



COURT FILE NO. 24-2147111

ESTATE NO. 24-2147111

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF VALLEY POWER CORP.

DOCUMENT TRUSTEE'S FIRST REPORT TO COURT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

TRUSTEE

The Bowra Group Inc.
1411 TD Tower, 10088 – 102 Avenue
Edmonton, AB T5J 2Z1
Attention: Kristin Gray
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**Service will be accepted by delivery, email, or fax.
No other form of service will be accepted**

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APPENDICES

- A. A COPY OF THE PROPOSAL DATED JANUARY 20, 2017.
- B. A COPY OF THE CERTIFICATE OF TITLE FOR THE VALLEY POWER LANDS.
- C. STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD OF JANUARY 20, 2017, TO NOVEMBER 5, 2021.
- D. A COPY OF THE PURCHASE AND SALE AGREEMENT.

PURPOSE OF REPORT

1. Valley Power Corp., the general partner of Valley Power Limited Partnership (collectively, the “**Company**” or “**Valley Power**”), filed a Notice of Intention to Make a Proposal (“**NOI**”) to its creditors on July 20, 2016. On January 20, 2017, the Company filed a Proposal, which was approved by its creditors at a meeting of creditors held February 9, 2017, and subsequently approved by the Court of Queen’s Bench of Alberta on March 8, 2017. A copy of the Proposal is attached as **Appendix A**.
2. The Bowra Group Inc. is the Licensed Insolvency Trustee in the Proposal proceedings.
3. The purpose of this report is to:
 - a. Provide this Honorable Court with the background and financial situation;
 - b. Provide this Honorable Court with an Interim Statement of Receipts and Disbursements as at November 5, 2021; and,
 - c. Assist this Honorable Court’s consideration of the Company’s application for an Approval and Vesting Order to cause the title to the Company’s remaining assets to be transferred to Metalnecks Salvage Ltd. (“**Metalnecks**”) pursuant to the Purchase and Sale Agreement dated October 22, 2021.

COMPANY BACKGROUND AND FINANCIAL SITUATION

4. The Company operated and owned a biomass electric power generation plant and related equipment (the “**Plant**”) located in Drayton Valley, Alberta. The Plant burned wood biomass for the purposes of generating electric power which was sold into the Alberta power grid.
5. The Plant is located on lands owned by Valley Power legally described as:

Plan 9222632
Lot 2
(the “**Lands**”)
6. Attached as **Appendix B** is a copy of the title to the Lands.

7. The Company received subsidies from the Alberta government in relation to the sale of electricity. However, those subsidies ceased, and the Company could not remain profitable.
8. Valley Power ceased operations of the Plant on May 24, 2016.
9. On July 20, 2016, the Company filed a NOI. A Proposal was later filed and approved by the Court of Queen's Bench of Alberta on March 8, 2017.
10. The Proposal generally provided for the sale of the Company's assets and distribution of the proceeds thereof, after expenses, to its creditors. More specifically, the Proposal contemplated a six-month period in which the Company would attempt to sell the assets to an "en bloc" purchaser, after which if no purchaser was found, then the Company would liquidate its assets through an auction.
11. As a result of an offer received for the purchase of the partnership units of Verdant Energy Ltd. and Algonquin Power Operating Trust (the partners of Valley Power Corp.) on July 10, 2017, the Company filed an Amended Proposal. The Amended Proposal was defeated by Valley Power's creditors at a second meeting of creditors held on August 14, 2017. The sale of the partnership units never completed.
12. Due to the financial difficulties the Company has been unable to pay property taxes in respect of the Plant and Lands for a number of years. We understand the total outstanding property taxes owing as at the date of this report are approximately \$940,000. The Town of Drayton Valley has registered a Tax Notification against title.
13. Since ceasing operations, a significant amount of wood waste that was previously used for biomass fuel has been stored on the Lands. This raised concerns over environmental issues and significantly impacted the ability to market and list the Lands and Plant for sale. Although some has been removed by a third party, we understand 5,000 tones remain on the Lands as at the date of this report.
14. Since 2017 the Company has made significant efforts to sell the Lands and Plant including engaging BDO Canada Limited ("**BDO**") as sales agent, having discussions with realtors and brokers and entertaining negotiations with various interested parties. BDO was able to arrange for the auction sale of certain pieces of equipment owned by Valley Power, however, the Company has been ultimately unable to locate a purchaser for the Lands and Plant due

to the significant outstanding property taxes, environmental concerns, deteriorating condition and general economy in Drayton Valley.

15. The Company's only remaining assets as at the date of this Report are the Lands and Plant.
16. A copy of the interim statement of receipts and disbursements for the period of January 20, 2017, to November 5, 2021, is attached as **Appendix C**. The Trustee currently holds \$6,532 in the estate trust account.

PURCHASE AND SALE AGREEMENT

17. On October 22, 2021, the Company entered into a purchase and sale agreement (the "**Purchase and Sale Agreement**") with Metalnecks for the sale of the Lands and Plant. A copy of the Purchase and Sale Agreement is attached as **Appendix D**.
18. The consideration being paid by Metalnecks pursuant to the Purchase and Sale Agreement includes;
 - a. Payment of the sum of \$1.00;
 - b. Payment of the sum of \$10,000 to cover the Company's transaction costs; and,
 - c. Assumption of the outstanding property taxes and other potential liabilities with respect to the Lands.
19. The Purchase and Sale agreement contemplates that title be transferred subject to the following Builders' Liens and Certificate of Lis Pendens being removed from title;
 - a. Builders' Lien filed by Associated Aggregates Inc. as Instrument Number 162 128 589 and Certificate of Lis Pendens registered as Instrument Number 162 298 812;
 - b. Builders' Lien filed by Macfam Mechanical Ltd. as Instrument Number 162 118 758;
 - c. Builders' Lien filed by Koerr Inc. as Instrument Number 162 064 763 and Certificate of Lis Pendens registered as Instrument Number 162 200 231; and,
 - d. Certificate of Lis Pendens registered by Torque Industrial Ltd. as Instrument Number 162 200 446.
20. As a result, the Company is seeking an Approval and Vesting Order to transfer title in accordance with the Purchase and Sale Agreement.

21. Given the Company's efforts to sell the Lands and Plant over the past 4 years and the interest to date the Trustee is of the opinion the sale as described in the Purchase and Sale Agreement represents the best value the Company can expect to receive.
22. Based on the foregoing, the Trustee does not expect a distribution to creditors from the realization of the Company's assets.

CONCLUSION

23. The Company operated a wood burning biomass plant located in Drayton Valley. Due to financial difficulties, the Company filed a Proposal on January 20, 2017, which was approved by the Court of Queen's Bench of Alberta on March 8, 2017. The Proposal contemplated the sale of the Company's assets.
24. Over the last 4 years, the Company has made significant attempts to sell its assets, however due to various issues, including outstanding property taxes and environmental concerns, no sale was completed.
25. On October 22, 2021, the Company entered into a Purchase and Sale Agreement with Metalnecks for the sale of the Company's Lands and Plant.
26. Given the efforts and interest to date, the Trustee is of the opinion the sale as contemplated in the Purchase and Sale Agreement represents the best value the Company can expect to receive. Further, the Trustee believes the sale transaction is beneficial as it would potentially allow for removal of the remaining wood biomass and cleanup of the Lands, for which the Company has no funds to complete at this time, and payment of outstanding property taxes.
27. The Trustee does not believe that any further sales or marketing efforts would generate a greater recovery at this time.

28. The Trustee does not expect a distribution to creditors from the realization of the Company's assets.

All of which is respectfully submitted this 8th day of November 2021.

The Bowra Group Inc.

Licensed Insolvency Trustee in the Proposal of Valley Power Corp.

Per: 

Kristin Gray, CPA, CA, CIRP, LIT

APPENDIX A

A copy of the Proposal dated January 20, 2017

District of Alberta

Division No. 01 – Edmonton

Court No. 24-

Estate No.: 24-

Form 35

**IN THE MATTER OF THE DIVISION I PROPOSAL OF VALLEY POWER CORP. AN
INSOLVENT PERSON**

DIVISION 1 PROPOSAL

(Section 50 of the Bankruptcy and Insolvency Act)

ARTICLE 1 – DEFINITIONS

1.1 Definitions

In this Proposal, the following words and phrases shall have the following respective meanings:

- a) “Acceptance” means the acceptance of the Proposal by the Creditors and the ratification of the Proposal by the Court;
- b) “Act” means the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (as amended);
- c) “Assets” mean the Equipment, Inventory and Lands owned by Valley Power;
- d) “Builders’ Liens” means those Builders’ Liens filed against the title to the Lands described as:
 - a. Registration No. 162 064 763 – Lien Claimant Koerr Inc.
 - b. Registration No. 162 118 758 – Lien Claimant MacFam Mechanical Ltd.
 - c. Registration No. 162 128 589 – Lien Claimant Associated Aggregates Inc.
- e) “Certain Crown Claims” means those Creditors defined in Article 7.2 hereof;

- f) "Claims" has the meaning ascribed thereto in the Act;
- g) "Court" means the Court of Queen's Bench of Alberta in Bankruptcy and Insolvency;
- h) "Creditor" or "Creditors" means the creditors of Valley Power affected by this Proposal;
- i) "Director's Liability" means the liability of the directors of Valley Power in regard to those claims against Valley Power defined in Article 7.5 hereof in respect of which the directors of Valley Power are liable in their capacity as a director of Valley Power;
- j) "Equipment" means all of the equipment owned by Valley Power;
- k) "Insolvent Person" means Valley Power Corp., including Valley Power Corp., as general partner of Valley Power LP and Valley Power LP;
- l) "Inspectors" means those inspectors duly appointed pursuant to the terms of the Act;
- m) "Inventory" means all of the materials owned by the Insolvent Person consumed in its business operations;
- n) "Lands" means those lands standing in the name of Valley Power and described as:

PLAN 9222632

LOT 2

CONTAINING 23.82 HECTARES (58.86 ACRES) MORE OR LESS

EXCEPTING THEREOUT

	HECTARES	ACRES	MORE OR LESS
A) PLAN 9523866 ROAD	0.702	1.73	
B) PLAN 9525030 SUBDIVISION	9.29	22.96	
C) PLAN 0122262 ROAD	0.03	0.11	

- o) "Lands Net Proceeds" means the proceeds received from the sale of the Lands less payment of any debts, now or in the future incurred and secured against the Lands and all expenses incurred with respect to the sale of the Lands including but not limited to Professional Fees, Real Estate Commissions, any costs associated with necessary remediation or decommissioning of the Plant, and Property Taxes;
- p) "Meeting of Creditors" means the meeting of Creditors scheduled to consider and vote on the Proposal;
- q) "Net Assets Proceeds" means the proceeds received from the sale of the Assets less any debts now or in the future secured against the Assets and all expenses incurred with respect to the sale of the Assets including but not limited to Professional Fees, Commissions and any costs associated with the necessary remediation and decommissioning of the Plant;

- r) "Notice of Meeting" means the notice of the Meeting of Creditors forwarded to the Creditors;
- s) "Ordinary Unsecured Creditor(s)" means those creditor(s) of Valley Power as defined in Article 7.8 hereof;
- t) "Plant" means the Lands and power generation equipment located thereon;
- u) "Preferred Creditors" means those Creditors of Valley Power defined in Article 7.7 hereof;
- v) "Professional Fees" means, individually or cumulatively as the context requires, the fees and disbursements of the Trustee under the Proposal of Valley Power, the fees and disbursements of the Trustee's legal counsel (if any), and the fees and disbursements of legal counsel to Valley Power;
- w) "Proposal" means the series of steps and arrangements contemplated herein, by which the debts and obligations owing by Valley Power to the Creditors will be dealt with pursuant to Division I of Part III of the Act;
- x) "Proposal Implementation Date" means the date that rights and obligations under the Proposal become effective and is the latest date upon which each of the following events has occurred:
 - i. the approval of the Proposal by the requisite majority in number and in value of the Creditors required under Division I of Part III of the Act has been obtained; and
 - ii. an Order of the Court approving the Proposal has been obtained and the appeal period from such Order has expired, or if any appeal is taken from such Order, a final Order dismissing such appeal has been obtained;
- y) "Proposal Valuation Date" means July 20, 2016;
- z) "Termination Date" means the date upon which the claims of all Creditors have been satisfied in accordance with the Proposal or otherwise satisfied;
- aa) "Trustee" means Bowra Group Inc., trustee under the Proposal;
- bb) "Unsecured Creditors" means those Creditors defined in Article 7.8 hereof;
- cc) "Valley Power" means the Insolvent Person;
- dd) "Valued Claim" means the claim of a Creditor as of the Proposal Valuation Date which has been valued by the Trustee; and
- ee) "Wage Claims" means the claims advanced against Valley Power by those Creditors defined in Article 7.4 hereof.

ARTICLE 2 – INSOLVENT PERSON

- 2.1 Valley Power, the Insolvent Person, hereby submits the following Proposal pursuant to the Act.

ARTICLE 3 – PURPOSE AND EFFECT OF PROPOSAL

- 3.1 The purpose of the Proposal is to allow Valley Power the opportunity to offer a compromise to its Unsecured Creditors of their claims against Valley Power. The Proposal is not intended to affect any Secured Creditor of Valley Power.
- 3.2 Valley Power wishes to permit the Creditors to achieve a recovery on their claims against Valley Power which is superior to that which the Creditors are expected to achieve in the event that Valley Power were to become bankrupt.
- 3.3 The Proposal will become effective on the Proposal Implementation Date, on which date the claims of the Creditors will be compromised in accordance with the terms hereof.

ARTICLE 4 – MEETING OF CREDITORS

- 4.1 The Creditors shall be given formal notice to attend a Meeting of Creditors as outlined in the Notice of Meeting.

ARTICLE 5 – ADMINISTRATION OF THE PROPOSAL

- 5.1 The Creditors, with the consent of Valley Power, may include such additional provisions or terms in the Proposal with respect to the supervision of the affairs of Valley Power as they may deem advisable.
- 5.2 The Creditors may appoint one or more, but no more than five, Inspectors of the Proposal of Valley Power.
- 5.3 The Proposal shall be terminated upon the date on which the claims of all Creditors have been satisfied pursuant to the terms of the Proposal, or upon the bankruptcy of Valley Power, or as otherwise provided in the Act.

ARTICLE 6 – DEFAULT BY VALLEY POWER IN PERFORMANCE OF PROPOSAL

- 6.1 Where default is made in the performance of any provision of the Proposal and the default is not remedied by Valley Power or waived by the Inspectors, or in the absence of Inspectors, by a majority of the Creditors as defined in dollar value of proven claims, within thirty (30) days immediately following the default, the Trustee shall so inform all of the Creditors and the Official Receiver in the manner prescribed pursuant to the Act.
- 6.2 In the absence of Inspectors, the Trustee shall be at liberty to apply to the Court to extend the time for the making of any payment required to be made pursuant to this Proposal.

ARTICLE 7 – DEFINITION OF CREDITOR CLAIMS

- 7.1 The claims of the Creditors shall have the respective definitions provided in this Article 7.
- 7.2 “Certain Crown Claims” shall mean any claim of Her Majesty in the Right of Canada or a Province or Territory of all amounts of a kind that could be subject to a demand under:
- a) subsection 224.4(1.2) of the *Income Tax Act*;
 - b) any provision of the *Canada Pension Plan* or the *Employment Insurance Act* that refers to subsection 224.(1.2) of the *Income Tax Act*; and
 - c) any substantially similar provincial or territorial legislation that has a similar purpose to the subsection 222.4(1.2) of the *Income Tax Act*.
- 7.3 “Secured Creditor” means a person holding a mortgage, hypothec, pledge, charge, security interest or lien on or against the property of Valley Power or any part of that property as security for a debt due or accruing due to the person from Valley Power, or a person whose claim is based on, or secured by, a negotiable instrument held as collateral security and in respect of which Valley Power is only indirectly or secondarily liable.
- 7.4 “Wage Claim” includes any claim of employees and former employees of Valley Power for amounts equal to the amounts that such employees may be qualified to receive pursuant to subsection 136(1)(d) of the Act as at the Proposal Valuation Date or of the filing of the Proposal.
- 7.5 “Director’s Liability Claims” includes any claim for obligations of Valley Power where the claim extends to the Directors of Valley Power and such Directors are by law personally liable in their legal capacity as Director of Valley Power for:

- a) Certain Crown Claims as defined in Article 7.2 hereof;
 - b) Wage Claims as defined in Article 7.4 hereof;
 - c) Goods and Services Tax ("GST") claims as defined pursuant to the Excise Tax Act;
 - d) WCB premiums as directed under any Provincial or Territorial Workers' Compensation Act;
 - e) Any claim respecting any breach by Valley Power of any condition of any operating authority, statute or regulation, affecting the operations of Valley Power including, but not limited to, any requirement for decommissioning or reclamation of any of the assets or operations of Valley Power; and
 - f) Any claim respecting any environmental contamination or condition under any federal, provincial or territorial environmental act.
- 7.6 For greater certainty, "Director's Liability Claims" excludes any claims that relate to obligations arising out of contractual obligations or claims that are based on allegations of misrepresentation or wrongful or oppressive conduct.
- 7.7 "Preferred Creditor" includes any Creditor with a claim defined pursuant to subsection 136(1) of the Act. However, "Preferred Creditor" shall exclude any person advancing a Wage Claim.
- 7.8 "Ordinary Unsecured Creditor" includes all persons to whom Valley Power owes any obligations of any nature and kind whatsoever, whether due or not due for payment at the time of the filing of the Notice of Intention on July 20, 2016 and including contingent or unliquidated claims arising out of any transactions entered into by Valley Power prior to the time of the filing of the Notice of Intention, but shall exclude the claims of Secured Creditors, Wage Claims, Certain Crown Claims, Preferred Creditors, Equity Claims and Professional Liability Creditors.
- 7.9 "Equity Claims" shall have the meaning set out in the Act and all provisions of the Act applicable to Equity Claims shall apply in this Proposal.
- 7.10 "Builders' Lien Claimants" means any person claiming a Builders' Lien against the Lands.

ARTICLE 8 – ARRANGEMENTS AFFECTING CANADA REVENUE AGENCY (“CRA”)

8.1 Valley Power shall be deemed to have completed a year-end on the day prior to the filing of the Notice of Intention on July 20, 2016. Federal provincial and territorial income taxes, including interest and penalty charges thereon and goods and services taxes (GST), including interest and penalty charges thereon, accruing due or payable for the current fiscal year up to and including the day preceding the filing of the Notice of Intention shall be included as an unsecured claim pursuant to Article 7.8 herein. Any adjustments, assessments or reassessments (if any) made by CRA for claims filed by Valley Power prior to the date of the Notice of Intention in relation to income taxes or GST shall be considered an adjustment, assessment or reassessment in relation to the pre-proposal period.

ARTICLE 9 – ARRANGMENTS AFFECTING CERTAIN CREDITORS

- 9.1 Any indebtedness incurred by Valley Power for the provision of goods, services, supplies, or any other considerations subsequent to the filing of the Notice of Intention and prior to the approval of the Proposal by the Court shall be paid in full in the ordinary course of business from proceeds realized in relation to the business operations or sale of the Assets or any portion thereof in priority only to the claims of the Unsecured Creditors as defined in Article 7.8 herein, existing at the time of the filing of the Notice of Intention.
- 9.2 Creditors dealing with Valley Power following the time of the filing of the Notice of Intention shall have no right of set-off.
- 9.3 Certain Unsecured Creditors of Valley Power whose claims arose prior to the Proposal Valuation Date have been paid in order to assure the continued supply of goods and services deemed critical to the continued operation of the business of Valley Power. Sections 95 to 101 of the Act will not apply to any such payments.

ARTICLE 10 – ARRANGEMENTS AFFECTING CERTAIN CROWN CLAIMS

10.1 Valley Power has already remitted payment directly to CRA for claims defined in Article 7.2 hereof.

ARTICLE 11 – ARRANGEMENTS AFFECTING EMPLOYEES AND FORMER EMPLOYEES

- 11.1 The claims as defined in Article 7.4 hereof of all amounts outstanding at the time of the filing of the Notice of Intention or of filing the Proposal, together with all amounts accrued due for services rendered after that date and before Court approval of the Proposal, shall be paid in full immediately following Court approval of the Proposal from proceeds realized in relation to business operations or the sale of the Assets or any portion thereof and in priority to the claims of all other Creditors, however, payment to wage claimants shall be subordinate to payment of the Professional Fees.
- 11.2 For greater certainty, the payment of the claims defined in Article 7.4 hereof shall be the sole responsibility of Valley Power and the claims shall not be included for distribution or any dividends payable by the Trustee with respect to this Proposal.
- 11.3 Valley Power is not aware of any indebtedness to employees or former employees as defined in Article 7.4 hereof.

ARTICLE 12 – ARRANGEMENTS AFFECTING DIRECTOR'S LIABILITIES

- 12.1 Effective as of the Proposal Implementation Date, the Directors' Liability Claims shall be deemed satisfied in their entirety and the Directors released from any of the Directors' Liability Claims.

ARTICLE 13 – ARRANGMENTS AFFECTING PREFERRED CREDITORS

- 13.1 The funds available for distribution in this Proposal shall be distributed to the Preferred Creditors (as defined in Article 7.7 hereof) in priority only to the Unsecured Creditors and the distribution of dividends to the Preferred Creditors shall be subordinate to payment of the Professional Fees.
- 13.2 Valley Power is not aware of any indebtedness to Preferred Creditors as defined in Article 7.7 hereof.

ARTICLE 14 – ARRANGEMENTS AFFECTING BUILDERS' LIEN CLAIMANTS

- 14.1 Valley Power shall make application to the Court of Queen's Bench of Alberta for the determination of the validity and quantum of the Builders' Liens claimed by the Builders' Lien Claimants.

- 14.2 If any Builders' Lien is determined to be valid, the Lands Net Proceeds shall be applied in payment of the valid Builders' Lien in its entirety or proportionately with any other valid Builders' Lien.
- 14.3 To the extent that a purchaser of the Lands is unable or unwilling to remediate and/or decommission the Plant as required by Alberta Environment, Valley Power shall be entitled to retain from the Lands Net Proceeds those amounts required to remediate and decommission the Plant prior to payment of any Builders' Lien Claimants valid lien claim.
- 14.4 To the extent that any Builders' Lien Claimant's Builders' Lien is determined to be invalid or is not paid in full from the Lands Net Proceeds, then, provided that the claim is accepted by the Trustee, that portion of the Builders' Lien remaining outstanding shall be deemed to be an unsecured claim, and the Builders' Lien Claimant shall be deemed to be an Ordinary Unsecured Creditor to the extent of such claim.

ARTICLE 15 - ARRANGEMENTS AFFECTING ORDINARY UNSECURED CREDITORS

- 15.1 Valley Power shall continue to assess the requirement to or desirability of performing decommissioning, reclamation and remediation of the Plant and if it is determined that decommissioning, reclamation or remediation of the Plant is required or desirable, Valley Power may borrow funds for the purpose thereof on the security of the Assets and on terms that are approved by the Inspectors, or in the absence of Inspectors, on application by the Trustee to the Court of Queen's Bench of Alberta.
- 15.2 Valley Power shall continue to pursue an en bloc sale of the Assets for a price and on terms that are approved by the Inspectors or, in the absence of Inspectors, on application by the Trustee to the Court of Queen's Bench of Alberta.
- 15.3 If an en bloc sale is completed, the allocation of the purchase monies amongst the Lands and the other categories of Assets shall be approved by the Inspectors or, in the absence of Inspectors, on application by the Trustee to the Court of Queen's Bench of Alberta.
- 15.4 If, after a reasonable period of time, but in any event not exceeding six months from the Proposal Implementation Date, or such extended period as agreed to by the Inspectors, or in the absence of Inspectors, as determined on application by the Trustee to the Court of Queen's Bench, an en bloc sale of the Assets is not possible, then Valley Power shall dispose of the Assets individually or in lots by public auction, private sale or other method of disposal as approved by the Inspectors or, in the absence of Inspectors, the Trustee on application to the Court of Queen's Bench of Alberta.

- 15.5 Valley Power shall contribute the remaining portions of the Net Assets Proceeds as they become available, and not otherwise used in accordance with the terms of this proposal, for payment in the following order of priority:
1. For payment of the Professional Fees in priority to all claims;
 2. For distribution to the Preferred Creditors (where applicable);
 3. For payment of costs associated with remediation and/or decommissioning of the Plant as required by the regulatory authority or to enhance the value of remaining assets as approved by the Inspectors or, in the absence of Inspectors, the Trustee on application to the Court of Queen's Bench of Alberta; and
 4. For distribution to the Ordinary Unsecured Creditors.
- 15.6 Valley Power's limited partners have agreed to postpone and subordinate their claims as Ordinary Unsecured Creditors to the claims of all other Ordinary Unsecured Creditors and not accept any distributions until all other Ordinary Unsecured Creditors are paid in full.
- 15.7 Valley Power reserves the right to payout this Proposal at any time without penalty.
- 15.8 The Professional Fees shall be paid in priority to the claims of all Creditors defined in Article 7 hereof. Trustee's fees shall be calculated in accordance with the time spent by the Trustee and its staff at the Trustee's standard rates for the individuals involved.
- 15.9 The Professional Fees shall be submitted to the Court for approval and taxation with the Trustee's Final Statement of Receipts and Disbursements pursuant to the Act. Notwithstanding the requirement for taxation of Trustee's fees at the end of the administration of this Proposal, the Trustee will be at liberty to draw its fees and disbursements on a monthly basis at the discretion of the Trustee (if required) in order to cover the costs of administration of the Proposal.

ARTICLE 16 – EFFECTIVE PROPOSAL IMPLEMENTATION DATE AND PERFORMANCE

- 16.1 Effective as of the Proposal Implementation Date, Valley Power and each and every present and former shareholder, officer, director, employee, auditor, financial advisor, legal counsel and agent of Valley Power and the Trustee (collectively "the Released Parties" and individually a "Released Party") will be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of

whatever nature that any of the Creditors may be entitled to assert (including any and all claims in respect of potential statutory liabilities of the former, present and future directors and officers of Valley Power), whether known or unknown, matured or unmatured foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Proposal Valuation Date relating to, arising out of or in connection with the Claims or the business affairs of Valley Power .

16.2 Upon Valley Power performing its obligations under the Proposal, the Trustee shall provide Valley Power with a Certificate of Full Performance of the Proposal pursuant to section 65.3 of the BIA. The Proposal shall be conclusively deemed to have been fully performed upon the earlier of:

1. payment of all Creditors' Claims; or,
2. the Trustee being satisfied that all of Valley Power's Assets have been realized and distributed in accordance with the terms of this Proposal.

16.3 Upon issuance by the Trustee to Valley Power of a Certificate of Full Performance of the Proposal, Valley Power will be released from all debts and liabilities, present or future, to which Valley Power was subject on the Proposal Valuation Date, or to which Valley Power has or may become subject after the Proposal Valuation Date by reason of any obligation incurred or any act or omission which occurred on or before the Proposal Valuation Date (save and except for Claims against Valley Power under section 178 of the Act), including claims against Valley Power for indemnity and all unliquidated or contingent claims arising out of any transaction entered into by Valley Power on or prior to the Proposal Valuation Date, regardless of whether or not a proof of claim was filed with the Trustee in respect of any such claim.

16.4 As required by section 60(2) of the Act, all monies payable under the Proposal shall be paid by Valley Power to the Trustee, and shall thereafter be distributed by the Trustee in accordance with the Proposal and the Act.

ARTICLE 17 – VALUATION OF CLAIMS, VOTING AND APPLICABLE DATES

17.1 The Claims of all Creditors who have proven claims against Valley Power shall be valued as at the Valuation Date by the Trustee, at or before the Meeting of Creditors.

17.2 Proofs of Claim, proxies and voting letters intended to be used at the Meeting of Creditors must be logged with the Trustee prior to the Meeting of Creditors.

17.3 Creditors may vote their claims by either returning a properly completed voting letter to the Trustee prior to the Meeting of Creditors, or by attending at the Meeting of Creditors and voting in person or by proxy.

17.4 Pursuant to sections 50(1.2) and 54.1 of the Act, and for the purposes of the Proposal, Valley Power hereby makes this Proposal to the Creditors and Valley Power hereby designates such parties to whom it is making the Proposal into the following class of Creditors more particularly described below, namely:

a) Class One – Ordinary Unsecured Creditors;

ARTICLE 18 – MODIFICATIONS AND AMENDMENTS

18.1 The Trustee, with the approval of the Court and without notice to the Creditors, may agree to any modification or amendment to the Proposal after the Creditors have voted on the Proposal, including without limiting the generality of the foregoing, any extension of time for carrying out the terms of the Proposal or for taking any steps or proceedings hereunder, other than any modifications or amendments which would materially adversely affect the rights of any Creditors.

ARTICLE 19 – NOTICE

19.1 Unless otherwise indicated, any notice required or permitted to be given pursuant to the Proposal shall be sufficiently given or made if delivered, faxed or mailed by prepaid postage as follows:

To Valley Power:

Valley Power Corp.
One North Lexington Avenue 14th Floor – Suite 1450
White Plains, NY 10601 USA
Attention: Thomas Kelly, Esq.
Tel: 914-421-4910
Fax: 914-421-0052

Copy to Counsel for Valley Power:

Ogilvie LLP
Barristers and Solicitors
#1400, 10303 Jasper Avenue Edmonton AB T5J 3N6
Attention: Kentigern A. Rowan, Q.C./Amber M. Poburan

Copy to the Trustee:

The Bowra Group
#519, 10235 – 101 Street
Edmonton AB T5J 3G1
Attention: Doug Chivers

To the Creditors:

At their last known address according to Valley Power or such other addresses as any of the foregoing may designate from time to time.

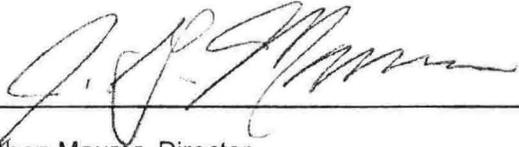
Any notice delivered as aforesaid shall be deemed to have been received when delivered if delivered on a day other than Saturday, Sunday or statutory holiday, and otherwise on the next following business day. Any notice mailed as aforesaid shall be deemed to have been received on the 7th business day following the day on which such notice is mailed.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Dated at the City of White Plains, in the State of New York, United States of America, this 20
day of January, 2017.

VALLEY POWER CORP.

Per:



Jonathan Maurer, Director

Witness: 

Print Name: Thomas J. Kelly

APPENDIX B

A copy of the Certificate of Title for the Valley Power Lands



LAND TITLE CERTIFICATE

S
LINC SHORT LEGAL TITLE NUMBER
0028 854 065 9222632;;2 012 260 006

LEGAL DESCRIPTION

PLAN 9222632
LOT 2
CONTAINING 23.82 HECTARES (58.86 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

Table with 5 columns: Item, Description, HECTARES, (ACRES), MORE OR LESS. Rows include ROAD, SUBDIVISION, and ROAD.

EXCEPTING THEREOUT ALL MINES AND MINERALS

ATS REFERENCE: 5;7;49;5;NE
ESTATE: FEE SIMPLE

MUNICIPALITY: TOWN OF DRAYTON VALLEY

REFERENCE NUMBER: 012 154 365 +1

Table with 5 columns: REGISTRATION, DATE (DMY), DOCUMENT TYPE, VALUE, CONSIDERATION. Row: 012 260 006, 23/08/2001, TRANSFER OF LAND, \$18,950,000, \$18,950,000

OWNERS

VALLEY POWER CORP.
OF 2085 HURONTARIO STREET, SUITE 210
MISSISSAUGA
ONTARIO L5A 4G1

(DATA UPDATED BY: CHANGE OF NAME 022102104)

This is Exhibit "A" referred to in the affidavit / statutory declaration of Grant Noll. Sworn before me this 21 day of November A.D. 2001. Commissioner for Oaths in and for the Province of Alberta.

ENCUMBRANCES, LIENS & INTERESTS

Table with 3 columns: REGISTRATION NUMBER, DATE (D/M/Y), PARTICULARS. Row: 3186LA, 01/05/1958, CAVEAT RE: EASEMENT CAVEATOR - GOLIAD OIL & GAS COMPANY.

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

012 260 006

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
(DATA UPDATED BY: 182086583)		
3246LD	24/07/1958	UTILITY RIGHT OF WAY GRANTEE - ARC RESOURCES LTD. PO BOX 6776 STN D CALGARY ALBERTA T2P2E7 AS TO PORTION OR PLAN:4750KS "DATA UPDATED BY TRANSFER OF UTILITY RIGHT OF WAY REG. 832109581" (DATA UPDATED BY: CHANGE OF NAME 022012795) (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 072393060) (DATA UPDATED BY: CHANGE OF ADDRESS 152077311)
7292LD	12/11/1958	UTILITY RIGHT OF WAY GRANTEE - ATCO GAS AND PIPELINES LTD. 10035-105 ST EDMONTON ALBERTA T5J2V6 AS TO PORTION OR PLAN:5081KS (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 012026556)
4857LF	29/12/1958	RIGHT OF ENTRY ARBITRATION ACT ORDER "AS TO PART AS DESCRIBED"
2841LR	22/12/1959	ORDER "SUBJECT TO VARYING ORDER"
5099LP	28/12/1959	ORDER "SUBJECT TO VARYING ORDER"
3144LR	04/01/1960	ORDER "SUBJECT TO VARYING ORDER"
3145LR	04/01/1960	ORDER "SUBJECT TO VARYING ORDER"
812 127 891	02/06/1981	CAVEAT RE : UTILITY RIGHT OF WAY CAVEATOR - THE TOWN OF DRAYTON VALLEY.
862 057 755	19/03/1986	UTILITY RIGHT OF WAY GRANTEE - ATCO GAS AND PIPELINES LTD. 10035-105 ST EDMONTON ALBERTA T5J2V6 (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 012022014)

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 3
012 260 006

REGISTRATION

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
862 063 531	26/03/1986	UTILITY RIGHT OF WAY GRANTEE - THE TOWN OF DRAYTON VALLEY. "PART"
882 237 981	05/10/1988	UTILITY RIGHT OF WAY GRANTEE - ARC RESOURCES LTD. PO BOX 6776 STN D CALGARY ALBERTA T2P2E7 " AFFECTS PART OF THIS TITLE " (DATA UPDATED BY: CHANGE OF NAME 022036466) (DATA UPDATED BY: CHANGE OF NAME 022036474) (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 062590561) (DATA UPDATED BY: CHANGE OF ADDRESS 152113622)
912 287 328	21/10/1991	UTILITY RIGHT OF WAY GRANTEE - ARC RESOURCES LTD. PO BOX 6776 STN D CALGARY ALBERTA T2P2E7 " AFFECTS PART OF THIS TITLE " (DATA UPDATED BY: CHANGE OF NAME 022019915) (DATA UPDATED BY: CHANGE OF NAME 022019916) (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 062190995) (DATA UPDATED BY: CHANGE OF ADDRESS 152113486)
952 333 254	13/12/1995	CAVEAT RE : SURFACE LEASE CAVEATOR - ATCO GAS AND PIPELINES LTD. 10035-105 ST EDMONTON ALBERTA T5J2V6 (DATA UPDATED BY: TRANSFER OF CAVEAT 012014760)
962 148 659	12/06/1996	CAVEAT RE : SEE CAVEAT CAVEATOR - THE TOWN OF DRAYTON VALLEY. BOX 6387 DRAYTON VALLEY ALBERTA T7A1S2 AGENT - MANJEET SARAN
102 020 009	19/01/2010	UTILITY RIGHT OF WAY GRANTEE - ATCO GAS AND PIPELINES LTD.

(CONTINUED)

 ENCUMBRANCES, LIENS & INTERESTS

PAGE 4
 # 012 260 006

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

162 064 763 02/03/2016 BUILDER'S LIEN
 LIENOR - KOERR INC.
 49307 RR 84
 BRAZEAU COUNTY
 ALBERTA T7A1E6
 AGENT - LIEN-PRO INC.
 AMOUNT: \$1,187,292

162 118 758 04/05/2016 BUILDER'S LIEN
 LIENOR - MACFAM MECHANICAL LTD.
 BOX 6576
 DRAYTON VALLEY
 ALBERTA T7A1R9
 AGENT - DENNIS KULIASA
 AMOUNT: \$189,486

162 128 589 13/05/2016 BUILDER'S LIEN
 LIENOR - ASSOCIATED AGGREGATES INC.
 C/O EMERY JAMIESON LLP
 1700, 10235 - 101 STREET
 EDMONTON
 ATTN: KEMBER HANDZIC
 ALBERTA T5J3G1
 AGENT - KEMBER HANDZIC
 AMOUNT: \$36,355

162 200 231 26/07/2016 CERTIFICATE OF LIS PENDENS
 AFFECTS INSTRUMENT: 162064763

162 200 446 26/07/2016 CERTIFICATE OF LIS PENDENS

162 298 812 25/10/2016 CERTIFICATE OF LIS PENDENS
 AFFECTS INSTRUMENT: 162128589

202 086 897 22/04/2020 TAX NOTIFICATION
 BY - THE TOWN OF DRAYTON VALLEY.
 5120-52 STREET, BOX 6837
 DRAYTON VALLEY, ALBERTA
 T7A1A1

TOTAL INSTRUMENTS: 023

 PENDING REGISTRATION QUEUE

DRR NUMBER	RECEIVED DATE (D/M/Y)	CORPORATE LLP TRADENAME	LAND ID
C005Q00	23/09/2021	ARC RESOURCES LTD. 403-509-6574	

(CONTINUED)

PENDING REGISTRATION QUEUE

PAGE 5

DRR RECEIVED
NUMBER DATE (D/M/Y)

CORPORATE LLP TRADENAME

012 260 006
LAND ID

CUSTOMER FILE NUMBER:
PS00751-UTRW-EASE-FH P 52

001		TRANSFER OF INSTRUMENT	0028 854 065
C005Q18	23/09/2021	ARC RESOURCES LTD. 403-509-6574 CUSTOMER FILE NUMBER: PS00751-UTRW-EASE-FH P 58	
001		TRANSFER OF INSTRUMENT	0028 854 065

TOTAL PENDING REGISTRATIONS: 002

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 29 DAY OF OCTOBER, 2021 AT 04:16 P.M.

ORDER NUMBER: 42989053

CUSTOMER FILE NUMBER: 63675.1/KAR



END OF CERTIFICATE

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

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

IF MORE INFORMATION IS REQUIRED ON A PENDING REGISTRATION WHERE THE CONTACT INFORMATION DISPLAYS N/A PLEASE EMAIL LTO@GOV.AB.CA.

APPENDIX C

Statement of Receipts and Disbursements for the period of
January 20, 2017 to November 5, 2021

**In the Matter of the Proposal of Valley Power Corp.
Trustee's Interim Statement of Receipts and Disbursements
For the Period January 20, 2017 to November 5, 2021**

Receipts	\$'s
Proceeds from asset sales	204,538
Retainer	79,985
Surface lease income	13,238
Interest	408
	298,169
Disbursements	
Trustee fees & disbursements	118,743
Contractor costs - security etc.	63,457
Legal fees & disbursements	62,658
GST paid	12,704
Sales and marketing fee - BDO	8,682
Notice & postage costs	5,524
Advertising costs	599
Bank charges	412
License fee	170
Filing fees	150
Fees paid to registrar	150
Search fees	92
	273,342
Receipts over disbursements	24,827
Less: Transfer to Valley Power Corp. for payment of expenses	18,295
Net Funds Available	6,532

APPENDIX D

A copy of the Purchase and Sale Agreement

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this “**Agreement**”) is executed as of this 22 day of October, 2021, (the “**Effective Date**”), by and between Valley Power L.P., an Ontario limited partnership (“**Seller**”) and Metalnecks Salvage Ltd., an Alberta corporation (“**Buyer**”).

WHEREAS, Seller is the owner of a nominal 12 megawatt wood biomass power facility situate on a 34 +/- acre parcel of land located at 5302 34 Avenue, Town of Drayton Valley, Alberta, Canada T7A1S3 (the “**Project**”); and

WHEREAS, Buyer is desirous of purchasing the Project and its Assets (defined below in Section 1.1) from Seller;

NOW, THEREFORE, in consideration of the Purchase Price and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Purchase and Sale. Subject to the terms and conditions hereinafter set forth, Seller hereby agrees to sell, transfer, convey, assign and deliver to Buyer, and Buyer agrees to purchase from Seller the following assets (collectively, the “**Assets**”):

1.1 Tangible Assets. All tangible assets of Seller as they currently exist at the Project, less reasonable wear and tear between the date of this Agreement and Closing, as listed on Schedule 1.1 (the “**Tangible Assets**”) each in their respective “as is, where is” condition with all faults, including, to the extent in Seller’s possession, all records relating to the Project, and all interconnect equipment, such as switches and transformers, to the extent they exist and are owned by Seller; and

1.2 Real Property. All of Seller’s right, title, and interest in the real estate located at 5302 34 Avenue, Town of Drayton Valley, Alberta, Canada T7A1S3 further described on Schedule 1.2 (together with all beneficial easements, rights-of-way, development and division rights, riparian, air, subsurface and mineral rights, hereditaments and privileges, to the extent same exist, belonging or in any way appertaining thereto, and subject to current zoning regulations, collectively the “**Real Estate**”).

The Assets to be transferred hereunder shall not, however, include any of Seller’s accounts receivable prorated through Closing, intercompany receivables with respect to any affiliates of Seller, any and all claims by Seller with respect to transactions occurring on or before the Closing (but not including claims against third parties pertaining to the quality or maintenance of the Assets, such as pursuant to equipment or service warranties, which will be transferred by Seller to Buyer as is and without warranty by Seller and the extent such claims exist), including any claims for any refunds of taxes (excluding real estate and special taxes charges and assessments paid by or on behalf of Seller, or any rights to renewable energy certificates, including the associated environmental attributes and reporting rights), arising out of or relating to the operation

of the Assets at any time prior to and including the Closing Date, cash, bank accounts, investments, deposits, organizational books and records, contracts of insurance (including the cash surrender value thereof, and all insurance proceeds or monetary claims made by Seller relating to property or equipment repaired, replaced or restored by Seller prior to the Closing Date), the legal names of Seller, employee pension and other benefit plans, and all records and other materials relating to the business and operations of Seller other than as specified in Section 1.1 above, and any other assets not explicitly included in Sections 1.1 and 1.2 above (all such assets, the “**Excluded Assets**”).

2. Purchase Price and Payment; Closing Cost Contribution. In consideration of the sale, transfer and assignment of the Assets by Seller, the Buyer shall pay the Seller or its designee on the Closing Date the sum of One (\$1.00) Dollar (Canadian) (the “**Purchase Price**”). Within three (3) days of the date of this Agreement, Buyer shall remit to Seller the sum of Ten Thousand (\$10,000.00) Dollars (Canadian) as a non-refundable payment (the “**Closing Cost Contribution**”) Seller shall use in connection with seeking and obtaining the required approvals for the sale of the Assets from Seller to Buyer, which such approvals shall include, but not limited to a Vesting Order (as defined in the Section 6(a)(i) below) approving the sale of the Assets from Seller to Buyer as provided by this Agreement.

3. Liabilities. At the Closing, Buyer shall assume and agree to discharge the following liabilities (the “**Assumed Liabilities**”):

(i) any liability whatsoever arising or accruing after the Closing;

(ii) any liability of any kind, including without limitation any property, income, transfer, and goods and services taxes, arising or accruing as a result of the Closing, or arising or accruing following the Closing and arising out of, or relating to, the ownership, operation, maintenance or use of the Assets or the Project following the Closing, including without limitation any liability relating to compliance or noncompliance of the Assets with any applicable regulatory instrument, guidance, directive or law, and

(iii) as a material term of this Agreement, any liability of any kind, without limitation, regarding

(a) all real estate and special taxes, charges, and assessments of any governmental entity having jurisdiction over the Assets, including the Town of Drayton Valley, and

(b) any environmental liabilities or obligations, including but not limited to, any losses, costs, damages, fines, penalties, expenses (including legal fees on a solicitor-and-his/her-own-client basis), reclamation, decommissioning, decontamination or remediation costs, or other injury or loss resulting from, affecting or concerning the Assets or the Project arising or accruing prior to the Closing and arising out of, or relating to, the ownership, operation, maintenance or use of the Assets or the Project prior to the Closing by Seller, including without limitation any liability or obligation relating to compliance or noncompliance with any applicable law, including but not

limited to any federal, provincial, municipal and local law, statute, ordinance, by-law, regulation, order, directive, decision, policy, guideline or other legal requirement of any court, ministry, department, administrative or regulatory agency or other authority having jurisdiction.

For purposes of this Section 3(iii), the term "Seller" shall include Seller and its affiliates, and its and their respective members, officers, directors, employees, shareholders, partners, heirs, successors, assigns, representatives and agents, and any or each of them. Any applicable transfer, recording taxes or sales taxes payable in connection with the transactions contemplated herein shall be duly paid by the Buyer, together with the filing of any required tax returns, promptly after the Closing. This Section 3 shall survive Closing and the transfer of the Real Estate by Buyer to a third-party.

4. Prorations. Except as otherwise set forth in Section 3 (iii) of this Agreement wherein Buyer has accepted certain Assumed Liabilities, all costs and expenses associated with the ownership and operation of the Assets shall be prorated between Buyer and Seller as of the Closing Date, based on the general principle that Seller is responsible for such costs and expenses relating to ownership and operation of the Assets prior to Closing (including the Closing Date) and Buyer is responsible for such costs and expenses relating to ownership and operation of the Assets following the Closing. The Assets will be transferred subject to appropriate adjustments for accounts receivable and accounts payable at the time of Closing. All charges for utilities, if any, shall be prorated on a per diem basis as of the Closing Date. All prorations shall be made on a per-diem basis using a three hundred sixty-five (365) day year, or a 30 day month (if the applicable charge is a monthly charge). After the calculation and settlement of all of the revenues, costs and expenses subject to proration, the party with an amount of credits in excess of charges shall be entitled to payment from the other party on the Closing Date.

5. Closing. The closing of the purchase and sale provided for in this Agreement (the "Closing") shall take place on the date that is three (3) business days after the date that all of the conditions precedent listed in Section 8 below are satisfied or waived (the "Closing Date"), unless Buyer and Seller otherwise agree in writing, but in no event shall the Closing take place later than the Outside Date (as defined in Section 11(f)). In the event the Closing does not occur by the Outside Date, this Agreement may be terminated in accordance with Section 11(f) and the parties shall have no further obligations hereunder.

6. Closing Obligations. In addition to any other documents to be delivered under other provisions of this Agreement, at Closing:

- (a) Seller shall deliver to Buyer:
 - i. Originals, to the extent same exist, of any blueprints of the Real Estate;

- ii. An Approval and Vesting Order of the Court of the Queen's Bench of Alberta (the "**Vesting Order**") approving of the sale and transfer of the Assets from the Seller to the Buyer;
 - iii. A bill of sale for all of the Assets in the form of Schedule 6(a)(ii) hereto (the "**Bill of Sale**"), executed by Seller;
 - iv. A certificate executed by the appropriate officer of Seller regarding the accuracy of Seller's representations and warranties as of the date of this Agreement and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing;
 - v. A certificate of the appropriate officer of Seller certifying all requisite resolutions or actions of Seller's general partner and limited partners approving the execution and delivery of this Agreement and the consummation of the transactions contemplated herein, and certifying to the incumbency and signatures of the officers of Seller executing this Agreement and any other document relating to the transactions contemplated herein; and
 - vi. Such other documents as Buyer may reasonably request.
- (b) Buyer shall deliver to Seller:
- i. The Purchase Price, subject to the adjustments contemplated herein;
 - ii. the Assignment and Assumption Agreement duly executed by Buyer;
 - iii. One or more certificates executed by the appropriate officer or officers of Buyer certifying: (i) the accuracy of Buyer's representations and warranties as of the date of this Agreement; (ii) Buyer's full compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing; (iii) the taking and continuing efficacy of all requisite resolutions or actions of the Buyer approving the execution and delivery of this Agreement and the consummation of the transactions contemplated herein, and attaching copies of the same; and (vi) the incumbency and signatures of the representatives of Buyer executing this Agreement and any other document relating to the transactions contemplated herein;
 - iv. A certificate of good standing or equivalent of Buyer;
 - v. Such other documents as Seller may reasonably request.

where is” without any warranty regarding condition or sufficiency thereof. Seller specifically disclaims any warranties, representations, promises or guaranties of any kind regarding: (i) the marketability, value, nature, quality, condition, or collectability, or the suitability for purchase, use or any particular purpose, of any of the Assets; (ii) the form or sufficiency of any of the Assets; (iii) the value, condition or environmental status of the Assets; or (iv) the compliance of any of the Assets with applicable law. All Tangible Assets are, and on the Closing Date will be, physically located on the Project site.

- v. Required Approvals. Schedule 7(a)(v) contains a complete and accurate list of all approvals (“**Approvals**”) held or applied for by Seller from any applicable governmental authority with respect to the Assets, including the expired EPEA Approval (defined below).
- vi. Real Property. Subject to Seller obtaining the Vesting Order, Seller will have good and valid title to the Real Estate, free and clear of encumbrances, except only the permitted encumbrances (“**Permitted Encumbrances**”) listed on Schedule 7 (a)(vi).
- vii. Brokers. No broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller.

Except as expressly stated herein, Seller makes no representations whatsoever, express, implied or by operation of law.

(b) Representations and Warranties of Buyer: Buyer hereby represents and warrants that:

- i. Organization and Good Standing. Buyer is an Alberta corporation duly organized, validly existing and in good standing under the laws of the province of Alberta.
- ii. Authority. All necessary corporate and municipal action has been taken by Buyer, or will by Closing have been taken, to execute and deliver this Agreement and perform its obligations under this Agreement, including without limitation the payment at Closing of the Purchase Price, the assumption of the Assumed Liabilities, and the performance of the indemnification obligations set forth herein.
- iii. Due Execution and Delivery. This Agreement has been duly and validly executed and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except that (A) such enforceability may be subject to applicable bankruptcy, insolvency or other similar laws now

likely to be material to the Project or that would be reasonably likely to result in the Seller incurring a post-Closing commitment or obligation in excess of \$10,000, or cancel or waive any claim or right of substantial value that, individually or in the aggregate, would be reasonably likely to be material to the Seller or that would be reasonably likely to result in Seller incurring a post-Closing commitment or obligation in excess of \$10,000; (3) enter into any contract granting rights to any Assets; (4) dispose of any Asset other than in the ordinary course of business; or (5) agree to or contract to do any of the foregoing.

- (c) Seller shall take any and all necessary commercially reasonable steps to transfer or assign the Tangible Assets to Buyer in connection with the transaction contemplated hereby, and all of such transfers or assignments shall have been completed to the reasonable satisfaction of the Buyer as a condition to Closing.
- (d) Prior to Closing, the Seller will notify Alberta Environment and Parks ("AEP") of the parties' mutual intention to transfer, to the extent possible and permitted by AEP, Approval No. 18624-01-00 issued under the *Environmental Protection and Enhancement Act* ("**EPEA Approval**"). Upon Closing, the Buyer will apply to AEP to effect the transfer of the EPEA Approval, to the extent possible, and the Seller shall cooperate reasonably to facilitate the transfer.
- (e) Buyer covenants and agrees that except as otherwise set forth in this Agreement, Buyer is relying upon its own inspections, examinations, studies, inquiries and personal knowledge with respect to the Assets and the Project and has not relied upon any representation, warranty or statement of Seller, or its agents or employees. Except as expressly set forth in this Agreement, neither Seller nor its general or limited partners, or its or their respective officers, directors, employees, agents, members, or representatives has made any representations, warranties, or agreements to or with Buyer as to any matters concerning the Assets, the present use thereof, the existence of hazardous materials thereon, or the suitability of the Assets for Buyer's intended or contemplated use. EXCEPT AS OTHERWISE EXPLICITLY PROVIDED HEREIN, THE ASSETS ARE BEING TRANSFERRED AND SOLD "AS IS," "WHERE IS," AND "WITH ALL FAULTS" WITHOUT ANY OTHER REPRESENTATION OR WARRANTY. SELLER MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE. SELLER EXPRESSLY DISCLAIMS, AND BUYER HEREBY ACKNOWLEDGES AND ACCEPTS SELLER'S DISCLAIMER OF, ANY IMPLIED WARRANTY OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE.

10. Indemnification.

- (a) Buyer hereby agrees to indemnify, defend and hold harmless Seller and its affiliates, and its and their respective members, officers, directors, employees, shareholders, related entities, partners, heirs, successors, assigns, representatives and agents, and any or each of them (collectively, the “**Indemnified Parties**”, and each, an “**Indemnified Party**”), against and from any and all Assumed Liabilities, including but not limited to, all actions, assessments, causes of action, claims, demands, fines, penalties, losses, liabilities, expenses (including, but not limited to, attorney’s fees and expenses on a solicitor-and-his/her-own-client basis), amounts paid in settlement, proceedings and judgments of every kind and character arising out of or relating to the Assumed Liabilities, whether or not a proceeding has been commenced or an order or judgment has been made.
- (b) If a demand for indemnification pursuant to Section 10(a) of this Agreement arises out of a claim made against Seller or another Indemnified Party by a person not a party to this Agreement or affiliated with a party to this Agreement (a “**Third Party Claim**”), Seller shall give prompt, and in any event, twenty (20) days’ prior written notice thereof to Buyer (the “**Indemnifying Party**”), stating in reasonable detail the nature of the Third Party Claim, the identity of the third party claimant and the specific provisions or terms of the Assumed Liabilities which Seller contends the Indemnifying Party is obligated to fulfil or has breached. Upon the receipt of such notice by Indemnifying Party, Indemnifying Party shall promptly assume, at its own cost, the defense of the Third Party Claim through legal counsel of its choice reasonably satisfactory to Seller, in which event Seller shall cooperate in all reasonable respects with the Indemnifying Party in such defense, and shall make available to the Indemnifying Party and their counsel all records and other materials reasonably required in such defense, but Indemnifying Party shall at all times control such defense; provided that, the Indemnifying Party shall not do anything that may prejudice or harm an Indemnified Party regarding the matters that are the subject of the indemnity, including to it or their reputation, and shall provide Seller with regular and prompt updates upon request from Seller or upon any material development in relation to the defense or settlement of the Third Party Claim. So long as a Third Party Claim is pending and is not resolved, Seller shall hold in abeyance its demand for indemnification. If Indemnifying Party reaches a settlement with the Third Party Claimant which results in any liability to an Indemnified Party, or if a judgment or order is rendered against an Indemnified Party which judgment or order is not properly appealed or appealable, then such Indemnified Party shall be entitled to indemnification in an amount sufficient to discharge the Third Party Claim and any associated costs or expenses including, but not limited to, legal fees on a solicitor-and-his/her-own-client basis. Indemnifying Party shall not make any admissions as to liability in any proceeding or enter into any settlement that admits or has the effect of admitting or implying liability of an Indemnified Party without the prior

A.S.
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written consent of Seller, which consent shall be at the sole and arbitrary discretion of Seller. Indemnifying Party shall pay the applicable Indemnified Party's actual costs and expenses (including legal fees on a solicitor-and-his/her-own-client basis) incurred in connection with a claim which is determined to be the Indemnifying Party's obligation under section 10 of this Agreement or otherwise concerning the Assumed Liabilities.

- (c) If Seller asserts a demand for indemnification pursuant to Section 10(a) of this Agreement, but such demand is not based upon a Third Party Claim, Seller shall notify Indemnifying Party thereof, stating in reasonable detail the nature of such claim for indemnification and the Indemnifying Party's breach, if any. Indemnifying Party shall have fifteen (15) days after the effective date of such notice to accept or reject Seller's demand for indemnification. If Indemnifying Party accepts such demand for indemnification, it shall pay the amount of indemnification claimed by Seller. If no acceptance is received by Seller within such 15-day period, Indemnifying Party shall be deemed to have rejected the demand. In the event Indemnifying Party rejects Seller's demand for indemnification or fails to accept such demand within such 15-day period, the parties shall negotiate in good faith to resolve such disagreement before proceeding to litigation to resolve such claim. Each party shall be responsible for its own costs and expenses, including legal fees, incurred in asserting or defending a demand hereunder except that Indemnifying Party shall pay Seller's or the applicable Indemnified Party's actual costs and expenses (including legal fees on a solicitor-and-his/her-own-client basis) incurred in connection with asserting a claim which is determined to be the Indemnifying Party's obligation or obligations under section 10 of this Agreement or otherwise concerning the Assumed Liabilities.
- (d) This Section 11 shall survive Closing and the transfer of the Real Estate by Buyer to a third-party.

11. Termination. By notice given prior to or at the Closing, this Agreement may be terminated as follows:

- (a) by Buyer, if a material breach of any provision of this Agreement has been committed by Seller and such breach has not been cured within fifteen (15) days of written notice by Buyer thereof (or such other period agreed to between Buyer and Seller in writing) or has not otherwise been waived by Buyer;
- (b) by Seller if a material breach of any provision of this Agreement has been committed by Buyer, and such breach has not been cured within fifteen (15) days of written notice by Seller thereof (or such other period agreed to between Buyer and Seller in writing) or has not otherwise been waived by Seller;

- (c) by Buyer, if any condition in Section 8(b) has not been satisfied as of the Closing Date, or if satisfaction of such a condition by such date is or becomes impossible (other than through the failure of Buyer to comply with its obligations under this Agreement) and Buyer has not waived such condition on or before such date;
- (d) by Seller, if any condition in Section 8(a) has not been satisfied as of the Closing Date or if satisfaction of such a condition by such date is or becomes impossible (other than through the failure of Seller to comply with its obligations under this Agreement) and Seller has not waived such condition on or before such date;
- (e) by mutual consent of Buyer and Seller; or
- (f) by Seller or Buyer, by written notice to the other, if Closing has not occurred on or after 90 days after the Effective Date, or such later date as Seller and Buyer may agree in writing (the "Outside Date"); provided, that (i) if the sole reason Closing has not occurred prior to the Outside Date is the inability of the parties to obtain any approval or consent required by any governmental authority or other third-party listed on Schedule 7(a)(v), then the Outside Date may be extended by either party by written notice to the other to not more than 30 additional days until such conditions are satisfied, and (ii) Buyer cannot terminate this Agreement pursuant to this Section 11(f) if the failure of the Closing to occur is the result of the failure on the part of Buyer to perform any of its obligations hereunder and Seller cannot terminate this Agreement pursuant to this Section 11(f) if the failure of the Closing to occur is the result of the failure on the part of a Seller to perform any of its obligations hereunder.

12. Effect of Termination. Each party's right of termination under Section 11 hereof is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of such right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 11 hereof, all obligations of the parties under this Agreement will terminate, except that the obligations of the parties in this Section 12 will survive; provided, however, that if this Agreement is terminated because of a material breach of this Agreement by the non-terminating party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

13. Miscellaneous.

- (a) Successors and Assigns. This Agreement and all of the provisions hereof shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns; provided, however, that a party may not assign this Agreement nor any of its obligations hereunder without the prior written consent of the other party, which consent may be given or withheld by each such other party in its sole and arbitrary discretion. Any attempted assignment made in violation of this Section 13(a) shall be null and void.
- (b) Notices. Any notice or other communication to be given hereunder shall be deemed given when in writing and upon personal delivery, first-class, registered or certified mail, postage prepaid, return receipt requested, or by a nationally recognized overnight courier, at the time of delivery shown upon the receipt in each case. Any notice shall be delivered to the address indicated below for such party, or to such other address as each party may from time to time by written notice designate to the other:

If to Seller: Valley Power L.P.
c/o Fortistar Biomass
201, 525 11 Avenue SW
Calgary, Alberta T2R OC9

with copies to: Office of General Counsel
Fortistar
One North Lexington Avenue
White Plains, New York 10601
Attention: Notice Officer

and

Algonquin Power Co.
354 Davis Rd., Suite 100
Oakville, Ontario, Canada L6J 2X1
Attention: John Windsor
With a copy to: notices@apucorp.com

If to Buyer:
Main Street Law LLP
Attention: Justin Danzo
Box 3407, #12 119 First Avenue
Spruce Grove, Alberta T7X 3A7

- (c) Entire Agreement, Modification, Waiver. This Agreement, including the Schedules hereto and all other instruments and documents delivered pursuant

hereto, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, letters of intent, understandings and representations of the parties with respect to the subject matter hereof. This Agreement may not be modified, amended, supplemented or otherwise changed except by a writing executed by Seller and Buyer. The failure of any party at any time or times to require performance of any provision of this Agreement in no manner affects the party's right at a later time to enforce the same. No waiver by any party of any breach of any term contained in this Agreement in any one or more instances shall be deemed to be or construed as a further or continuing waiver of such breach, or a waiver of any breach of any other term. No representation, promise, inducement or statement of intention has been made by Seller or Buyer which is not embodied in this Agreement or in the documents referred to herein, and neither Seller nor Buyer shall be bound by or liable for any alleged representation, promise, inducement or statement of intention not set forth herein.

- (d) Captions. Captions used herein are for convenience of reference only and shall not affect the construction of any provision of this Agreement.
- (e) Counterparts. This Agreement and any amendments hereto may be executed in any number of counterparts and by each party in separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. A counterpart may be delivered by facsimile, email attachment (of a PDF document), or other electronic means, which shall be as effective as hand delivery of the original executed counterpart.
- (f) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the province of Alberta, without reference to conflicts of laws. Buyer and Seller hereby irrevocably submit to the jurisdiction of the courts in the province of Alberta and agree that no party shall seek removal or bring any such action or proceeding in any other court or jurisdiction.
- (g) Costs, Expenses and Fees. Except as otherwise provide in Section 2, Seller and Buyer each agree to pay their own costs and expenses, including fees of attorneys, accountants and consultants, incurred in the preparation of and carrying out of this Agreement.

(Signature page follows)

A.S.
M.L

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective representatives, duly authorized, as of the date first written above.

BUYER:

METALNECKS SALVAGE LTD.

By: 
Name: Amos Severson
Title: Co-Owner

By: 
Name: Michael Little
Title: Co-Owner

SELLER:

VALLEY POWER L.P.

By: Valley Power Corp., its General Partner

By: 
Name: Arun Banskota
Title: President

By: 
Name: Arthur Kacprzak
Title: Secretary and Treasurer

Schedule 1.1
Tangible Assets

Power plant equipment proper including but not limited to Bubbling Fluid Bed Boiler and major components, (superheater, generating bank, steam and mud drums, economizer, air heater and start up burners,) Electrostatic Precipitator, 12 MW Steam turbine/ generator, condenser, FD/ID fans & motors, bottom and fly ash conveyors, mufti clone dust collector, control automation equipment, electrical distribution equipment (low/medium voltage and grid connection), miscellaneous tools and supplies.

Material handling and sizing equipment includes but not limited to waste wood hogger, wood storage/reclaimer, conveyors (transfer, fuel feed, distribution, return, and stacking) screens, metering bins, motors.

Wood Inventory on the Real Estate as of the Closing Date.

Buildings: Power house which includes but not limited to control room, boiler house, steam turbine area, maintenance and staff areas.

Cooling tower and demineralized water treatment facilities and auxiliary equipment (pumps, motors, control automation).

**Schedule 1.2
Real Estate**

Legal Description

Plan 9222632, Lot 2

Containing 23.82 Hectares (58.86 Acres) More or
Less

Excepting Thereout;

- A) Plan 9523866 Road 0.702 Hectares (1.73 Acres) More or Less
- B) Plan 9525030 Subdivision 9.29 Hectares (22.96 Acres) More or Less
- C) Plan 0122262 Road 0.043 Hectares (0.11 Acres) More or Less

Excepting Thereout All Mines and Minerals

A.S.
M.L

**Schedule 6(a)(ii)
Bill of Sale**

BILL OF SALE

This **BILL OF SALE**, dated as of Oct 22, 2021, is made by Valley Power L.P., an Ontario limited partnership ("**Seller**") to Metalnecks Salvage Ltd., an Alberta corporation ("**Buyer**"), and is delivered in connection with the transfer of the assets in connection with the Purchase and Sale Agreement executed as of the 22 day of October, 2021, as amended, by and between Seller and Buyer (as amended, the "**Purchase Agreement**").

Seller, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby bargain, sell, assign, transfer and convey to Buyer and its successors and assigns, all of the Seller's right, title and interest in and to the Assets (as defined in the Purchase Agreement); provided, however, that the Excluded Assets (as defined in the Purchase Agreement), are specifically excluded from the scope of this Bill of Sale.

Buyer hereby accepts the foregoing assignment, transfer and conveyance, of the Assets, and agrees to pay, when due any transfer taxes related to the assignment, transfer and conveyance under this Bill of Sale.

IT IS THE EXPLICIT UNDERSTANDING OF BUYER AND SELLER THAT SELLER MAKES ONLY THOSE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ASSETS AND BUYER TAKES OWNERSHIP OF THE ASSETS SUBJECT TO THE EXPRESS TERMS AND CONDITIONS OF THE PURCHASE AGREEMENT.

Seller further covenants and agrees with Buyer that Seller will execute and deliver such other bills of sale, transfers, assignments, releases and other instruments of conveyance and will do such other acts in each case as reasonably requested by Buyer, at Buyer's sole cost and expense, further to vest in Buyer title to the Assets and to evidence Seller's conveyance hereunder.

This Assignment shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

This Bill of Sale shall be governed by, and construed in accordance with, the laws of the province of Alberta, without reference to conflicts of laws. Buyer and Seller hereby irrevocably submit to the jurisdiction of the courts in the province of Alberta and agree that no party shall seek removal or bring any such action or proceeding in any other court or jurisdiction.

[Signature Page Follows]

WHEREFORE, Seller has executed this Bill of Sale by their duly authorized officers as of the date hereof.

SELLER:

VALLEY POWER L.P.

By: Valley Power Corp., its General Partner

By: _____

Name: Arun Banskota

Title: President

By: _____

Name: Arthur Kacprzak

Title: Treasurer and Secretary

Agreed and confirmed:

BUYER:

METALNECKS SALVAGE LTD.

By: _____

Name: Amos Sewerson

Title: Co-owner

By: _____

Name: Michael Little

Title: Co-owner.

**Schedule 7(a)(iii)
Permitted Liens**

- **NONE**

Schedule 7(a)(v)
Approvals

-Issuance of an Approval and Vesting Order of the Court of the Queen's Bench of Alberta approving of the sale and transfer of the Assets from the Seller to the Buyer.

-Approval No. 18624-01-00 issued by Alberta Environment and Parks under the *Environmental Protection and Enhancement Act* (expired).

**Schedule 7(a)(vi)
Permitted Encumbrances**

Caveat	Registration No. 3186LA
Utility Right of Way	Registration No. 3246LD
Utility Right of Way	Registration No. 7292LD
Right of Entry Arbitration Act Order	Registration No. 4857LF
Order	Registration No. 2841LR
Order	Registration No. 5099LP
Order	Registration No. 3144LR
Order	Registration No. 3145LR
Caveat re: Utility Right of Way	Registration No. 812 127 891
Utility Right of Way	Registration No. 862 057 755
Utility Right of Way	Registration No. 862 063 531
Utility Right of Way	Registration No. 882 237 981
Utility Right of Way	Registration No. 912 287 328
Caveat re: Surface Lease	Registration No. 952 333 254
Caveat	Registration No. 962 148 659
Utility Right of Way	Registration No. 102 020 009
Tax Notification	Registration No. 202 086 897