

Capitalized terms used but not otherwise defined herein shall have the following meanings:

"Approval and Vesting Order" means an Order of the Court in the LEC Receivership Proceedings and the LIL Receivership Proceedings, as required, substantially in form attached as Schedule "C" hereto and as may be amended with the consent of the Vendor and Purchaser acting reasonably:

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“**Business Day**” means a day other than a Saturday, a Sunday or a statutory holiday in British Columbia.

“**Canadian Dollars**” means the lawful currency of Canada.

“**Closing**” means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement.

“**Closing Date**” means the 10th Business Day following the day on which the Approval and Vesting Order is obtained, or such other time and date as may be agreed upon in writing by Vendor and Purchaser, acting reasonably.

“**Governmental Authority**” means any government, regulatory authority, governmental department, agency, commission, bureau, court, judicial body, arbitral body or other law, rule or regulation making entity:

- (a) having jurisdiction over LEC or LIL, the Vendor, the Purchaser or the Assets on behalf of any country, province, state, locality or other geographical or political subdivision thereof; or
- (b) exercising or entitled to exercise any administrative, judicial, legislative, regulatory or taxing authority or power with respect to the Assets.

“**Order**” means any order, decision, determination, judgment, injunction, decree, award or writ with respect to the Assets made by of any court (including the Court), arbitrator or Governmental Authority, or other Person who has jurisdiction over the subject matter of the order, decision, determination, judgment, injunction, decree, award or writ.

“**Person**” means any individual, corporation, partnership, joint venture, limited liability company, association, trust, governmental body or any other entity or body.

“**Purchaser’s Solicitors**” means Borden Ladner Gervais LLP.

“**Vendor’s Solicitors**” means Blake, Cassels & Graydon LLP.

2. OFFER TO PURCHASE THE ASSETS

2.1 By signing this Agreement and delivering it to the Vendor or the Vendor’s Solicitors, the Purchaser hereby offers to purchase LIL’s and the Vendor’s right, title and interest in the following Assets (the “**Purchased Assets**”) at the price (the “**Purchased Price**”) indicated in this Section 2.1 on the terms and conditions set out in this Agreement (the “**Offer**”):

ASSETS	PURCHASE PRICE
Assets of LIL as shown on Schedule “A” hereto.	\$ 1,000,000.00
All intellectual property shown on Schedule “B”	\$ 2,457,800.00

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TOTAL PURCHASE PRICE (EXCLUSIVE OF ALL TAXES AND FEES AS MAY BE PAYABLE)	\$3,457,800.00 (the "Purchase Price")
---	---

2.2 This Offer may be accepted by delivery by the Vendor of a copy of this Agreement signed by the Vendor and the Purchaser to the Purchaser.

2.3 This Offer will remain open for acceptance until **February 15, 2015**, after which time it will be deemed to have been automatically withdrawn.

2.4 If this Offer is not accepted by the Vendor, the Offer will be extinguished and will no longer be binding on the Purchaser.

2.5 For greater certainty, this Offer is being extended in relation to all of the Purchased Assets together, and it shall not be open to the Vendor to accept or offer only those Assets listed in Schedule "A" hereto or only the intellectual property listed in Schedule "B" hereto.

3. PURCHASE AND SALE OF THE PURCHASED ASSETS

3.1 Purchase and Sale. Upon delivery by the Vendor to the Purchaser of a signed copy of this Agreement executed by each of the Vendor and the Purchaser, this Agreement shall become a binding Agreement whereby the Vendor agrees to sell and transfer to the Purchaser, and the Purchaser agrees to purchase and acquire LIL's and the Vendor's right, title and interest in and to the Purchased Assets on the terms set out in this Agreement.

4. DEPOSIT AND PAYMENT

4.1 Purchase Price. The Purchase Price for the sale, assignment, transfer and conveyance of the Purchased Assets to the Purchaser shall be payable as set forth (all in Canadian Dollars):

- (a) \$345,780.00 (being 10% of the Purchase Price) by way of deposit (the "Deposit") payable to the Vendor's Solicitors upon delivery of this Agreement, executed by the Purchaser, to the Vendor;
- (b) as to the balance of the Purchase Price (the "Unpaid Balance"), on the Closing Date; and
- (c) The Purchase Price will be allocated among the Purchased Assets as set out in Section 2.1.

4.2 Deposit. The Deposit which has been paid to the Vendor's Solicitors in accordance with Section 4.1(a), shall be dealt with as follows:

- (a) the Deposit shall be placed in an interest bearing trust account.
- (b) the Deposit and any interest earned thereon shall be paid to the Vendor:



- (i) and credited to the Purchase Price at the Closing Date; or
 - (ii) as liquidated damages, the Parties hereby agreeing that the Deposit constitutes a genuine pre-estimate of the damages that will be suffered by the Vendor if the Purchaser breaches any of the terms of this Agreement.
- (c) The Vendor acknowledges and agrees that it has no interest in the Deposit except the right to receive the Deposit in those certain circumstances described in Section 4.2(b).

5. CONDITIONS PRECEDENT

5.1 The obligations of the Vendor to complete the sale of the Purchased Assets contemplated by this Agreement and of the Purchaser to complete the purchase of the Purchased Assets as contemplated by this Agreement are subject to the satisfaction of each of the following conditions (the "Conditions Precedent") by the dates set forth below, and if no dates are set forth then by or at the Closing Date:

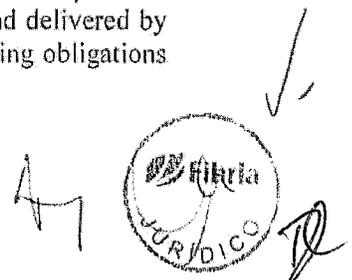
- (a) Approval and Vesting Order. The Vendor shall have obtained the Approval and Vesting Order by no later than **February 15, 2015**;
- (b) No Actions or Proceedings. As of the Closing Date, no appeal of, motion to vary, stay or vacate, or, motion for leave to appeal the Approval and Vesting Order shall be outstanding, pending or threatened by any Person (not including the Purchaser) or any Governmental Authority; and
- (c) No Orders. As of the Closing Date, no order or direction shall have been made by any Governmental Authority which would have the effect of prohibiting or preventing the sale of the Purchased Assets to the Purchaser.

The foregoing conditions are inserted for the mutual benefit of the Vendor and the Purchaser and may be waived in whole or in part only if jointly waived in writing by the Vendor and the Purchaser at or prior to the applicable time set for the satisfaction of such conditions.

6. REPRESENTATIONS AND WARRANTIES OF THE VENDOR

6.1 The Purchaser acknowledges that it is acquiring the Purchased Assets on an "as is, where is" basis, without representation and warranty and without reliance on any information provided to the Purchaser by or on behalf of the Vendor, except that the Vendor makes the following representations and warranties to the Purchaser:

- (a) Due Authorization, Approvals and Consents. Subject to obtaining the Approval and Vesting Order: (i) the Vendor has the authority to assign, transfer and convey the Purchased Assets to the Purchaser in the manner contemplated herein; and (ii) this Agreement and all other agreements, documents and instruments required to be delivered by the Vendor hereunder have been duly executed and delivered by the Vendor and constitute and will constitute legal, valid and binding obligations of the Vendor, enforceable in accordance with their terms.



7. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

7.1 The Purchaser represents and warrants to the Vendor as follows, with the intent that the Vendor shall rely thereon in entering into this Agreement and in concluding the purchase and sale contemplated herein:

- (a) Formation and Good Standing. The Purchaser is a corporation duly incorporated, validly existing and organized and in good standing under the laws of its incorporating jurisdiction, and has the corporate power and capacity to enter into this Agreement and to carry out its terms;
- (b) Authority to Purchase. The execution and delivery of this Agreement and the completion of the transaction contemplated herein shall by the Closing Date be duly and validly authorized by all necessary corporate action on the part of the Purchaser, and this Agreement will constitute a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms;
- (c) Absence of Legal Conflict. Neither the execution and delivery of this Agreement by the Purchaser, nor the performance of this Agreement by the Purchaser and the consummation by the Purchaser of the transactions contemplated by this Agreement will:
 - (i) conflict with or violate the constating documents of the Purchaser or any resolution of either of its directors or shareholders;
 - (ii) conflict with or violate any law, rule, regulation, permit, Order, judgment or decree applicable to the Purchaser or by which its properties are bound or affected, the conflict with which or violation of which would prohibit or materially delay the Purchaser's ability to perform its obligations under this Agreement; or
 - (iii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under any agreement to which the Purchaser is a party or by which the Purchaser or any of its properties is bound or affected and which would prohibit or materially delay the Purchaser's ability to perform its obligations under this Agreement.
- (d) the Purchaser is or will be registered under Part IX of the *Excise Tax Act* (Canada) on or before the Closing Date.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES

8.1 The representations and warranties made by each of the Vendor and the Purchaser in this Agreement shall survive Closing for a period of one (1) year.

9. PURCHASER'S ACKNOWLEDGEMENT

9.1 The Purchaser hereby expressly acknowledges and agrees that:

Handwritten initials "AM" and a checkmark "✓" are present. A circular stamp contains the text "Patria JURIDICO". A handwritten signature is also visible.

- (a) the Vendor is acting only in its representative capacity as Court-appointed receiver over the Assets and not in its personal capacity and shall have no liability under or as a result of entering into or carrying out the transaction which is the subject of this Agreement.
- (b) the Vendor may receive multiple offers to purchase some or all of the Purchased Assets and it is free to refuse the Offer at its absolute and sole discretion. The Vendor will give preference to offers for all of the Assets whether or not such offers allocate a lower price to any particular asset than other offers for that Asset;
- (c) any offer accepted by the Vendor for the sale of the Purchased Assets is subject to the approval of the Court;
- (d) the Purchaser must make its own arrangements to support this Agreement in Court;
- (e) if the Court vacates, sets aside or varies any Order approving this Agreement, or does not approve the Agreement or the Approval and Vesting Order, for any reason whatsoever, then the Vendor shall not be liable to the Purchaser or any other person in any way whatsoever;
- (f) the Purchaser has relied entirely upon its own inspection and investigation of all matters in respect of the Purchased Assets.
- (g) the Vendor has not made and will not make any warranty or representation in relation to the Purchased Assets including any warranty or representation as to the fitness, design, condition or quality of the Purchased Assets.
- (h) no representation, warranty or condition is expressed by the Vendor or can be implied as to title or encumbrances to the Purchased Assets, or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted in Section 6.1.
- (i) without limiting the generality of the foregoing Section 9.1(h), any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (British Columbia) or similar legislation do not apply hereto and have in any event been waived by the Purchaser.
- (j) the description of the Purchased Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning the completeness or the accuracy of such descriptions.

10. DELIVERY OF CLOSING DOCUMENTS

10.1 Vendor's Closing Documents. On the Closing Date, the Vendor will deliver the following to the Purchaser's Solicitor:

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- (a) a copy of the Approval and Vesting Order;
- (b) all files, documents, and other materials, including all correspondence with relevant intellectual property offices, related to the patents and patent applications set out in **Schedule "B"** that are in the possession of or accessible by the Vendor or LIL, including all such files, documents, and materials in the possession of LIL's patent counsel;
- (c) a patent assignment in the form attached hereto as **Schedule "D"** executed by ~~LIL~~ ^{substantially} ~~whereby LIL~~ ^{the Receiver} agrees to assign all of its right, title and interest in and to the patents and patent applications set out in **Schedule "B"** to the Purchaser; and
- (d) all such other assurances, consents, agreements, documents and instruments as may be reasonably required to transfer the Purchased Assets to the Purchaser as contemplated in this Agreement.

the Receiver

the Receiver

10.2 Purchaser's Closing Documents. On the Closing Date, the Purchaser will deliver the following to the Vendor's Solicitors in a form acceptable to the Vendor, acting reasonably:

- (a) an irrevocable direction from the Purchaser authorizing the Vendor's Solicitors to release the Deposit to or as directed by the Vendor;
- (b) payment of the Unpaid Balance; and
- (c) all such other assurances, consents, agreements, documents and instruments as may be reasonably required to transfer the Purchased Assets to the Purchaser as contemplated in this Agreement.

11. TAXES AND FEES

11.1 The Purchaser shall be solely responsible for payment of all applicable federal, provincial and municipal taxes in connection with the Purchased Assets including, without limitation, goods and services tax, retail sales tax and social services tax.

11.2 The Purchaser agrees to indemnify and save the Vendor harmless from and against all claims and demands made or assessed by any Governmental Authority after the Closing Date for payment of any taxes, penalties or fees of any kind whatsoever in any way relating to the Purchased Assets.

12. RISK

12.1 The Purchased Assets will be at the risk of Vendor up until the Closing Date. From and including the Closing Date the Purchased Assets will be at the risk of the Purchaser.

13. MISCELLANEOUS

13.1 Severability. If any term, covenant or condition of this Agreement or the application thereof to any person or circumstance shall, to any extent, be held to be invalid or unenforceable,

✓

47  *the Receiver*

the remainder of this Agreement, or the application of that term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant and condition of this Agreement shall be valid and enforced to the fullest extent permitted by law.

13.2 Further Assurances. Each party, upon receipt of notice by another party, shall sign (or cause to be signed) all further documents, do (or cause to be done) all further acts, and provide all reasonable assurances as may reasonably be necessary or desirable to give effect to the terms of this Agreement. Without limiting the foregoing, upon reasonable request, the Vendor shall provide to the Purchaser information and documents which are within its possession or control and are necessary or desirable for the Purchaser to register, enforce, and defend its rights in the Purchased Assets.

13.3 Notice. Any notices, requests or demands which may or are required to be given or made hereunder shall be in writing and served personally addressed:

if to the Purchaser, to:

1021529 B.C. Ltd., c/o
Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard Street, P.O. Box 48600
Vancouver, British Columbia
V7X 1T2
Fax: 604-622-4198
Attention: Magnus C. Verbrugge and William E.J. Skelly

and if to the Vendor, to:

The Bowra Group Inc.
505 Burrard Street Suite 430
Vancouver, B.C. V7X 1M3
Fax : 604-689-8584
Attention : Douglas Chivers

with a copy to:

Blake, Cassels & Graydon LLP
2600 – 595 Burrard Street
Vancouver, B.C. V7X 1L3
Fax : 604-631-3309
Attention: Peter Rubin

13.4 Entire Agreement. This Agreement constitutes the entire agreement between the parties and there are no representations or warranties, express or implied, statutory or otherwise and no agreements collateral hereto other than as expressly set forth or referred to herein.

13.5 Time of Essence. Time, where mentioned in this Agreement, shall be of the essence.



13.6 Currency. Unless otherwise expressly provided herein, all sums of money referred to in this Agreement are expressed in Canadian Dollars.

13.7 Interpretation. Wherever the singular or masculine is used in this Agreement, references to plural, feminine and body corporate shall be construed as necessary.

13.8 Governing Law. This Agreement shall be governed by all and interpreted in accordance with the laws of the Province of British Columbia.

13.9 Execution in Counterpart. This Agreement may be executed in counterparts and the parties hereto may evidence their execution of this Agreement by facsimile or other electronic transmission.

13.10 Successors and Assigns. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

[Signature page follows]

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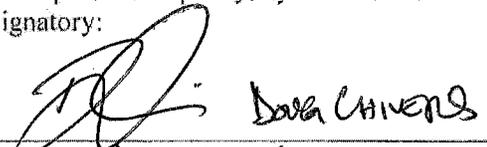
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their proper and duly authorized officers as of the date first above written.

1021529 B.C. Ltd., by its authorized signatory:


Date: 11/12/2014 11/12/2014

The Bowra Group Inc.

in its capacity as Court-appointed receiver of the assets and undertakings of Lignol Energy Corporation and Lignol Innovations Ltd. and not in its personal capacity, by its authorized signatory:


Date: Dec. 15, 2014

SCHEDULE "A" TO PURCHASE AND SALE AGREEMENT
ASSETS

See attached.

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Description of Lignol Pilot Plant & Lab Facilities

Lignol Pilot Plant

Lignol Innovations has built a pilot plant to test and demonstrate Lignol's biorefinery technology in which lignocellulosic biomass such as wood, straw, and other agricultural materials can be converted into a variety of products including: paper grade pulps, ethanol (a renewable transportation fuel), lignin (a valuable, totally organic chemical with multiple uses) and sugars streams. The pilot plant is designed to operate on a campaign basis, running several days per campaign. In general, most of the process equipment is manufactured from stainless steel which provides for both corrosion resistance and ease of cleaning. Electrical equipment conforms to applicable codes, considering the presence of solvent and/or dusts in different areas. Process control is via a Siemens DCS system which allows for both system control and data collection.

Equipment for extraction of feedstocks at elevated temperatures and pressures exists at various scales within Lignol. The pilot plant contains a prototype continuous extraction system and a batch extraction system. The continuous extraction system includes a feedstock hopper, steaming bin and continuous extractor (Extractor C) with associated feedstock feeding screws and pulp discharge screws. Spent solvent processing equipment for continuous extraction was designed with flexibility to operate in two different modes: either flashing immediately to atmospheric pressure in a flash tank (No. 2 Flash Tank) or by first passing through a pressured flash tank (No. 1 Flash Tank), capable of operating anywhere between full extraction pressure down to near atmospheric pressure, prior to flashing to atmospheric pressure. The batch extraction system consists of a 265 L batch extractor (Extractor B) and hot oil based circulation heaters and uses No. 1 Flash Tank as a full temperature and pressure solvent accumulator. The flash tanks are equipped with heat exchangers used to condense process vapours to recover solvent. In addition, the flash tank skid contains an agitated 300 L Mix Tank used to precipitate lignin from spent solvent and an agitated 400 L Lignin Washer Buffer Tank. Pumps are included in the pilot plant systems and are rated for process pressures and temperatures as appropriate.

Lignin recovery following precipitation is performed using a belt filter designed to operate as a continuous washer. Lignin slurry is thickened in the first zone of the filter while the later zone is for washing of lignin to recover ethanol and other constituents prior to drying the lignin. Lignin drying is accomplished using an enclosed drying system employing a re-circulating nitrogen environment.

Solvent recovery is performed using a two-tower distillation system with a forced circulation reboiler. The distillation columns use a combination of trays and packing to effect the desired liquid-vapour contact. Ethanol is recovered as the overheads stream and is at near azeotropic concentration. The bottoms stream from distillation can be further processed in a forced circulation evaporation system to concentrate the sugars recovered from the feedstock.

Pulp washing equipment consists of a combination of storage tanks and pulp presses. The pulp is washed via dilution in a 2,500 L Pulp Storage Tank and subsequent pressing (i.e. dilution washing). Washed pulp can either be collected as a wet pulp product or further processed and stored in one of three 3,700 L fermentation/beer still tanks. The fermentation skid includes temperature control systems suitable for enzymatic hydrolysis and fermentation conditions.

Storage tanks reside mainly within the building and are also of stainless steel construction. The pilot plant includes 7 storage tanks for process streams ranging in volume from 1,200 to 8,450 liters plus 4 "water" tanks ranging in volume from 1,500 to 7,200 liters.

Utilities include a CIP system which uses caustic for cleaning the various process tanks. Other utility systems include a 215 KW natural gas fired steam boiler, an electrically heated hot oil system, a cooling water system, a vent system including a catalytic thermal oxidizer for destroying organic compounds in vapour streams, and an air compressor.

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Lignol Laboratory Facilities

Lignol operates two research and analytical laboratories with a combined floor space of 1750 ft². These labs provide analytical support to the pilot plant as well as to conduct research, mostly related to product development. A list of the current active R&D projects is shown below (as of April 2014).

Active R&D Projects

Project ID	Title
228	Optimization of Lignin for Carbon Fibre Production (High Molecular Weight Lignin)
257	Methods Validation
267	Partial Hydrolysis
269	Polyurethane Development
270	Pilot Plant Analysis
272	Business Development
273	Laboratory Maintenance
274	Lignin Active Solvent
275	Fractionation of Lignin Using Membranes
276	pH and Solvent Fractionation of Lignin
278	EcoEnergy
279	Lignin Macropolyols
280	Arg Residue Pulping
281	DSM C5/C6 Fermentation
283	Lignin Oxidation

The labs are staffed by 2 PhD's and 3 chemists/researchers. The labs are well equipment and all analytical procedures are fully documented and verified. Following is a list of the major equipment in the labs:

CATEGORY	Item	Brand	Model
HPLC	Ion Chromatography	Dionex	ICS-3000
	Dual Pump	Dionex	
	Autosampler	Dionex	
	AXP pump	Dionex	
	AXP-MS pump	Dionex	
	RID	Agilent Technologies	G1362A
GC	Gas Chromatography	Agilent Technologies	7890A
			6890N
	Autosampler	sdsd	7693
	Injector	Agilent Technologies	G4513A
			7693B Series
	Inert MSD	Agilent Technologies	5975C
GPC	Gel Permeation Chromatography	Agilent Technologies	1200 Series
	ALS	Agilent Technologies	G1329A
	Degasser	Agilent Technologies	G1322A

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	Quat Pump	Agilent Technologies	G1311A
	TCC	Agilent Technologies	G1316A
	VWD	Agilent Technologies	G1314B
MDSC	Modulated Differential Scanning Calorimetry	TA Instruments	Q200
	Refrigerated Cooling System	TA Instruments	
TGA	Thermogravimetric Analyzer	TA Instruments	Q50
	Heat Exchanger	TA Instruments	
UV-Vis	Spectrophotometer	Hach	DR5000
		Varian	Cary 50 Bio
		Molecular Devices	SpectraMax Plus
FTIR	Fourier-Transform Infrared Spectrometer	Bruker	Tensor 27
	IR Pellet Maker	Pike Technologies	CrushIR
pH Meters	pH meter	Mettler Toledo	Seven Multi
			Seven Easy
	Dual channel pH/ion/conductivity meter	Fisher Scientific	Accumet Excel XL50
	pH/conductivity meter	Fisher Scientific	Accumet Excel XL20
Viscometers	Viscometers	Hydramotion	Viscolite 700
		Hydramotion	ReactaVisc 300
		Cambridge Viscosity	ViscoLab 3000
Microscope	Microscope	Fisher Scientific	Micromaster
Melting Point	Melting Point Analyzer	Barnstead Electrothermal	Mel Temp
Balances	Analytical Balance, 4dp	Mettler Toledo	XS204
		Mettler Toledo	XP204
	Analytical Balance, 6dp	Mettler Toledo	XP56
	Top-loading Balance, 2dp	Mettler Toledo	XP6002S
		Mettler Toledo	PB8001-S/FACT
		Mettler Toledo	XP10002S
		Denver Instrument	S-6002
		AcculAB	VI-400
	Top-loading Balance, 1dp	Fisher Science Education	SLF 5001-US
	Moisture Balance	Mettler Toledo	HB43 Halogen
	Mettler Toledo	HB43-S Halogen	
ASE	Accelerated Solvent Extractor	Dionex	ASE350
Rotavaps	Rotavapor	Buchi	R-210
	Heating Bath	Buchi	B-491
	Vacuum Controller	Buchi	V-855
	Multivapor	Buchi	P-6

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		Buchi	P-12
Vacuum Pumps	Vacuum Pump	Buchi	V-700
		MaximaDry	
	Freeze Dryer	Labconco	Triad
Ovens	Ovens	Fisher Scientific	Isotemp
	Vacuum Oven	Fisher Scientific	Isotemp 281A
		Fisher Scientific	285
	Forced -Draft Furnace	Fisher Scientific	Isotemp Programmable
Water Baths	Circulating Water Bath	Magni Whirl	
	Water Bath	Fisher Scientific	Isotemp 210
Hot Plates	Stirring Hot Plate	Thermo Scientific	Isotemp
		Corning	PC-420D
		Thermolyne	Nuova II
	RBF Heating Mantle	Barnstead Electrothermal	
		Glas-Col	TM108
		Thermo Scientific	
Stirrers/Shakers	Stir Plate	Barnstead Electrothermal	Thermolyne
		Fisher Scientific	
	Digital Stirrer	IKA	RW 20
	Thermomixer	Eppendorf	R
	Shaker	Elmi Skyline	DTS-4
	Intelli-mixer	Elmi Skyline	RM-2L
	Vortex Mixer	Barnstead Electrothermal	MaxiMix II
		Fisher Scientific	
		Scientific Industries	Vortex Genie 2
	Incubator Shaker	New Brunswick Scientific	Excella E24
	New Brunswick Scientific	Innova 44	
Centrifuges	Microcentrifuge	Sorvall-Fresco	
	Centrifuge	Thermo Scientific	Sorvall Legend XTR
Thermometers	Temperature Regulators	Thermo Scientific	DC10/K20
		Thermo Electron Corporation	Haake DC10
	Thermocouple Thermometer	Digi-Sense	Dual Jtek
	Biological Safety Cabinet	Thermo Electron Corporation	Forma Class II, A2
	Autoclave	Tuttnauer Brinkmann	3870E
	Nanopure Water Filtration System	Millipore	Direct-Q
	Parr Reactor	Parr	4843

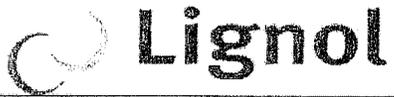
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	Dishwasher	Miele Professional	G7883
	Crimper	Wheaton	Crimpenstein
	Mill	Thomas Scientific	3383-L10
	Deep Fryer	TFal	EZ Clean
	Transformer	Variac	SC-5T
	Oscilloscope	Tektronix	TDS 2002B
	DC Power Supply	GW Instek	GPS-3030D
	Desoldering Tool	Hakco	FM-204-01
	Destaticizer	Mettler Toledo	EN 8 SLC
	Sonicator	Branson	3510

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LIGNOL INNOVATIONS LTD.

Summary of Total Pilot Plant & Laboratory Equipment Purchases
(Gross, before Government & Corporate Contributions)
As at April 30, 2013

	Gross Cost
	\$
Pilot Plant Equipment	
Extractor A "Batch Skid"	420,429
Construction (Fiscal 2008-09)	8,302,737
Expansion (Fiscal 2010-11)	<u>1,279,946</u>
	<u>10,003,112</u>
 Laboratory Equipment	
	<u>2,137,745</u>

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LIGNOL INNOVATIONS LTD.		
Summary of Total Pilot Plant Construction Purchases (Fiscal 2008 & 2009)		
As At April 30, 2013		
PO Number	Vendor	Description
PO6012	Metso Paper	Continuous Digester
PO6012-A	Metso Paper	Continuous Digester - addition
PO7001	Vincent Corporation	Pulp wash press
PO7002	Ultra Drytech Engineering Ltd.	Lignin Dryer Skid
PO7003	Larox Inc.	Lignin filter
PO7004	Koch-Glitsch Canada	Ethanol Recovery Towers
PO7005	Anhydro Inc.	Evaporator skid
PO7006	Catalytic Combusion Corporation	Termal oxidizer
PO7007	Littleford Day, Inc.	Mixer Skid
PO7008	Continental Conveyor & Machine Works Ltd	Screw Conveyor
PO7009	KBHK Air Systems Inc.	HVAC
PO7010		
PO7011	Ellett Industries Ltd.	Flash / Mix Skid
PO7011-A	Poyry	Flash Tank Piping Layout
PO7012	CPE Systems Inc.	Fermenter skid
PO7013	Leavitt Machinery	Scissor Lift
PO7014		
PO7015	Ellett Industries Ltd.	Lot of stainless steel tanks
PO7016		
PO7017	Trane Northwest HVAC Sales	Cooling system
PO7018	Zesta Engineering Ltd	Hot oil system
PO7019	Continental Conveyor & Machine Works Ltd	Chip Transport Conveyors
PO7020	Andrew Garner & Associates Inc.	Corrosion testing
PO7021	All-Pro Services Ltd.	Steam boiler
PO7022	Scientific Surplus, LLC	Small fermentor
PO7023		Mechanical installation & insulation
PO7024	National Process Equipment	Instrumentation air system
PO7025	Enermax Fabricators Ltd.	Distillation Towers (Stripper/Rectifier/Reboiler)
PO7026	CPE Systems Inc.	CIP Skid
PO7027	Energy Technology Products (New York Blower	RTO Vent Fan
PO7028	Commander Warehouse Equipment	Self Sumping Dumpster
PO7029	Lockerbie & Hole Contracting Limited	Machanical Engineering
PO7030	Mott Electric	Electrical & Instrumentational Contractors
PO7031		
PO7032	Wesco	LV Motors
PO7033	Contro Valve Inc	Control valves
PO7034	Quantum Supply Ltd.	Pressure safety valves
PO7035	IPS Project Systems	Ground penetrating radar & services
PO7036	Hayward Gordon Ltd	Fluid process pumps
PO7037	Goulds / ITT	Pumps
PO7038	CPE Systems Inc.	Centrifugal Pump
PO7039	Austin Denholm Industrial Sales Inc.	Diaphragm Pumps
PO7040	Austin Denholm Industrial Sales Inc.	Progressive Cavity Pump
PO7041	Smith Cameron	Solvent Pumps
PO7042		
PO7043	Bancroft Western Sales Ltd	Pulp storage tank agitator
PO7044	Hayward Gordon Ltd	Process mixers, Tank Agitators
PO7045	E.B. Horsman & Son	Control System (DCS)
PO7046	E.B. Horsman & Son	Starters
PO7047		
PO7048		
PO7049	Norpac Controls	General Transmitters
PO7050	Ellett Industries Ltd.	Level gauge
PO7051	Bearing & Transmission	Rotary Feeder Drive

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PO Number	Vendor	Description
PO7052	BG Control	General Instrumentation
PO7053	E.B. Horsman & Son	Solenoid Valves
PO7054	GEA PHE Systems NA, Inc.	Heat Exchangers
PO7055	G. Trasolini Contractors	Underground Piping
PO7056	Trane Northwest HVAC Sales	Nitrogen Cooling Coil
PO7057	CPE Systems Inc.	Yeast Cart
PO7058	Mettler Toledo Inc	Mass Scales
PO7059	Zirco (1989) Ltd	Buckling Pin Relief Valves
PO7060	CB Engineering Ltd	LEL Gas Detector
PO7061	CPE Systems Inc.	Pressure Relief Valve
PO7062	BG Control	Level Transmitters
PO7063	Andrew Garner & Associates Inc.	Corrosion testing
PO7064	Preston Phipps Inc.	Stream Traps
PO7065	Groth Corporation	Flame Arrestor
PO7066	Cole Parmer	Standard Digital Pump System
PO7067	Enermax Fabricators Ltd.	Level Bridle for Distillation Towers
PO7068	Ludeman Trucking, Ltd.	Delivery Fermenter Skid fr. CPE
PO7069	Acklands Grainger	Pallet Jack, shop supplies
PO7070	Acuren Group Inc.	Radiographic Inspection
PO7071	Metso Paper	Continuous Digester - Commissioning Services
PO7072	Fike Canada, Inc.	Explosion Vent
PO7073	Meridian Valve	Valves
PO7074	SMC Canada	Poly Tubing
PO7075	Thorburn Equipment Inc	Flexible Metallic Hose
PO7076	Acuren Group Inc.	Radiographic Inspection - Pressure Vessel
PO7077	CPE Systems Inc.	Evaporator skid (refurbish)
PO7078	E.B. Horsman & Son	2-way Solenoid Valve
PO7079	Simplex Grinnell	Fire Alarm System
PO7080	Koch-Glitsch Canada	Recovery Tower
PO7081	Contro Valve Inc	Limit Stop Kit
PO7082	Norpac Controls	Relay
PO7083	Westcoast Cutting & Coring	Hole Cutting Service
PO7084	BC Safety Authority	Inspections
PO7085	IPS Project Systems	Radar Survey of water line
PO7086	Ludeman Trucking, Ltd.	Delivery Flash Skid
PO7087	All-Pro Services Ltd.	Gas Filter
PO7088	Apollo Sheet Metal Ltd	Pulp Bin Hood & Lab Fermenter Support Bench
PO7089	E.B. Horsman & Son	Speed Switch Control Box
PO7090	BG Control	Relief Valve
PO7091	Lechler Inc.	Water Nozzle
PO7092	Cole Parmer	Flow Indicators
PO7093	Surrey Fluid Power Ltd.	Air Pressure Regulator
PO7094	Columbia Valve & Fitting Ltd.	Swagelok
PO7095	Ideal Door Ltd.	Garage Door Opener
PO7096	Columbia Valve & Fitting Ltd.	Swagelok
PO7097	Contro Valve Inc	Contro Valve Seat & Tool
PO7098	Columbia Valve & Fitting Ltd.	Swagelok
PO7099	McMaster Carr	O-ring kits
PO7100	BC Bearing Engineers	Drive Transmission Components
PO7101	Innovative Machining	Mild Steel Plate
PO7102	Abcco Products	Cooler Rental
PO7103	Westcoast Cutting & Coring	Diamond Core Drilling
PO7104	Apollo Sheet Metal Ltd	Enclose Coil
PO7105	Columbia Valve & Fitting Ltd.	Swagelok
PO7106	Surrey Fluid Power Ltd.	Tubing
PO7107	Magnacharge Battery	Forklift Charger
PO7108	Acklands Grainger	Carseals and tags, spill kit
PO7109	Electro Motors Co. Ltd	WEG Motor repair
PO7110	Scientific Surplus, LLC	Serum Port Assemblies
PO7111	Columbia Valve & Fitting Ltd.	Swagelok

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PO Number	Vendor	Description
PO7112	Littleford Day, Inc.	Liquid Lance Assembly
PO7113	Komol Plastics Co	Bulk bags
PO7114	Surrey Fluid Power Ltd.	Tubing
PO7115	Innovative Machining	Modify Collar & Key
PO7116	CPE Systems Inc.	Pump Assembly
PO7117	Austin Denholm Industrial Sales Inc.	Pressure Regulator
PO7118	Columbia Valve & Fitting Ltd.	Swagelok
PO7119	Meridian Valve	Dryer Fitters
PO7120	Surrey Fluid Power Ltd.	Tubing
PO7121	Larox Inc.	Filter Cloths
PO7122	National Process Equipment	Sundyne Pump Parts
PO7123	Emermax Fabricators Ltd.	Apply FV
PO7124	BG Control	Vent pressure/Temperature Indicator
PO7125	Norpac Controls	RTD Probes for Dryer
PO7126	Columbia Valve & Fitting Ltd.	Swagelok
PO7127	E.B. Horsman & Son	Lignin Dryer Solenoids
PO7128	Contro Valve Inc	Valve Trim Kits
PO7129	CPE Systems Inc.	Fermenter Hoses
PO7130	Norpac Controls	HART Communicator
PO7131	Imperial Valve	PRV for Hot Oil
PO7132	CPE Systems Inc.	Syringes for Fermenter
PO7133	Scientific Surplus, LLC	Small fermentor
PO7134	Columbia Valve & Fitting Ltd.	Swagelok
PO7135	Fike Canada, Inc.	Rupture Disk holder
PO7136	Aesseal Canada Inc.	Gould Pump Repair
PO7137	CPE Systems Inc.	Refurbishment of Lignin Dryer
PO7138	G. Trasolini Contractors	Watermain Repair
PO7139	Acklands Grainger	SCBA Rescue Tanks
PO7140	Norpac Controls	Rotary Control Valve
PO7141	Meridian Valve	SS Pipe Reducer/Bushing
PO7142	Columbia Valve & Fitting Ltd.	Swagelok
PO7143	Abcco Products	Refrigerators
PO7144	Klondike Contracting	Waste Bin, Carpentry
PO7145	Rodger Industries Inc.	Spare Sanitary Fitting
PO7146	CPE Systems Inc.	CPE Site Work
PO7147	CPE Systems Inc.	Side Draw Cooler
PO7148	CPE Systems Inc.	Replacement Pumps
PO7149	Benchmark Instrumentation & Analytical	Cooler Gaskets
PO7150	Contro Valve Inc	Seat Ring
PO7151	Advantage Thermal Service	Pilot Plant Insulation
PO7152	New Line Hose & Fitting	Extractor Flush Line Hoses
PO7153	Columbia Valve & Fitting Ltd.	Swagelok
PO7154	Sinco Engineering Ltd.	Engineering work
PO7155	CPE Systems Inc.	Replacement Pumps
PO7156	BG Control	Pressure Gauge
PO7157	Austin Denholm Industrial Sales Inc.	Pump Seal Repairs
PO7158	Sihl Pumps	Pump Repairs
PO7159	Columbia Valve & Fitting Ltd.	Swagelok
PO7160	Fastenal	Fasteners
PO7161	EB Horsman & Son	Changing MSPs
PO7162	Viking Pump of Canada	PVDF
PO7163	National Process Equipment	Service Call
PO7164	Austin Denholm Industrial Sales Inc.	Electric Motor
PO7165	Canadian Mill Equipment	Performance Screen
PO7166	EB Horsman & Son	Upgrade G-916 Nreaker
PO7167	Columbia Valve & Fitting Ltd.	Swagelok
PO7168	CPE Systems Inc.	Ampco Pump Spare Parts
PO7169	M.Struss Welding	
PO7170	CPE Systems Inc.	Camlock Fitting, Filter Level Switch
PO7171	Klondike Contracting	Distillation Roof Enclosure

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PO Number	Vendor	Description
PO7172	KJB Industries Ltd.	Chip screen support frame
PO7173	Tinsley, Inc.	Chip Screen Replacement Deck
PO7174	Black & MacDonald Limited	Water Cooler Repair
PO7175	United Lock Block Ltd.	Chip Screen Anchors
PO7176	G. Trasolini Contractors	Replacement Catch Basin Lid
PO7177	Roussos Electric Ltd.	Electrical works
PO7178	HBHK Air Systems	Flash Skid Roof Cover
PO7181	Columbia Valve & Fitting Ltd.	Swagelok
N/A	Poyry	Pilot Plant Detailed Engineering
N/A	Poyry	Assist Lockerbie & Hole Piping Isometric
N/A	Poyry	Field Assistance
N/A	Poyry	Ethanol Drying
N/A	Poyry	PP as build P&ID's
N/A	Sacuv-Davey	Project Engineering Services
N/A	Levelton	
		Visa?
		Change orders?
PO8001	Brinkmann	High Temperature Circulator
PO8002	Rose Scientific	Labfors Bioreactor
PO8003	Rose Scientific	Nucleo Counter
PO8004	Westech Industrial Ltd	Hydromotion Viscometers
PO8005	Vincent Corporation	Press Rental
PO8006	Philadelphia Mixing Solutions	Testing services
PO8007	Smith Cameron Pump Solutions	Diaphragm Pump
PO8008	CPE Systems Inc.	Fermenter Bench
PO8009	Vincent Corporation	Pulp Wash Press
PO8010	Bruker Optics	SpecFT-IR Spectrometer
PO8011	** Cancelled **	
PO8012	Philadelphia Mixing Solutions	Large Pulp Mixer
PO8013	Vincent Corporation	Pulp Filters
PO8014	Paul Adam	Pulp Shredder
PO8015	Sinco Engineering Ltd.	Mechanical Construction
PO8016	Austin & Denholm Industrial Sales	Mixer Motors
PO8017	Archon Industrieies, Inc.	Fermenter Tank Windows
PO8018	Cole-Parmer Canada	Rayon Swabs
PO8019	Oxoid Canada	CIP Effectivity Media Plates
PO8020	Mott Electric	Power Supply for Lab Fermenter
PO8021	ControValve	Control Valve
PO8022	Norpac Controls	Temperature Sensor
N/A	Poyry	Enzyme Project
N/A	Amy Chiu	Filter & Filter Paper
PO9001	Poyry Engineering	Extractor B Engineering

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LIGNOL INNOVATIONS LTD.

Summary of Total Pilot Plant Expansion Purchases (Fiscal 2010 & 2011)

As At April 30, 2013

Date	Vendor	Description	PO#
5/1/09	Vincent Corporation	Screw press CP-6	8009
5/1/09	GEA PHE	Heat exchanger	7054
5/1/09	Archon Industries, Inc.	Sanitary glass assembly	8017
5/1/09	Klondike Contracting Corporation	Roof top enclosure	7171
5/12/09	CST Innovations Ltd.	Wood refiner	7182
5/13/09	CPE Systems	Ampco pump spare parts	7168
5/13/09	Metso Paper	Extractor C	8800
5/14/09	Norpac Controls	Temperature transmitter	8022
5/15/09	CPE Systems	Heat exchanger skid	9009
5/15/09	KBHK Air Systems	Roof opening cover	7178
5/15/09	Arjay Industries Ltd.	Extractor B skid & piping	9010
5/19/09	Advantage Thermal Service Ltd.	Insulation	7151
5/21/09	Contro Valve Inc.	Control valves	8021
5/22/09	Norpac Controls	Relief valve	8023
5/25/09	Fisher & Ludlow	Extractor access platform mate	7183
5/27/09	Austin & Denholm Industrial Sales	Mixer motor	8016
01/06/2009	Poyry Inc.	Enzyme project	N/A
01/06/2009	Poyry Inc.	Extractor B skid 3D model	9007
01/06/2009	Poyry Inc.	Extractor B	9001
01/06/2009	ChemPoint.com	Silicone thermal fluid	9022
02/06/2009	E.B. Horsman & Son	Electrical MCP upgrade	8025
02/06/2009	E.B. Horsman & Son	Electrical MCP upgrade	8025
03/06/2009	CPE Systems Incorporated	Heat exchanger skid-30%	9009
04/06/2009	United Lock-Block Ltd.	Lock blocks	7175
05/06/2009	Rodger Industries Inc.	Sanitary fittings	8028
08/06/2009	Metso Paper Ltd.	Metso filter housings & element	8800
10/06/2009	M. Struss Welding	Bend shaker frame to fit scree	7185
10/06/2009	Rodger Industries Inc.	Sanitary fittings	8028
11/06/2009	Mott Electric Limited	Enzyme-relocate tray & rigid c	N/A
15/06/2009	E.B. Horsman & Son	MCP upgrade	8025
15/06/2009	E.B. Horsman & Son	MCP upgrade	8025
16/06/2009	KJB Industries Ltd.	Chip screen support frame	7172
18/06/2009	Benchmark Instrumentation & Analytical S	Solvent heat exchanger	9004
23/06/2009	Austin & Denholm Industrial Sales	Drain pump	9005
24/06/2009	Sinco Engineering Ltd.	Engineering on Emzyme project	8015
26/06/2009	Mott Electric Limited	Reinstall tray & conduit	N/A
30/06/2009	Rodger Industries Inc.	Gaskets	8028
30/06/2009	Poyry Inc.	Emzyme project	N/A
30/06/2009	Poyry Inc.	Extractor B	9001
30/06/2009	Poyry Inc.	Extractor B skid 3D model	9007
01/07/2009	Vincent Corporation	Vincent screw press CP-4	8005
01/07/2009	Vincent Corporation	Vincent screw press CP-6	8009
01/07/2009	Tinsley, Inc.	Screen deck panels for chip sc	7173
01/07/2009	Philadelphia Mixing Solutions	Mixer motors	8012
01/07/2009	Poyry Inc.	Extractor C	8802
01/07/2009	Mott Electric Limited	Electrical & instrumentation	8026
01/07/2009	Ceva Freight Canada Corp	Freight for mixer	8012



LIGNOL INNOVATIONS LTD.

Summary of Total Pilot Plant Expansion Purchases (Fiscal 2010 & 2011)

As At April 30, 2013

Date	Vendor	Description	PO#
01/07/2009	Ceva Freight Canada Corp	Freight for mixer	8012
07/07/2009	Norpac Controls Ltd.	Control valve	9020
08/07/2009	Smith Cameron Pump Solutions	Solvent pump upgrade	9002
08/07/2009	Praxair Distribution	Nitrogen regulator	9026
10/07/2009	Columbia Valve & Fitting Ltd.	Swagelok	8035
13/07/2009	Surrey Fluid Power Ltd.	SS tube	8036
14/07/2009	Norpac Controls Ltd.	Relief valves	8815
15/07/2009	Meridian Specialties	Regular service valves	9024
19/07/2009	Fairview Conveyor Services Inc.	Stainless steel pulp conveyor	9019
20/07/2009	Norpac Controls Ltd.	Relief valves	9008
20/07/2009	Tekniscience Inc.	Parts for fermenter	8032
21/07/2009	Austin & Denholm Industrial Sales	Reverse PC pump	8803
21/07/2009	Harlow Scientific	BioFlo lab fermentor	8042
22/07/2009	Austin & Denholm Industrial Sales	Reverse PC pump	8803
22/07/2009	Imperial Valve Ltd.	Filter relief valves	8816
22/07/2009	Columbia Valve & Fitting Ltd.	Swagelok	8035
23/07/2009	Valax Manufacturing Inc.	Electrical & Instrumentation	9013
30/07/2009	E.B. Horsman & Son	Electrical MCP upgrade	8025
30/07/2009	E.B. Horsman & Son	Electrical MCP upgrade	8025
31/07/2009	Delpro Industrial Sales Inc.	Pressure transmitters	9015
01/08/2009	Poyry Inc.	Extractor B	9001
01/08/2009	Poyry Inc.	Extractor C	8802
01/08/2009	Preston Phipps Inc.	Steam traps	9025
01/08/2009	Scientific Surplus, LLC	Serum port for fermentor	7110
01/08/2009	Vincent Corporation	Heavy duty swivel casters	8013
01/08/2009	Philadelphia Mixing Solutions	Mixer	8012
04/08/2009	A.R. Thomson Group	Mixer shaft seal	8038
05/08/2009	E.B. Horsman & Son	Flow meter	9023
05/08/2009	E.B. Horsman & Son	Extreme service valves	9006
05/08/2009	BG Controls	Temperature transmitters	9030
06/08/2009	CPE Systems Incorporated	Heat exchanger skid	9009
07/08/2009	Hoskin Scientific Limited	Buchner funnel	8031
07/08/2009	Meridian Specialties	Regular service valves	8818
11/08/2009	E.B. Horsman & Son	Freight-Extreme service valve	9006
11/08/2009	Austin & Denholm Industrial Sales	Flush water pump	8801
11/08/2009	Meridian Specialties	Regular service valves	8818
12/08/2009	Hayward Gordon Limited	Oil circulation pump	9017
13/08/2009	Tekniscience Inc.	Stopper serum	8032
14/08/2009	Meridian Specialties	Stainless steel strainer	9034
15/08/2009	Fairview Conveyor Services Inc.	Conveyor	9019
16/08/2009	Can-Am Air Conditioning Ltd.	Compressor & capillary	8050
17/08/2009	Valax Manufacturing Inc.	Electrical and instrumentation	8812
17/08/2009	Roussos Electric	Oil heater	9016
20/08/2009	Austin & Denholm Industrial Sales	Circulation pump	9003
25/08/2009	BG Controls	Temperature transmitters	9030
25/08/2009	Norpac Controls Ltd.	Relief valves	9008
25/08/2009	Delpro Industrial Sales Inc.	Isolation valves	8814



LIGNOL INNOVATIONS LTD.

Summary of Total Pilot Plant Expansion Purchases (Fiscal 2010 & 2011)

As At April 30, 2013

Date	Vendor	Description	PO#
31/08/2009	Poyry Inc.	Extractor C	8802
31/08/2009	Poyry Inc.	Extractor B	9001
01/09/2009	BG Controls	Thermometer	9030
01/09/2009	Arjay Industries Ltd.	Extractor B skid	9010
01/09/2009	Pall Canada Limited	Filter hosings and elements	9021
01/09/2009	Sinco Engineering Ltd.	Heat exchanger piping	7186
03/09/2009	Meridian Specialties	Meuller mod	9024
05/09/2009	Sinco Engineering Ltd.	Extractor B	9012
07/09/2009	Harlow Scientific	BioFlow fermenter	8043
08/09/2009	Delpro Industrial Sales Inc.	Isolation valves	8814
08/09/2009	Delpro Industrial Sales Inc.	Isolation valves	8814
08/09/2009	Delpro Industrial Sales Inc.	Isolation valves	8814
09/09/2009	Sinco Engineering Ltd.	Extractor C	8817
09/09/2009	Columbia Valve & Fitting Ltd.	Swagelok	8820
09/09/2009	Austin & Denholm Industrial Sales	Reverse PC pump	8803
10/09/2009	Columbia Valve & Fitting Ltd.	Swagelok	8821
10/09/2009	BG Controls	Instruments	8819
10/09/2009	Unified Alloys	SS compression tube fittings	8055
14/09/2009	Columbia Valve & Fitting Ltd.	Swagelok-TxT plug valve	8054
15/09/2009	Commander Warehouse Equipment	Rolling ladder	9037
16/09/2009	Meridian Specialties	Spectacle blind flange	9040
17/09/2009	Sinco Engineering Ltd.	Mechanical	8015
17/09/2009	Sinco Engineering Ltd.	Relocate air compressor	8048
17/09/2009	Sinco Engineering Ltd.	Mixer assembly	8059
17/09/2009	Sinco Engineering Ltd.	Acorn nuts & washers	8058
23/09/2009	E.B. Horsman & Son	Crouse hinds	8824
24/09/2009	Sinco Engineering Ltd.	Machanical work	8015
01/10/2009	Sinco Engineering Ltd.	Extractor C	8817
01/10/2009	Poyry Inc.	Extractor B	9001
01/10/2009	CPE Systems Incorporated	Tube in tube heat exchanger	8805
01/10/2009	CPE Systems Incorporated	Shell & tube heat exchanger	9009
01/10/2009	CPE Systems Incorporated	Tube in tube het exchanger	8805
13/10/2009	Austin & Denholm Industrial Sales	Circulation pump	9003
13/10/2009	AESSEAL Canada Inc.	Alternate G-261 seal system	9039
22/10/2009	Axton Incorporated	Digester field work	8811
22/10/2009	BCIT	Leasehold Improvement	N/A
23/10/2009	Valax Manufacturing Inc.	DCS configuration extractor C	8810
28/10/2009	Valax Manufacturing Inc.	Electrical & instrumentation	9013
01/11/2009	Poyry Inc.	Extractor B	9001
01/11/2009	Poyry Inc.	Extractor C	8802
05/11/2009	Univar Canada	Thermoil	9046
17/11/2009	Turnkey Control	DCS configuration	9062
17/11/2009	AESSEAL Canada Inc.	Alternate G-261 seal system	9039
23/11/2009	Advantage Thermal Service Ltd.	Extractor C Piping Insulation	8828
01/12/2009	Sinco Engineering Ltd.	Flash mixer B	9012
21/12/2009	Univar Canada	Thermoil	9046
30/12/2009	Norpac Controls Ltd.	Rosemount level transmitter	9052

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LIGNOL INNOVATIONS LTD.

Summary of Total Pilot Plant Expansion Purchases (Fiscal 2010 & 2011)

As At April 30, 2013

Date	Vendor	Description	PO#
01/01/2010	Sinco Engineering Ltd.	Piping Installation	8817
01/01/2010	Sinco Engineering Ltd.	Mechanical Installation	9012
01/01/2010	Arjay Industries Ltd.	Extractor Skid	9010
15/01/2010	Sinco Engineering Ltd.	Install solvent tank air diaph	9012
15/01/2010	Sinco Engineering Ltd.	Install flow meter on wash wat	9012
22/01/2010	Advantage Thermal Service Ltd.	Piping insulation	9207
22/01/2010	Advantage Thermal Service Ltd.	Piping insulation	9207
01/02/2010	Austin & Denholm Industrial Sales	Circulation pump	9003
01/02/2010	Valax Manufacturing Inc.	DCS Panel & Module	9014
01/02/2010	Valax Manufacturing Inc.	Electrical & Instrumentation	9013
01/02/2010	Valax Manufacturing Inc.	DCS configuration extractor C	8810
01/02/2010	Arjay Industries Ltd.	Extractor B Vessel	9010
01/03/2010	Valax Manufacturing Inc.	DCS Panel & Module	9014
01/03/2010	Valax Manufacturing Inc.	DCS configuration extractor C	8810
01/03/2010	Valax Manufacturing Inc.	DCS configuration extractor C	8810
05/04/2010	CPE Systems Incorporated	Strainer press insert assembly	9220
FY10			
10/8/10	New Logic Research, Inc.	VESP Pilot Equipment	6380
11/2/10	CPE Systems Incorporated	Separate box & drum top assembly	6368
12/1/10	New Logic Research, Inc.	VESP Pilot Equipment	6380
1/19/11	Mackenzie Mechanical	Ventilation upgrades	6308
1/31/11	Sinco Engineering Ltd.	VSEP piping	6427
4/30/11	Metso		PO7000

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LIGNOL INNOVATIONS LTD.

Summary of Total Laboratory Equipment Purchases

At At April 30, 2013

Vendor - Description

Agilent - Gas Chromatography GC (#1) Total

Agilent - Gas Chromatography GC (#2) Total

Agilent Technologies - MSD Productivity ChemStation Total

Brinkmann Instruments - High temperature Circulator (#1) Total

Brinkmann Instruments - High temperature Circulator (#2) Total

Burker Biospin - Top Spin Total

Burker Optics - FTIR spectrometer Tensor Total

Cambridge - Visco lab sensor Total

Chemglass - 30L reactor Total

CIMS - Sample management system Total

Dionex - ASE 350 Total

Dionex - Ion Chromatography ICS 3000 (#1) Total

Dionex - Ion Chromatography ICS 3000 (#2) Total

Dionex - Ion Chromatography ICS 3000 (#3) Total

Dyadic - C1-G3 Filtrate Fermentation Total

Firing Industries - Grinding tank Total

Fisher - Elix water reservoir Total

Fisher - Freezer Total

Fisher - Freezone Total

Fisher - lab washer Total

Fisher - Legend XTR cell culture package Total

Fisher - Micro balance Total

Fisher - Multi-vapor P-12 Total

Fisher - P-6 multivapor condenser Total

Fisher - Peristaltic pumps Total

Fisher - Pressure Reaction Apparatus Total

Fisher - Refrigerated Incubator Shaker Total

Fisher - Rotavapor Total

Fisher - Rotor Pack Total

Fisher - spectrophotometer Total

GE Healthcare - Fast Protein Liquid Chromatographer Total

Kruss - Tensiometer Total

Masuko Sangyo - Super mass colloid Total

MatLab - Analytical Software Total

Novasep - Filtration system Total

PerkinElmer - Elemental Analyzer Total

Rose Scientific - Labsfor III fermenters Total

TA Instrument - Modulated Differential Scanning Calorimeter MDSC Total

Transition Tech - Dual-channel biochemistry analyzer Total

Westech Industrial - Hydromotion viscometers Total

Others Total (~ 243 small items, average ~\$1800 per item)

Grand Total

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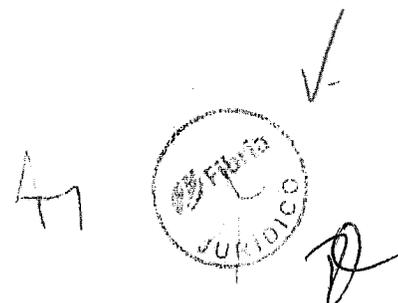
Item	Size	Quantity	Location Notes
Flat toothpicks		650	11
Top-loading balance	small	1	104
Temperature controller		1	104
Mechanical stirrer blade		1	104
Septum (for RBF)		58	106
Funnel adaptor, plastic		7	3
		6	4
		5	12
		4	13
		3	2
		2	1
		1	12
Rubber stopper		14	1
		13	3
		12	2
		10	11
		9	21
		7	22
		6	64
		5.5	1
		5	19
Snap Cap	7666-50 plastic	26	64
Racks	Test tube; metal	6	39/74
	Plastic	2	39
Plastic Jugs	1000mL Fisher PP	5	Benchtop
	1000mL Nalgene	2	Benchtop
	600mL Nalgene	1	Benchtop
	400mL Nalgene	1	Benchtop
	250mL Nalgene	1	Benchtop
	100mL Nalgene	1	Benchtop
	50mL Nalgene	1	Benchtop
Eppendorf Thermomixer R		1	Benchtop
ELMI Skyliner Shaker DTS-4		1	Benchtop
Vial trays	2mL	100	36
	8mL	1	73
Vortex mixer		2	Benchtop
Soxhlet heating mantle	250mL; 3-place	2	57
Soxhlet condenser		6	57
Pipettes	100uL multichannel	1	56
	300uL multichannel	1	56
	1200 multichannel	1	56
	50-300 multichannel	1	56
Gas personal sampling pump and charcoal tubes		1	43
Stirbars	assorted		72
Pipette bulbs	latex	72	72
Epitube racks		2	73
Glass beads	3mm	1 bottle	74
Stainless steel beads			74
Ceramic/Porcelain beads			74
Stirrer/hotplate		6	Benchtop Corning PC-420D
Bottle-top dispenser	2000mL; 30mL dispenser	1	79
Centrifuge bottles	large		75/76
Connectors	barbed Y-hose	30	75
Tubing	assorted		86
Ultrasonic bath		1	Benchtop
ASE (extractor) components			88/89
Multivap components			88/89
Heating mantle	1L	1	Benchtop
Hotwire anemometer		1	Benchtop
Rotovaps		4	Benchtop

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Vacuum pump w/ controller		3	Benchtop
Multivap	6-place	1	Benchtop
Centrifuge bottles		1	Benchtop Thermo Legend XTK
Water bath		2	Benchtop Isotemp 210
Microcentrifuge		1	Benchtop Sorvall Fresco
Freeze dryer		1	Benchtop Labconco Triad
ASE extractor		1	Benchtop ASE 350
FTIR w/ ATR cell		1	Benchtop Bruker Tensor 27
Parr reactor w/ stirrer	2L	1	Benchtop
Vacuum oven		4	Benchtop
Vacuum pump		3	Benchtop
Hybridization oven		1	Benchtop
Mill		1	Benchtop Wiley
Autoclave		1	Benchtop
Biological safety cabinet		1	Benchtop Forma Class II, A2
Muffle furnace	large	1	Benchtop
	small	1	Benchtop
Tensiometer		1	79 Kruss K90
Clamps	3-prong	3	83
	2-prong	10	83
Tube Shaker w/ adaptors		1	28 Rose Intellimixer
Butyl gloves	Cat#878-08	1	26 Best
Digital stirrer		1	68 IKA RW70
Jacks	Medium	1	Benchtop
	Large	1	Benchtop
Buret stand w/ clamp		2	Benchtop
Septa seals		301	90
Crimper		1	90
pH meter		2	Benchtop
Magnetic stir plate	small	3	Benchtop
Circulating waterbath		2	Benchtop K20
Cork rings	small	12	105
	medium	4	105
	large	2	105
Kech clips	TS24/40	30	105
	TS45/50	5	105
Thermoprobes		4	102
Thermocouple thermometer		1	102 Digi-Sense Dual Jtek
Thermometer		1	102 SPER Scientific 800007



CATEGORY	Item	Brand	Model	Serial Number	Quant	
HPLC	Ion Chromatography	Dionex	ICS-3000		3	
		Dual Pump	Dionex		3	
		Autosampler	Dionex		3	
		AXP pump	Dionex		3	
		AXP-MS pump	Dionex		2	
GC		RID	Agilent Technologies	G1362A	CN60556284	1
	Gas Chromatography		Agilent Technologies	7890A	U510930019	2
				6890N	US10639047	
		Autosampler	Agilent Technologies	7693		1
		Injector	Agilent Technologies	G4513A	CN93201276	2
					CN95203131	
		Inert MSD	Agilent Technologies	7693B Series	CN63641010	1
GPC	Gel Permeation Chromatography	Agilent Technologies	1200 Series	5975C	US73226799	1
		ALS	Agilent Technologies	G1329A	DE64763387	1
		Degasser	Agilent Technologies	G1322A	JP73060269	1
		Quat Pump	Agilent Technologies	G1311A	DE62962129	1
		TCC	Agilent Technologies	G1316A	DE63964602	1
		VWD	Agilent Technologies	G1314B	DE71359751	1
MDSC	Modulated Differential Scanning Calorimetry	TA Instruments	Q200		1	
	Refrigerated Cooling System	TA Instruments			1	
TGA	Thermogravimetric Analyzer	TA Instruments	Q50		1	
	Heat Exchanger	TA Instruments			1	
UV-Vis	Spectrophotometer	Hach	DR5000		1	
		Varian	Cary 50 Bio		1	
		Molecular Devices	SpectraMax Plus		1	
FTIR	Fourier-Transform Infrared Spectrometer	Bruker	Tensor 27		1	
	IR Pellet Maker	Pike Technologies	CrushIR		1	
pH Meters	pH meter	Mettler Toledo	Seven Multi	1230275413	1	
			Seven Easy	1230055258	1	
	Dual channel pH/ion/conductivity meter	Fisher Scientific	Accumet Excel XL50		1	
Viscometers	pH/conductivity meter	Fisher Scientific	Accumet Excel XL20		1	
	Viscometers	Hydramotion	Viscolite 700		1	
		Hydramotion	ReactaVisc 300		1	
		Cambridge Viscosity	ViscoLab 3000		1	
Microscope	Microscope	Fisher Scientific	Micromaster		1	
Melting Point	Melting Point Analyzer	Barnstead Electrothermal	Mel Temp		1	
Balances	Analytical Balance, 4dp	Mettler Toledo	XS204	1123362521	2	
				1130020378		
		Mettler Toledo	XP204	1127453NO	1	
	Analytical Balance, 6dp	Mettler Toledo	XP56	1128342365	1	
	Top-loading Balance, 2dp	Mettler Toledo	XP6002S	1133230134	1	
		Mettler Toledo	P88001-S/FACT	1127422138	1	
		Mettler Toledo	XP10002S	B016027907	1	
		Denver Instrument	S-6002	21850154	1	
		AcculAB	VI-400		1	
	Top-loading Balance, 1dp	Fisher Science Education	SLF 5001-US	7131050598	1	
Moisture Balance	Moisture Balance	Mettler Toledo	HB43 Halogen	1127501064	1	
		Mettler Toledo	HB43-S Halogen	1129132883	1	
ASE	Accelerated Solvent Extractor	Dionex	ASE350		1	

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Rotavaps	Rotavapor	Buchi	R-210		4	
		Heating Bath	Buchi	B-491		4
		Vacuum Controller	Buchi	V-855		3
	Multivapor	Buchi	P-6		1	
Vacuum Pumps		Buchi	P-12		1	
	Vacuum Pump	Buchi	V-700		7	
		MaximaDry			1	
Ovens	Freeze Dryer	Labconco	Triad		1	
	Ovens	Fisher Scientific	Isotemp		2	
	Vacuum Oven	Fisher Scientific	Isotemp 281A		3	
		Fisher Scientific	285		1	
Water Baths	Forced-Draft Furnace	Fisher Scientific	Isotemp Programmable		2	
	Circulating Water Bath	Magni Whirl			2	
	Water Bath	Fisher Scientific	Isotemp 210		2	
Hot Plates	Stirring Hot Plate	Thermo Scientific	Isotemp		2	
		Corning	PC-420D		6	
		Thermolyne	Nuova II		1	
	RBF Heating Mantle	Barnstead Electrothermal			1	
		Glas-Col	TM108		1	
		Thermo Scientific			2	
Stirrers/Shakers	Stir Plate	Barnstead Electrothermal	Thermolyne		1	
		Fisher Scientific			2	
	Digital Stirrer	IKA	RW 20		2	
	Thermomixer	Eppendorf	R		1	
	Shaker	Elmi Skyline	DTS-4		1	
	Intelli-mixer	Elmi Skyline	RM-2L		1	
	Vortex Mixer	Barnstead Electrothermal	MaxiMix II		2	
		Fisher Scientific			1	
		Scientific Industries	Vortex Genie 2		1	
	Incubator Shaker	New Brunswick Scientific	Excella E24		2	
	New Brunswick Scientific	Innova 44		1		
Centrifuges	Microcentrifuge	Sorvall-Fresco			1	
	Centrifuge	Thermo Scientific	Sorvall Legend XTR		1	
Thermometers	Temperature Regulators	Thermo Scientific	DC10/K20		1	
		Thermo Electron Corporation	Haake DC10		1	
	Thermocouple Thermometer	Digi-Sense	Dual Jtek	424004	1	
	Biological Safety Cabinet	Thermo Electron Corporation	Forma Class II, A2	103833	1	
	Autoclave	Tuttnauer Brinkmann	3870E		1	
	Nanopure Water Filtration System	Millipore	Direct-Q		1	
	Parr Reactor	Parr	4843		1	
	Dishwasher	Miele Professional	G7883		1	
	Crimper	Wheaton	Crimpenstein		1	
	Mill	Thomas Scientific	3383-L10		1	
	Deep Fryer	TFal	EZ Clean		1	
	Transformer	Variac	SC-5T		1	
	Oscilloscope	Tektronix	TDS 2002B	C059376	1	
	DC Power Supply	GW Instek	GPS-3030D	E1902853	1	
	Desoldering Tool	Hakco	FM-204-01	0002 2042 0900 0263	1	
	Destaticizer	Mettler Toledo	EN 8 SLC		1	
	Sonicator	Branson	3510		1	

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Brand

GE Healthcare
Masuko
Novasep
Perkin Elmer
Rose Scientific
Transition Technologies

Instrument

Fast Protein Liquid Chromatography
Super Mass Colloider
Tangential Filtration System
Elemental Analyzer
Labfors III Fermenters
Dual-Channel Biochemistry Analyzer

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Item	Size	Quantity	Location	Notes
Volumetric flasks	2000mL; TS27	5		64
	1000mL; TS22 class A	5		63
	1000mL; TS22 class B	3		63
	500mL; TS19 class A	1		63
	100mL; snap cap class A	16		63
	50mL; TS13 class A	3		63
	50mL; snap cap class A	18		63
	Graduated cylinders	2000mL	3	
1000mL		3		65
500mL plastic		1		65
250mL		9		65
100mL		3		65
50mL		7		66
10mL		7		66
Beakers		4000mL	1	
	2000mL	5		66/oven
	1000mL	8		66/oven
	600mL	10		66
	500mL	8		66/oven
	250mL	12		66/oven
	100mL	6		66
	50mL	10		66
	10mL	2		66
	Filter flasks	1000mL	8	
500mL		20		92/oven
250mL		8		13
Erlenmeyer flasks	2000mL	6		71/bio cabinet
	1000mL	4		13
	500mL	10		13
	250mL	57		13/bio cabinet
Separatoryfunnel	125mL	8		13/oven
	2000mL	1		14
	500mL	6		94/96
	250mL	4		94/96
	125mL	2		94/96
Watchglass	60mL	2		96
	7.5cm	10		11
	5cm	1		44
Weighing jars	20mL; TS29/12	12		62
	lid	9		62
Funnels	2.5cm	3		62
	4cm	55		62
	10cm	5		62
	15cm	6		62
	65mm	3		62
	100mm	1		62
Filter crucibles	150mL coarse	3		62
	150mL fine	1		62
	600mL fine	1		62
	50mL fine	1+		62/oven
	50mL medium	2+		62/oven
	50mL coarse	6		62
	succinate	6		62
Buchner funnel	20cm	1		62
Pycnometer	25mL	1		62
Solution bottles	8000mL	1		58
	5000mL	3		58/bio cabinet
	4000mL	2		58/benchttop
	2000mL	10		58/71
	1000mL	1		oven
	500mL	3		58

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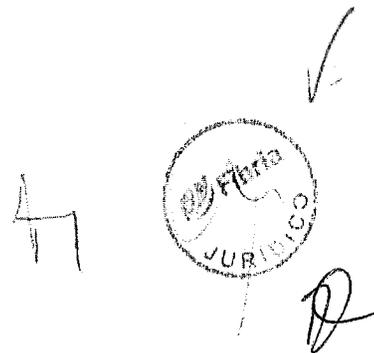


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	250mL	2	58
	100mL	1	58
	25mL	5	62
	50mL	3	62
	25mL lid	2	62
	50mL lid	1	62
	250mL	1	62 description
Filter apparatus	250mL	1	78 Kontex Ultraware
Round bottom flasks	5000mL; 5-neck	1	104
	5000mL; TS24/40	1	22
	5000mL 4-neck	1	103
	2000mL; 4-neck	3	104
	2000mL; 3-neck	1	104
	2000mL; TS29/26	1	103
	2000mL; TS24/40	3	103
	1000mL; TS24/40	2	98/104
	1000mL; TS45/50	1	104
	1000mL; TS24/40 teardrop	7	99/104/64/103
	1000mL; 4-neck	3	104
	500mL; TS24/40	3	104
	500mL; TS24/40 angled 4-neck	1	95
	500mL; TS24/40 teardrop	4	104
	500mL; TS24/40 xmas light	1	104
	500mL; TS24/40 3-neck	1	79
	250mL; TS24/40	18	97/104
	250mL; 4-neck	4	79/104
	250mL; TS24/40 3-neck	15	79/95
	100mL; TS24/40	23	97/99/104/oven
	100mL; 3-neck	1	79/95
	50mL; TS24/40	16	97/99/oven
Addition funnel	50mL; TS14/20	1	79
	250mL; TS24/40	1	99
	125mL; TS24/40	6	96/100
	60mL; TS24/40	5	100
Rotovap adaptor	250mL; TS24/40	3	104
	TS24/40 to 14/20	2	103
Rotovap Wolff bottle		1	104
Stoppers	TS45/50	2	104
	TS24/40	34	64/97/98/benchtap
	TS27	12	64
	TS22	15	64
	TS22 plastic	2	64
	TS19	14	64
	TS16	9	64
	TS16 plastic	3	64
	TS14.5/23 plastic	5	64
	TS14	8	64
	TS14/10	4	98
	TS13	4	64
	TS9	1	64
Adaptors	TS24/49 to 45/40	1	104
	TS45/50 to 55/50	1	104
	TS24/40 to 55/50	10	104/46/98
	TS24/40 to 29/42	3	56/98
	TS24/40 to 10/30	3	56
	TS24/40 to 14/10	4	98 Aldrich
	S; TS24/40 to 24/42	1	56
Syringes	50mL	2	31
	20mL	4	31
	2mL	2	31
Distillation columns	30cm; TS24/40	1	56
	H-column with dispenser	14	46



Stillheads	TS29/42 with 24/40 takeoff and 10/30 port	1	56
	TS24/40 with 10/30 top port	1	56
Glass joints	90°; TS24/40	2	56
	TS10/30, with rod	5	96
Stir shaft joints	TS24/40	3	56
Sintered funnel	600mL medium	1	benchtop
Crystallizing dishes	Large	8	44
	Medium	5	28
	Small	9	44
Volumetric pipette	100mL	4	44
	50mL	1	benchtop
	25mL	7	benchtop
	20mL	1	benchtop
	10mL	2	benchtop
	9mL	1	benchtop
	5mL	1	benchtop
	1mL	1	benchtop
Burette	50mL	1	benchtop
	25mL	5	44/benchtop
	10mL	1	44
Condensers	TS24/40; threaded	6	48/98 GL-14 Chemglass
	TS24/40; barbed	2	48
	Allihn and Soxhlet	2	46
	TS24/40 short	4	98 GL-14 Chemglass
Y-adapter	TS24/40	3	46/56
Extender	TS24/40	1	46
	TS24/40; barbed	1	46
Bulb Stopcock	250mL; TS24/40	1	46
Gas bubbles	>TS10/30; threaded	2	46
Klason stems		6	oven
Septa bottles	150mL	56	92/oven
Klason cups		17	oven
Klason stirrods		20	oven
Reactor w/ lid	3000mL; 4-neck	1	22
Thermometers	15mm; TS10/30	1	56
	Immersion	11	77
	Mercury	2	77
	Regular	1	77
Ash crucibles		36	82 porcelain
Multivap tubes	P6	10	27
	P12	6	27
Screw-cap tubes	100mL	7	27 Pyrex
Soxhlet condensers	TS45/50 top, 24/40 bottom	6	100
Rotovap condenser	P12	1	98
Vacuum distillation separator	4-neck	1	103
Glass rods		30	101



Item	Size	Quantity	Location	Notes
Weigh boats	Square	110		14
	Boat	360		14
	64x19mm aluminum	600		14
	41x41x8mm plastic	1500		14
	43mm aluminum w/tab	100		14
	Large plastic	112		11
	Medium blue	268		11/26
Culture tubes	12x75mm glass	1000		14
	10x75mm glass	200		14
	15mL plastic	450		14
	25x150mm glass	40		benchtop
Pipets	3mL plastic	200		14
	9" glass	2400		14
Microscope slides	25x75x1mm	72		11 Fisher
Multichannel pipet trays	8-channel	3		11
	lids	8		11
YSI Thermal paper		2751	19 rolls	38
Epitubes	1.5mL	700		31/benchtop
Kimwipes		28		31
Syringes	3mL plastic	200		31
	10mL	100		31
	10mL luer lock	40		31
	Assorted 3mL and 1mL	50		31
	1mL plastic	250		benchtop
Needles	25g	2 cases		31
	1g	1 case		31
Syringe filters	4mm	78x50pack		36
	50mm 0.2uM hose barbed	10		36
	4mm 0.45uM	1000		26/36 Munktell
	4mm 0.45uM	300		26 Whatman
	25mm 0.45uM	150		36
	0.45uM	150		36
	25mm 0.2uM	50		74
Syringeless filter vials		100		36
HPLC vials (snap seal)	10mL	2500		36
	1mL National Scientific	1000		36
	2mL	1700		26/36
HPLC vial caps		2200		32/benchtop
Vial caps	2mL	500		36
Crimp-top vials	2mL	3400		26/36
Crimp-top vial caps		1500		32
Screw-top vials	1.5mL (non-GPC)	300		36
	1.5mL	250		36
Vial inserts		100		32
Pipette tips	200uL refill	100		benchtop
Spectrometer plates	96-well	50		58
Berl saddles		200		56
Filter papers	125mm; 4	2 boxes		72 Whatman
	125mm; 3	1 box		72 Whatman
	125mm; 2	4 boxes		72 Whatman
	125mm; 1	2 boxes		72 Whatman
	70mm; 5	2 boxes		72 Whatman
	70mm; 1	2 boxes		72 Whatman
	55mm; 1	2 boxes		72 Whatman
	55mm; 5	3 boxes		72 Whatman
	42.5mm; 4	1 box		72 Whatman
	55mm; glass			72 Whatman
	47mm; glass			72 Whatman
	24cm; 4	1 box		benchtop Whatman
	55mm; 5	2 boxes		72 Fisher
	125mm, hardened ashless	100		67

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Serum vials	1mL	1000	36
Millipore filters	glass fibre membrane		87 87
NMR tubes	2556122-5each	6	80 Sigma
	2412805-1pack	6	80 Sigma
	535-PP-7	19	80 Wilmad Lab Glass
Scintillaion vials w/ caps	20mL	200	28
	10mL	50	28
Face shields		10	70 sticky foam
Aluminum seal	20mm	500	92




SCHEDULE "B" TO PURCHASE AND SALE AGREEMENT
INTELLECTUAL PROPERTY

See attached.

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Lignol Innovations Ltd. Intellectual Property Portfolio Summary

Lignol has created a robust portfolio of Intellectual Property. This portfolio can be divided into 3 broad segments:

1. A series of process and system patents based on Lignol's biorefinery technology. These have evolved over time, as improvements and innovations were found to the original "Alcell"¹ organosolv pre-treatment process. These patents are further supported by technical know-how, experience and expertise developed through years of applied research and operation of various processes at bench, pilot and pre-commercial scale. These patents are summarized in Appendix 1.
2. A series of lignin **composition of matter** and other patents which claim a wide range of lignin derivatives based on their chemical and functional characteristics, such as aliphatic hydroxyl content, normalized radical scavenging index (nRSI), molecular weight, etc. Lignol views these patents as most valuable as the claims capture lignins produced by a number common manufacturing methods, including Kraft and other pulping processes. In addition, these patents cover most of the lignocellulosic feedstocks, including hardwoods, softwoods and annual fibres. Six of these patents have already been granted or allowed in the US, with others pending in CA, EP, BR, CN, etc. These patents are summarized in Appendix 2.

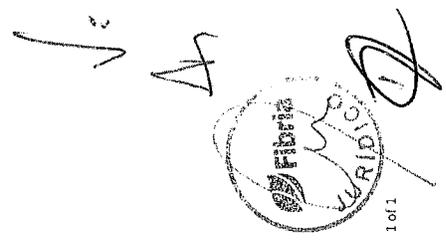
Any manufacturer wishing to make, use or sell lignin products within the patented countries will have to ensure their products, or intermediate products, do not fall within the claim scope of these patents. This could at a minimum involve costly and time consuming analytical testing of their lignin products for multiple properties to ensure non-infringement. Furthermore, any change in process conditions, environmental conditions, or feedstock composition will necessitate additional testing and/or actions to avoid infringement.

3. A number of lignin application patents which target specific end-use. These patents are summarized in Appendix 3.

¹ The Alcell process was developed by Repap in the mid 1980's through to late 1990's as an alternative sulphur-free pulping process to produce high quality pulp and high value-added coproducts, mainly lignin and furfural. Lignol acquired all rights to the Alcell process, along with technical design and operation data in early 2000's.

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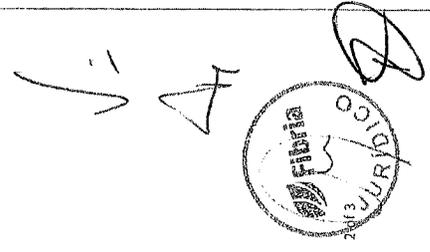

File #	Status	Title	Filing date	Application #	Priority date	Priority #	Publ. date	Publ. #	Issue date	Patent #
V83295CA	FILED	Environmental Remediation Using Lignin	2-Jun-11	2,801,384	3-Jun-10	61/351,230				
V83293EP	FILED	Environmental Remediation Using Lignin	2-Jun-11	11789013.7	3-Jun-10	61/351,230	10-Apr-13	2575995		
V83293US	PASSIVE ABANDONED BUT CAN BE RESTORED IN 2015	Environmental Remediation Using Lignin	2-Jun-11	13/692,742	3-Jun-10	61/351,230	23-May-13	US20130126435		
V83293WD	NATIONAL PHASE	Environmental Remediation using Lignin	2-Jun-11	CA2011/000648	3-Jun-10	61/351,230	8-Dec-11	WO2011/150504		
V83464CA	PASSIVE ABANDONED BUT CAN BE RESTORED PRIOR TO SEPT 26 2015	Remediation of Naphthenic Acid Contamination	26-Sep-11	2,812,346	24-Sep-10	61/386,458	22-Mar-13	CA2812346		
V83464US	PASSIVE ABANDONED BUT CAN BE RESTORED IN 2015	Remediation of Naphthenic Acid Contamination	22-Mar-13	13/849,385	24-Sep-10	61/386,458	5-Dec-13	US20130319948		
V83464WD	NATIONAL PHASE	Remediation of Naphthenic Acid Contamination	26-Sep-11	CA2011/001083	24-Sep-10	61/386,458	29-Mar-12	WO2012/037668		



File #	Status	Title	Filing date	Application #	Priority date	Priority #	Publ. date	Publ. #	Issue date	Patent #
V82803US	EXPIRED	Apparatus for treating pulp produced by solvent pulping	7-Jun-95	488245					28-Oct-97	US 5,661,427
V82805AU	IRREVOCABLY ABANDONED	Organosolv biorefining of whole sugar cane	15-Jan-10	2010205870	16-Jan-09	61/145478	18-Aug-11	AU2010205870		
V82805BR	EXAMINATION	Organosolv biorefining of whole sugar cane	15-Jan-10	1007047-8	16-Jan-09	61/145478				
V82805CN	IRREVOCABLY ABANDONED	Organosolv biorefining of whole sugar cane	15-Jan-10	201080012260	16-Jan-09	61/145478	15-Feb-12	CN102356159		
V82805US	EXAMINATION	Organosolv biorefining of whole sugar cane	15-Jan-10	13/146399	16-Jan-09	61/145478	19-Apr-12	US20120094348		
V82805WO	NATIONAL PHASE	Organosolv biorefining of whole sugar cane	15-Jan-10	PCT/CA2010/000057	16-Jan-09	61/145478	22-Jul-10	WO2010/081231		
V82806CA	ISSUED	Hybrid biorefining and gasification of lignocellulosic feedstocks	3-Sep-10	2770561	4-Sep-09	61/239926	10-Mar-11	WO2011/026243	8-Jan-13	CA 2,770,561
V82806US	IRREVOCABLY ABANDONED	Hybrid biorefining and gasification of lignocellulosic feedstocks	3-Sep-10	13/393000	4-Sep-09	61/239926	8-Sep-12	US20120202260		
V82806WO	NATIONAL PHASE	Hybrid biorefining and gasification of lignocellulosic feedstocks	3-Sep-10	CA2010/001389	4-Sep-09	61/239926	10-Mar-11	WO2011/026243		
V82807AU	IRREVOCABLY ABANDONED	Concurrent saccharification and fermentation of fibrous biomass	4-Jul-08	2008271884	4-Jul-07	60/947962	8-Jan-09	AU2008271884		
V82807CA	ISSUED	Concurrent saccharification and fermentation of fibrous biomass	4-Jul-08	2691634	4-Jul-07	60/947962	8-Jan-09	CA2691634	30-Sep-14	2691634
V82807CN	ISSUED	Concurrent saccharification and fermentation of fibrous biomass	4-Jul-08	2008-0103558.6	4-Jul-07	60/947962	8-Jan-09	CN101784668	25-Dec-13	200880103958.6
V82807EP	EXAMINATION	Concurrent saccharification and fermentation of fibrous biomass	4-Jul-08	2008-772870	4-Jul-07	60/947962	8-Jan-09	EP2173889		
V82807NZ	ISSUED	Concurrent saccharification and fermentation of fibrous biomass	4-Jul-08	582383	4-Jul-07	60/947962	8-Jan-09		9-Jul-12	582383
V82807US	ISSUED	Concurrent saccharification and fermentation of fibrous biomass	3-Jul-08	12/167880	4-Jul-07	60/947962	8-Jan-09	US20090011484	15-Nov-11	US 8,058,041
V82807WO	NATIONAL PHASE	Concurrent saccharification and fermentation of fibrous biomass	4-Jul-08	CA2008/001249	4-Jul-07	60/947962	8-Jan-09	WO2009/003292		
V82808AU	IRREVOCABLY ABANDONED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	25-Apr-08	2008255598	2007-05-31 & 2007-08-15 & 2008-01-18	60/941220 & 11/839378 & 12/016932	4-Dec-08	AU2008255598		

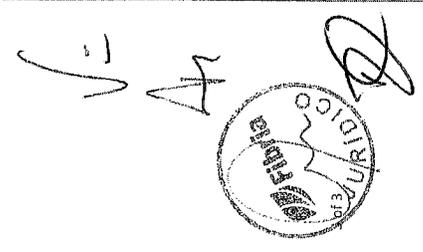
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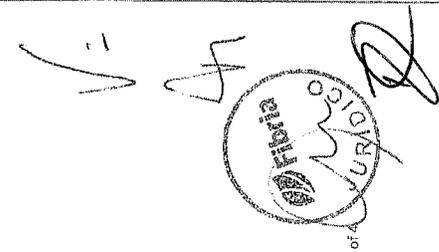
File #	Status	Title	Filing date	Application #	Priority date	Priority #	Publ. date	Publ. #	Issue date	Patent #
V82808CA	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	24-Aug-07	2597135	27-Apr-07 31-May-07 31-May-07 04-Jul-07	60/914609 60/941197 60/941220 60/947962	7-Sep-08	2597135	26-Jul-11	CA 2597135
V82808CN	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	25-Apr-08	200880017996.X	2007-05-31 & 2007-08-15 & 2008-01-18	60/941220 & 11/839378 & 12/016932	4-Dec-08	CN101711263	28-Nov-12	CN 101711263
V82808EP	IRREVOCABLY ABANDONED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	25-Apr-08	20080748195	2007-05-31 & 2008-01-18	60/941220 & 12/016932	10-Feb-10	EP2150572		
V82808NZ	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	25-Apr-08	580751	2007-08-15 & 2008-01-18	11/839378 & 12/016932	4-Dec-08		11-Dec-12	NZ 580751
V82808USCIP1	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	26-Nov-08	12/324311	2007-05-31 & 2007-08-15 & 2008-01-18	60/941220 & 11/839378 & 12/016932	7-May-09	US20090118477	5-Jun-12	US 8,193,324
V82808USCIP1DIV	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	30-May-12	13/484003	2008-11-26	12/324311	20-Sep-12	US20120237980	8-Jul-14	US 8,772,427
V82808USCON	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	30-Jan-08	12/022831	2007-05-31 & 2007-08-15 & 2008-01-18	60/941220 & 11/839378 & 12/016932	4-Dec-08	US20080296629	16-Dec-08	US 7,465,791
V82808USCONZ	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	10-Nov-08	12/266417	2007-05-31 & 2007-08-15 & 2008-01-18	60/941220 & 11/839378 & 12/016932	7-May-09	US20090117226	24-Jul-12	US 8,227,004
V82808USCONZDIV	ISSUED	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	23-Jul-12	13/555,664	2008-01-30	12/022831	15-Nov-12	US20120289685	10-Sep-13	US 8,528,463
V82808BWO	NATIONAL PHASE	Continuous Counter-current Organosolv Processing of Lignocellulosic Feedstocks	25-Apr-08	CA2008/000793	2007-05-31 & 2007-08-15 & 2008-01-18	60/941220 & 11/839378 & 12/016932	4-Dec-08	WO2008/144878		
V82809AU	ISSUED	Concurrent anaerobic digestion and fermentation of lignocellulosic feedstocks	23-May-08	2008255540	31-May-07	60/941197	4-Dec-08	AU2008255540	13-Mar-14	AU2008255540
V82809CA	EXAMINATION	Concurrent anaerobic digestion and fermentation of lignocellulosic feedstocks	23-May-08	2687916	31-May-07	60/941197	4-Dec-08	CA2687916		
V82809EP	IRREVOCABLY ABANDONED	Concurrent anaerobic digestion and fermentation of lignocellulosic feedstocks	23-May-08	08757138.6	31-May-07	60/941197	3-Mar-10	EP21586167		
V82809NZ	ISSUED	Concurrent anaerobic digestion and fermentation of lignocellulosic feedstocks	23-May-08	581476	31-May-07	60/941197	30-Mar-12	NZ581476	9-Jul-12	581476
V82809US	IRREVOCABLY ABANDONED	Concurrent anaerobic digestion and fermentation of lignocellulosic feedstocks	23-May-08	12/602,036	31-May-07	60/941197	29-Sep-11	20110236946		



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File #	Status	Title	Filing date	Application #	Priority date	Priority #	Publ. date	Publ. #	Issue date	Patent #
V82809WO	NATIONAL PHASE	Concurrent anaerobic digestion and fermentation of lignocellulosic feedstocks	23-May-08	CA 2008/001001	31-May-07	60/941197	4-Dec-08	WO2008/144903		
V83021CA	FILED	Organosolv Process (Sweet Spot)	15-Feb-11	2827023	15-Feb-10	61/304,755	18-Aug-11	CA2827023		
V83021US	IRREVOCABLY ABANDONED	Organosolv Process (Sweet Spot)	13-Aug-12	13/584,697	15-Feb-10	61/304,755	15-Aug-13	US20130210100		
V83021WO	NATIONAL PHASE	Biorefinery Process	15-Feb-11	CA2011/000183	15-Feb-10	61/304,755	18-Aug-11	WO2011/097720		
V83292CA	FILED	Organosolv Process	29-Jun-11	2803177	30-Jun-10	61/360,377	5-Jan-12	2803177		
V83292EP	EXAMINATION	Organosolv Process	29-Jun-11	11800017.3	30-Jun-10	61/360,377	8-May-13	2588664		
V83292US	IRREVOCABLY ABANDONED	Organosolv Process	29-Jun-11	13/727,997	30-Jun-10	61/360,377	4-Jul-13	US20130172628		
V83292WO	NATIONAL PHASE	Organosolv Process (LTAC)	29-Jun-11	CA2011/000760	30-Jun-10	61/360,377	5-Jan-12	WO2012/000093		
V83440CA	FILED	Biomass Extraction Process	7-Sep-11	2810419	7-Sep-10	61/380,675	15-Mar-12	CA2810419		
V83440EP	FILED	Biomass Extraction Process	7-Sep-11	11822957.4	7-Sep-10	61/380,675	17-Jul-13	EP2614108		
V83440US	IRREVOCABLY ABANDONED	Biomass Extraction Process	7-Sep-11	13/787,565	7-Sep-10	61/380,675	26-Sep-13	US20130252292		
V83440WO	NATIONAL PHASE	Biomass Extraction Process	7-Sep-11	CA2011/001021	7-Sep-10	61/380,675	15-Mar-12	WO2012/031356		
V83790CA1	FILED	Flocculants for Enzyme Recovery and Recycling	22-Mar-12	2772388			22-Sep-13	CA2772388		
V83973CA	FILED	Compositions Comprising Lignocellulosic Biomass and Organic Solvent	23-Mar-12	2829413	24-Mar-11	61/467319	9-Sep-13	CA2829413		
V83973CN	FILED	Compositions Comprising Lignocellulosic Biomass and Organic Solvent	23-Mar-12	201280014785.7	24-Mar-11	61/467319	18-Dec-13	CN103459511		
V83973EP	EXAMINATION	Compositions Comprising Lignocellulosic Biomass and Organic Solvent	23-Mar-12	12760961.8	24-Mar-11	61/467319	29-Jan-14	EP2688959		
V83973US	EXAMINATION	Compositions Comprising Lignocellulosic Biomass and Organic Solvent	23-Mar-12	14/028333	24-Mar-11	61/467319	13-Feb-14	US20140046041		
V83973WO	NATIONAL PHASE	Compositions Comprising Lignocellulosic Biomass and Organic Solvent	23-Mar-12	PCT/CA2012/000265	24-Mar-11	61/467319	27-Sep-12	WO2012/126099		





File #	Status	Title	Filing date	Application #	Priority date	Priority #	Publ. Date	Publ. #	Issue date	Patent #
V82790BR	EXAMINATION	Derivatives of native lignins	15-Feb-10	1014400-5	28-May-09 12-Aug-09	61/182,044 & 61/233,345				
V82790CA	FILED	Derivatives of native lignins	15-Feb-10	2,798,158	28-May-09 12-Aug-09	61/182,044 & 61/233,345	1-Nov-12	CA2798158		
V82790CN	EXAMINATION	Derivatives of native lignins	15-Feb-10	201080029603-4	28-May-09 12-Aug-09	61/182,044 & 61/233,345	16-May-12	CN102459426		
V82790EP	FILED	Derivatives of native lignins	15-Feb-10	2010-0779947	28-May-09 12-Aug-09	61/182,044 & 61/233,345	4-Apr-12	EP2435463		
V82790IN	EXAMINATION	Derivatives of Native Lignin	15-Feb-10	10260/DELNP/2011	28-May-09 12-Aug-09	61/182,044 & 61/233,345	26-Oct-12	IN10260DELNP2011		
V82790US	ISSUED	Derivatives of Native Lignins	15-Feb-10	12/705934	28-May-09 12-Aug-09	61/182,044 & 61/233,345	2-Dec-10	US20100303241	21-May-13	US 8,445,562
V82790USCON	ISSUED	Derivatives of Native Lignin	15-May-13	13/896254	28-May-09 12-Aug-09	61/182,044 & 61/233,345	26-Sep-13	US2013/0253075	1-Jul-14	US 8,765,846
V82790USCON2	FILED	Derivatives of Native Lignin	5-Jun-14	14/297360	28-May-09 12-Aug-09	61/182,044 & 61/233,345				
V82790WO	NATIONAL PHASE	Derivatives of native lignins	15-Feb-10	CA2010/000205	28-May-09 12-Aug-09	61/182,044 & 61/233,345	2-Dec-10	WO2010/135804		
V82991BR	EXAMINATION	Derivatives of Native Lignins From Softwood Feedstocks	15-Feb-10	1014694-6	28-May-09 12-Aug-09	61/182,044 & 61/233,345				
V82991CA	FILED	Derivatives of Native Lignins From Softwood Feedstocks	15-Feb-10	2798161	28-May-09 12-Aug-09	61/182,044 & 61/233,345	1-Nov-12	CA2798161		
V82991CN	PASSIVE ABANDONED BUT CAN BE RESTORED PRIOR TO FEB 5 2015	Derivatives of Native Lignins From Softwood Feedstocks	15-Feb-10	201080029026-9	28-May-09 12-Aug-09	61/182,044 & 61/233,345	28-Nov-12	CN102803281		
V82991EP	EXAMINATION	Derivatives of Native Lignins From Softwood Feedstocks	15-Feb-10	10779949-6	28-May-09 12-Aug-09	61/182,044 & 61/233,345	4-Apr-12	EP2435455		
V82991IN	EXAMINATION	Derivatives of Native Lignins From Softwood Feedstocks	15-Feb-10	10257/DELNP/2011	28-May-09 12-Aug-09	61/182,044 & 61/233,345	26-Oct-12	IN10257DELNP2011		
V82991US	ISSUED	Derivatives of Native Lignins From Softwood Feedstocks	15-Feb-10	12/705938	28-May-09 12-Aug-09	61/182,044 & 61/233,345	2-Dec-10	US2010/0305243	30-Apr-13	US 8,431,635
V82991USDIV	ISSUED	Derivatives of Native Lignin From Softwood Feedstocks	14-Mar-13	13/829608	28-May-09 12-Aug-09 15-Feb-10	61/182,044 61/233,345 12/705,938	5-Sep-13	US2013/0228298	15-Apr-14	US 8,696,665
V82991USCON	EXAMINATION	Derivatives of Native Lignin From Softwood Feedstocks	24-Feb-14	14/188495	12-Aug-09 15-Feb-10	61/233,345 12/705,938	24-Jul-14	US20140206799		
V82991WO	NATIONAL PHASE	Derivatives of native lignins from softwood feedstocks	15-Feb-10	CA2010/000210	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	2-Dec-10	WO2010/135806		
V82992BR	EXAMINATION	Derivatives of Native Lignins from Annual Fibre Feedstocks	15-Feb-10	PI1012286-9	12/05/2009 & 12/08/2009	61/182,044 & 61/233,345				
V82992CA	FILED	Derivatives of Native Lignins from Annual Fibre Feedstocks	15-Feb-10	2,798,160	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	1-Nov-12	CA2798160		

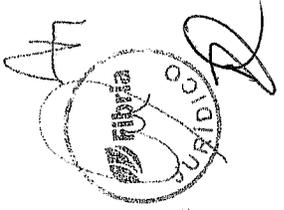
V82992CN	EXAMINATION	Derivatives of Native Lignins from Annual Fibre Feedstocks	15-Feb-10	201080029015.0	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	16-May-12	CN102459424	
V82992EP	EXAMINATION	Derivatives of Native Lignins from Annual Fibre Feedstocks	15-Feb-10	10779948.8	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	4-Apr-12	EP2435454	
V82992IN	EXAMINATION	Derivatives of Native Lignins from Annual Fibre Feedstocks	15-Feb-10	10259/DELNP/2011	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	26-Oct-12	IN10258DELNP2011	
V82992US	ISSUED	Derivatives of Native Lignins from Annual Fibre Feedstocks	15-Feb-10	12/705939	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	2-Dec-10	US20100305244	US 8,425,502
V82992USCON	ALLOWED	Derivatives of Native Lignin from Annual Fibre Feedstocks	14-Mar-13	13/826617	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	1-Aug-13	US20130197135	
V82992WO	NATIONAL PHASE	Derivatives of Native Lignins from Annual Fibre Feedstocks	15-Feb-10	CA2010/000209	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	2-Dec-10	WO2010/135805	
V82993US	ISSUED	Processes for recovery of derivatives of native lignin (product-by-process claims)	27-May-10	12/789366	28/05/2009 & 12/08/2009 & 15/02/2010	61/182,044 & 61/233,345 & 61/304751	11-Jul-13	US20130178563	US 8,375,020
V82993USDIV	ISSUED	Processes for recovery of derivatives of native lignin (product-by-process claims)	18-Jan-13	13/745673	28/05/2009 & 12/08/2009 & 15/02/2010	61/182,044 & 61/233,345 & 61/304751	11-Jul-13	US20130178563	US 8,795,380
V82993WO1	FILED	Processes for Recovery of Derivatives of Native Lignin (product-by-process claims)	18-Dec-12	PCT/CA2012/001172	N/A	N/A	26-Jun-14	WO2014094104	
V83015BR	EXAMINATION	Derivatives of Native Lignin from Hardwood Feedstocks	15-Feb-10	1014395-5	28-May-09 & 12-Aug-09	61/182,044 & 61/233,345	1-Nov-12	CA2798256	
V83015CA	FILED	Derivatives of Native Lignin from Hardwood Feedstocks	15-Feb-10	2798256	28-May-09 & 12-Aug-09	61/182,044 & 61/233,345	16-May-12	CN102459425	
V83015CN	EXAMINATION	Derivatives of Native Lignins from Hardwood Feedstocks	15-Feb-10	201080029348.3	28-May-09 & 12-Aug-09	61/182,044 & 61/233,345	4-Apr-12	EP2435456	
V83015EP	EXAMINATION	Derivatives of Native Lignins from Hardwood Feedstocks	15-Feb-10	10779950.4	28-May-09 & 12-Aug-09	61/182,044 & 61/233,345	26-Oct-12	IN10259DELNP2011	
V83015IN	EXAMINATION	Derivatives of Native Lignins from Hardwood Feedstocks	15-Feb-10	10259/DELNP/2011	28-May-09 & 12-Aug-09	61/182,044 & 61/233,345	2-Dec-10	US2010/0305242	US 8,288,460
V83015US	ISSUED	Derivatives of Native Lignins from Hardwood Feedstocks	15-Feb-10	12/705,944	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	2-Dec-10	WO2010/135807	
V83015WO	NATIONAL PHASE	Derivatives of Native Lignins from Hardwood Feedstocks	15-Feb-10	CA2010/000211	28/05/2009 & 12/08/2009	61/182,044 & 61/233,345	2-Dec-10	WO2010/135807	
V83019CA	FILED	Binder Compositions Comprising Lignin Derivatives	15-Feb-11	2,824,446	15-Feb-10 & 27-May-10	61/304,745 & CA2010/000800	20-Jun-13	CA2824446	
V83019CN	EXAMINATION	Binder Compositions Comprising Lignin Derivatives	15-Feb-11	201180018792.X	15-Feb-10 & 27-May-10	61/304,742 & 61/304,745 & CA2010/000800	6-Mar-13	CN1023599033	
V83019EP	EXAMINATION	Binder Compositions Comprising Lignin Derivatives	15-Feb-11	11741787.3	15-Feb-10 & 27-May-10	61/304,742 & 61/304,745 & CA2010/000800	26-Dec-12	EP2536798	





V83019US	EXAMINATION	Binder Compositions Comprising Lignin Derivatives	2011-02-15 2012-08-13	13/584,651	15-Feb-10 15-Feb-10 27-May-10	61/304,742 61/304,745 CA2010/000800	22-Aug-13	US201302136550	
V83019AWO	NATIONAL PHASE	Binder compositions comprising lignin derivatives	15-Feb-11	CA2011/000182	15-Feb-10	61/304,742	18-Aug-11	WO2011/097719	
V83022BR	ABANDONED BUT CAN BE RESTORED BY 27-FEB-15 (for extraordinary circumstances)	Resin Compositions Comprising Lignin Derivatives	27-May-10	P11012285	2005-05-28 2009-08-12 2010-02-15	61/182,044 & 61/233,345 & 61/304,745			
V83022CA	ISSUED	Resin Compositions Comprising Lignin Derivatives	27-May-10	2763742	2009-05-28 2009-08-12 2010-02-15	61/182,044 & 61/233,345 & 61/304,745	2-Dec-10	CAZ763742	8-Jan-13 CA 2,763,742
V83022CN	PASSIVE ABANDONED BUT CAN BE RESTORED IN 2015	Resin Compositions Comprising Lignin Derivatives	27-May-10	201080029349	2005-05-28 2009-08-12 2010-02-15	61/182,044 & 61/233,345 & 61/304,745	16-May-12	CN102459293	
V83022EP	EXAMINATION	Resin Compositions Comprising Lignin Derivatives	27-May-10	10779975.1	2009-05-28 2009-08-12 2010-02-15	61/182,044 & 61/233,345 & 61/304,745	4-Apr-12	EP2435457	
V83022IN	EXAMINATION	Resin Compositions Comprising Lignin Derivatives	27-May-10	10261/DELNP/2011	2009-05-28 2009-08-12 2010-02-15	61/182,044 & 61/233,345 & 61/304,745	26-Oct-12	IN10261DELNP2011	
V83022US	EXAMINATION	Resin Compositions Comprising Lignin Derivatives	27-May-10	13/322890	2009-05-28 2009-08-12 2010-02-15	61/182,044 & 61/233,345 & 61/304,745	31-May-12	US20120135097	
V83022W0	NATIONAL PHASE	Resin compositions comprising lignin derivatives	27-May-10	CA2010/000800	2009-05-28 2009-08-12 2010-02-15	61/182,044 & 61/233,345 & 61/304,745	2-Dec-10	WO2010/133832	
V83023CA	FILED	Carbon fibres compositions comprising lignin derivatives (Carbon Fibre)	15-Feb-11	2798268	15-Feb-10	61/304,752	2-Nov-12	CAZ798268	
V83023CN	PASSIVE ABANDONED BUT CAN BE RESTORED IN 2015	Carbon fibres compositions comprising lignin derivatives (Carbon Fibre)	15-Feb-11	2011800191836	15-Feb-10	61/304,752	Dec-26,2012	CN102844357	
V83023EP	EXAMINATION	Carbon fibres compositions comprising lignin derivatives	15-Feb-11	1174789.9	15-Feb-10	61/304,752	26-Dec-12	EP2536780	
V83023JP	EXAMINATION	Carbon fibres compositions comprising lignin derivatives	15-Feb-11	2012-553159	15-Feb-10	61/304,752	30-May-13	JP2013519691	
V83023US	EXAMINATION	Carbon fibres compositions comprising lignin derivatives	15-Feb-11	13/584616	15-Feb-10	61/304,752	15-Aug-13	US20130211056	
V83023W0	NATIONAL PHASE	Carbon fibres compositions comprising lignin derivatives	15-Feb-11	CA2011/000184	15-Feb-10	61/304,752	18-Aug-11	WO2011/097721	
V83216CA	FILED	Derivatives of Native Lignin, Lignin-Wax Compositions, Their Preparation, and Uses Thereof	27-May-10	2798196	28/05/2009 12/08/2009	61/182044 & 61/233345	1-Nov-12	CAZ798196	

V8321EFP	IRREVOCABLY ABANDONED	Derivatives of Native Lignin, Lignin-Wax Compositions, Their Preparation, and Uses Thereof	27-May-10	10779976.9	28/05/2009 12/08/2009	61/182044 & 61/233345	4-Apr-12	EP2435458	
V8321EUS	FILED	Derivatives of Native Lignin, Lignin-Wax Compositions, Their Preparation, and Uses Thereof	27-May-10	13/322907	28/05/2009 12/08/2009	61/182044 & 61/233345	4-Oct-12	US20120247617	
V8321GWO	NATIONAL PHASE	Lignin derivatives, lignin-modified wax emulsions, their preparation, and uses therefor	27-May-10	CA2010/000801	28/05/2009 12/08/2009	61/182044 & 61/233345	2-Dec-10	WO2010/135833	

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**SCHEDULE "C" TO PURCHASE AND SALE AGREEMENT
FORM OF APPROVAL AND VESTING ORDER**

THE APPLICATION of The Bowra Group Inc., in its capacity as Court-appointed Receiver (the "Receiver") of the assets, undertakings and properties of [Lignol Energy Corporation / Lignol Innovations Ltd.] coming on for hearing at Vancouver, British Columbia, on the ____ day of _____, 2014; AND ON HEARING _____, counsel for the Receiver, and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed;

THIS COURT ORDERS AND DECLARES THAT:

1. The sale transaction (the "**Transaction**") contemplated by the Asset Purchase Agreement dated _____ (the "**Sale Agreement**") between the Receiver and _____ [the "**Purchaser**"], a copy of which is attached as **Schedule "B"** hereto is hereby approved, and the Sale Agreement is commercially reasonable. The execution of the Sale Agreement by the Receiver is hereby authorized and approved, and the Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance to the Purchaser of the assets described in the Sale Agreement as the "**Purchased Assets**".
2. Upon delivery by the Receiver to the Purchaser of a certificate substantially in the form attached as **Schedule "C"** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser in fee simple, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of this Court dated [date]; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia or any other personal property registry system; and (iii) those Claims listed on **Schedule "D"** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule "E"** hereto), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.
3. Upon presentation for registration in the Land Title Office for the Land Title District of Vancouver of a certified copy of this Order, together with a letter from Blake, Cassels & Graydon LLP, solicitors for the Receiver, authorizing registration of this Order, the British Columbia Registrar of Land Titles is hereby directed to:
 - (a) enter the Purchaser as the owner of the Lands, as identified in **Schedule "F"** hereto, together with all buildings and other structures, facilities and improvements located thereon and fixtures, systems, interests, licenses, rights, covenants, restrictive

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covenants, commons, ways, profits, privileges, rights, easements and appurtenances to the said hereditaments belonging, or with the same or any part thereof, held or enjoyed or appurtenant thereto, in fee simple in respect of the Lands, and this Court declares that it has been proved to the satisfaction of the Court on investigation that the title of the Purchaser in and to the Lands is a good, safe holding and marketable title and directs the BC Registrar to register indefeasible title in favour of the Purchaser as aforesaid; and

- (b) having considered the interest of third parties, to discharge, release, delete and expunge from title to the Lands all of the registered Encumbrances except for those listed in **Schedule "E"**.
4. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Receiver's Certificate all Claims shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having had possession or control immediately prior to the sale.
5. The Receiver is to file with the Court a copy of the Receiver's Certificate forthwith after delivery thereof.
6. Pursuant to Section 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* or Section 18(10)(o) of the *Personal Information Protection Act* of British Columbia, the Receiver is hereby authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed in Schedule "[number]" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.
7. Subject to the terms of the Sale Agreement, vacant possession of the Purchased Assets, including any real property, shall be delivered by the Receiver to the Purchaser at 12:00 noon on the Closing Date (as defined in the Sale Agreement), subject to the permitted encumbrances as set out in the Sale Agreement and listed on **Schedule "E"**.
8. The Receiver, with the consent of the Purchaser, shall be at liberty to extend the Closing Date to such later date as those parties may agree without the necessity of a further Order of this Court [provided that the Closing Date occurs by _____ or within ____ days of the date of this Order].
9. Notwithstanding:
 - (a) these proceedings;

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- (b) any applications for a bankruptcy order in respect of the Debtor now or hereafter made pursuant to the *Bankruptcy and Insolvency Act* and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made by or in respect of the Debtor,

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute or be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

- 10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
- 11. The Receiver or any other party have liberty to apply for such further or other directions or relief as may be necessary or desirable to give effect to this Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

SCHEDULE "A" TO APPROVAL AND VESTING ORDER

Counsel List

SCHEDULE "B" TO APPROVAL AND VESTING ORDER

Purchase and Sale Agreement

SCHEDULE "C" TO APPROVAL AND VESTING ORDER

Receiver's Certificate

SCHEDULE "D" TO APPROVAL AND VESTING ORDER

Expunged Encumbrances / Claims

SCHEDULE "E" TO APPROVAL AND VESTING ORDER

Permitted Encumbrances

SCHEDULE "F" TO THE APPROVAL AND VESTING ORDER

List of Land

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SCHEDULE "D" TO PURCHASE AND SALE AGREEMENT
FORM OF PATENT ASSIGNMENT

See attached.

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[Handwritten signature]

PATENT ASSIGNMENT

THIS PATENT ASSIGNMENT (the "Assignment") is made effective as of _____, 2014 (the "Effective Date"), by and between The Bowra Group Inc. ("Assignor"), in its capacity as court-appointed receiver over the assets, undertakings and properties of Lignol Innovations Ltd. ("Lignol"), including the proceeds thereof, and not in its personal capacity, and 1021529 B.C. Ltd. ("Assignee"), a company incorporated under the laws of the Province of British Columbia and having its registered office at 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V7X 1T2. Assignor and Assignee are sometimes referred to herein individually as a "Party" and collectively as the "Parties". Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Purchase Agreement (as defined herein).

RECITALS:

WHEREAS, Lignol is the owner of the patents and patent applications identified on Schedule "A" hereto (collectively, the "Assigned Patents"); and

WHEREAS, pursuant to the Purchase and Sale Agreement dated as of December 11, 2014 (the "Purchase Agreement") between Assignor and Assignee, Assignor is assigning to the Assignee all of Lignol's right, title and interest in, to and under the Assigned Patents;

NOW, THEREFORE, for good and valuable consideration the receipt of which is hereby acknowledged and in consideration of the mutual agreements, provisions and covenants contained in this Assignment, the Parties, intending to be legally bound, hereby agree as follows:

- 1. **Conveyance.** Effective as of the Effective Date, Assignor hereby sells, assigns, transfers, and conveys to Assignee its entire right, title and interest in, to and under (a) the Assigned Patents including any and all goodwill symbolized thereby, and (b) the right to enforce the Assigned Patents and to sue for and to recover damages and other remedies in respect of any past, present or future infringement or other unauthorized use of the Assigned Patents.
- 2. **Issuance and Recordation.** Assignor hereby authorizes and requests the patent office, and any corresponding official of any country whose duty it is to register patents and applications, of any country in which the Assigned Patents are filed, to register any and all Assigned Patents in the name of Assignee, its successors and assigns, in accordance with the terms of this Assignment. Assignor hereby requests the patent office, and the corresponding officials or agencies in any other applicable jurisdiction, to record Assignee as the assignee and owner of the Assigned Patents. Assignee shall have the right to record this Assignment with all applicable government authorities and registrars so as to perfect its ownership of the Assigned Patents.
- 3. **No Modification.** Nothing contained in this Assignment is intended to or shall be deemed to modify, alter, amend or otherwise change any of the rights or obligations of Assignee or Assignor under the Purchase Agreement or any other agreement entered into by the Parties. Without limiting the foregoing, in the event and to the extent that there is a conflict between the provisions of this Assignment and the provisions of the Purchase Agreement, the provisions of the Purchase Agreement shall control.
- 4. **Successors and Assigns.** This Assignment shall be binding upon and enure to the benefit of the Parties and their respective successors and assigns.

and the Approval and Vesting Order granted by the Supreme Court of British Columbia, 2015.

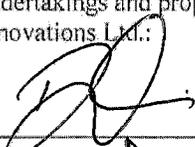
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5. **Counterparts.** This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party, it being understood that both Parties need not sign the same counterpart.
6. **Interpretation.** The Article and Section headings contained in this Assignment are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Assignment.
7. **Further Assurances.** Assignor and Assignee hereby covenant and agree, without the necessity of any further consideration, to execute, acknowledge, and deliver any and all such other documents and take any such other action as may be reasonably necessary or appropriate to implement this Assignment and carry out the intent and purposes of this Assignment.
8. **Governing Law.** This Assignment shall be governed by and construed and interpreted in accordance with the laws of the Province of British Columbia, Canada, and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed by their duly authorized representatives as of the Effective Date.

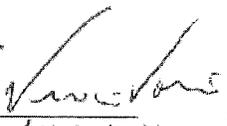
ASSIGNOR:

The Bowra Group Inc., in its capacity as court-appointed receiver over the assets, undertakings and properties of Lignol Innovations Ltd.:


Name: Doug CHIVERS
Title: SENIOR VICE PRESIDENT

ASSIGNEE:

1021529 B.C. Ltd., by its authorized signatory:

 
Name: LOUISA ANDRETTO VINCICIO NOVINA
Title: MANAGING DIRECTOR STRATEGY AND NEW BUSINESS DIRECTOR



**SCHEDULE "A"
ASSIGNED PATENTS**

Assigned Patents

[Insert Schedule "B" from Purchase and Sale Agreement]

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A circular stamp is located in the bottom right corner. The text 'CURIDICO' is written along the bottom inner edge of the circle, and 'EJECUTIVO' is written along the top inner edge. A signature is written across the center of the stamp. Above the stamp, there is a handwritten checkmark or similar symbol.