

## OPTION AND LICENCE AGREEMENT

**THIS AGREEMENT** is made as of the 22<sup>nd</sup> day of September, 2008 (hereinafter referred to as the "Effective Date")

BETWEEN:

**Anemos Energy Corporation**

(hereinafter referred to as the "Developer")

OF THE FIRST PART

– and –

**The Township of Schreiber**

OF THE SECOND PART

(hereinafter referred to as the "Property Owner")

(the Developer and the Property Owner may be herein collectively referred to as the "Parties")

**WHEREAS** the Developer is planning to construct and install test wind towers (the "Towers") and gather data from such Towers;

**AND WHEREAS** the Developer will analyze such data and determine whether or not it wants to construct, own or operate one (1) or more wind turbines (the "Turbine(s)") on properties located in the vicinity in which the Towers are located, including on the Property as defined below;

**AND WHEREAS** the Developer and the Property Owner have agreed to enter into this Agreement for the purpose of granting to the Developer i) a licence to conduct meteorological testing on the Property as defined below and ii) an exclusive option to acquire certain easement rights for purposes of the siting of the Turbines on the Property as defined below;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the mutual covenants and obligations contained herein and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

**1. OPTION TO ENTER INTO EASEMENT, LICENCE TO TEST AND COMPENSATION**

1.1 Subject to the terms and conditions set out herein, the Property Owner hereby grants the Developer the exclusive option to acquire an easement in respect of the property comprised of the following parcels:

PIN 62458-1188 - Mining Location 88Z, Priske Township, Peewanecminissins Bay (surface rights only); Schreiber;

PIN 62458-0238 - Parcel 6792 Sec Thunder Bay Freehold ("TBF"); Mining Claim TB9962, Priske Township; Schreiber;

PIN 62458-0241 - Parcel 5832 Sec TBF; Mining Location TB3801, Priske Township; Schreiber;

PIN 62458-0242 - Parcel 5901 Sec TBF; Mining Claim TB3798, Priske Township; Schreiber;

PIN 62458-0243 - Parcel 6119 Sec TBF; Mining Claim TB4758, Priske Township; Schreiber; and

PIN 62458-0244 - Parcel 7069 Sec TBF; Mining Claim TB10626, Priske Township; Schreiber;

(collectively, the "Property") for the purposes of constructing and operating the Turbine(s) on the Property (the "Option"). The Option shall be exercisable by the Developer in its sole discretion. Upon written notice by the Developer to the Property Owner that the Developer has exercised the Option, the Property Owner shall, subject to Section 2.2, duly execute and deliver to the Developer, on such date as is specified by the Developer to the Property Owner, the easement substantially in the form attached hereto as Schedule "A" upon the terms and conditions provided therein (the "Easement").

- 1.2 The Option shall be exercisable by the Developer from the Effective Date up to and including the 22<sup>nd</sup> day of September, 2012 (4 years from the Effective Date, hereafter referred to as the "Term").
- 1.3 The Property Owner hereby grants to the Developer (including its employees, agents and invitees), during the Term of this Agreement, a licence (the "Licence") to enter, use and occupy one or more two and one half (2.5) acre parcels (the "Test Parcel") on the Property and install, construct, erect, operate, repair, maintain, replace and remove on each such Test Parcel such scientific equipment and anemometer towers, wind energy conservation systems and related equipment as may be deemed appropriate by the Developer, including, without limiting the generality of the foregoing, a meteorological testing tower together with such wires, cables, conduits and other ancillary structures necessary for its support and also to dig or drill one or more test holes on the Test Parcel as may be reasonably necessary to allow the Developer to determine whether the Property is suitable for the installation of the Turbines and/or the Tower. This Licence includes such temporary rights of ingress and egress or similar rights-of-way over the Lands as may reasonably be necessary to permit the Developer and its employees, agents and invitees, together with such vehicles and equipment as they may require, at any time of the night or day, to access the Test Parcels and to conduct such other environmental or other testing on the Property as the Developer may require to assess the feasibility of installing and operating a Wind Project on the Property, provided always that there shall not be more than one Test Parcel per one hundred (100) acre section of the Lands and that no Test Parcel shall be located within two hundred (200) meters of any occupied building.

## 2. SCOPE OF EASEMENT

- 2.1 The Developer may, at its sole and absolute discretion and at its sole cost and expense, explore and decide upon any or all of the following options with respect to the nature and scope of the Easement:
  - (a) seek consent from the local land division committee allowing the Property Owner to grant to the Developer an easement over a portion of the Property for a term of up to forty (40) years (including any renewals of the term);
  - (b) take an easement over the entirety of the Property Owner's Property, including any abutting lands thereby allowing the Developer to take an easement for a term of up to forty (40) years (including any renewals of the term); and
  - (c) limit the term of the easement over a portion of the Property to twenty-one (21) years less one (1) day (including any renewals of the term), thereby complying with any applicable subdivision control provisions of the *Planning Act* (Ontario).
- 2.2 In the event that the Developer exercises the Option and decides upon a scope of easement pursuant to Section 2.1 of this Agreement, it shall be understood and agreed by the Parties that the form of Easement attached as Schedule "A" hereto shall be amended by the Parties as required to accurately reflect such scope of the Easement in a commercially reasonable and good faith manner and in such a way so as not to unduly prejudice the Property Owner's or the Developer's ability to

conduct their respective businesses. For greater certainty, the Parties agree that Schedule "A" hereto forms a part of this Agreement and that the provisions thereof shall be given full legal force and effect.

### 3. COVENANTS, REPRESENTATIONS AND WARRANTIES

- 3.1 The Property Owner hereby represents and warrants that it is the legal and beneficial owner in fee simple of the Property described in Section 1.1 and has the legal right and authority to grant to the Developer, its directors, officers, employees, agents, consultants, contractors and assigns the right to access the Property on the terms and conditions set out herein and has not and will not grant an easement or any other property rights, including any aggregate extraction or mining or mineral or petroleum or natural gas lease, related to the Property to any other person that would interfere with the rights granted to the Developer hereunder.
- 3.2 (a) The Property Owner further hereby represents and warrants that it is a corporation, duly organized, validly existing and in good standing under the laws of the Province of Ontario and it has the right, power and privilege to execute and deliver this Agreement and to perform its obligations hereunder.
- (b) The Property Owner hereby represents and warrants that it is not a non-resident of Canada within the meaning of the *Income Tax Act*, (Canada).
- (c) The Property Owner hereby represents and warrants that it is a registrant pursuant to the *Excise Tax Act*, (Canada).
- 3.3 The Developer hereby represents and warrants that it is a corporation, duly organized, validly existing and in good standing under the laws of Canada and that it has the right, power and privilege to execute and deliver this Agreement and to perform its obligations hereunder.
- 3.4 The Property Owner has sought and received independent legal counsel in respect of this Agreement as evidenced by the execution of a Certificate of Independent Legal Advice in the form attached hereto as Schedule "C", understands the nature and consequences of the Agreement and is signing it voluntarily.
- 3.5 The Property Owner hereby agrees and covenants to:
- (a) subsequent to the execution and delivery of this Agreement and without any additional consideration, execute and deliver or cause to be executed and delivered any further legal instruments, including, without limitation, any required consents or acknowledgements in favour of the Developer's lenders, and perform any acts which are or may become necessary to effectuate the purposes of this Agreement and to complete the transactions contemplated hereunder; and
- (b) without limiting the generality of Section 3.5(a), complete and execute the "Appointment and Authorization of Agent" (the "Agency Form") attached hereto as Schedule "D" which Agency Form may be used by the Developer for the purposes of Section 3.5(a).
- 3.6 The Developer hereby covenants that it shall, at its sole cost and expense and prior to accessing the Property for any purpose related to wind testing, or the siting, assessment or construction of the Turbine(s) contemplated to be erected by the Developer herein, provide and maintain in full force and effect with financially responsible insurance carriers, insurance with commercially reasonable coverages, which shall remain in effect during the term of the Easement or any extension thereof or as otherwise specified herein and which shall, if applicable, include:
- (a) automobile liability insurance covering owned, non-owned, hired, leased and rented automobiles and automotive equipment providing coverage for injury, death, or property damage;

- (b) workers compensation as required by the *Ontario Workplace Safety and Insurance Act* (Ontario) or similar legislation covering all persons employed by the Developer or subcontractors for work performed under this Agreement; and
- (c) commercial general liability insurance covering bodily injury, death, personal injury and damage to property as may relate to the works and operations of the Developer with respect to the Property.

Such coverage must be to the sole satisfaction of the Property Owner, acting reasonably, and upon request, the Developer shall provide the property Owner with a Certificate of Insurance completed by a duly authorized representative of the Developer's insurer, certifying that such insurance has been obtained and that it shall not be cancelled or altered without sixty (60) days prior written notice to the Property Owner. Such coverage shall name the property Owner as an additional insured.

- 3.7 The Property Owner covenants and agrees to execute all applications, consents, permissions, agreements, postponements, partial discharges and any other documents which the Developer may require in connection with obtaining any rezoning, governmental approvals, consents, permits or variances (collectively, "Approvals") and in connection with the entering into by the Developer of any agreements with such governmental and public authorities as may be necessary to give due force and effect to and in furtherance of the Developer's applications, and the Property Owner shall produce all other documents and information which may be required in connection with such applications. All applications for Approvals, shall be made by the Developer, at its sole cost and expense and any costs to the Property Owner associated with such Approvals shall be borne by the Developer. The Developer agrees that the obligations of the Property Owner pursuant to this paragraph shall be restricted to execution of documents and production of documents and information and shall not impose upon the Property Owner any financial obligation whatsoever.
- 3.8 (a) The Property Owner specifically acknowledges that a title search has not been conducted on the Property and that the Developer is entering into this Agreement on the basis of the representations and warranties provided by the Property Owner hereunder and in particular those provided in Sections 3.1 and 3.2. If after the Effective Date the Developer conducts a title search and such search reveals that the Property Owner is not the legal and beneficial owner of the Property, or that the Property Owner does not have the legal right and authority to grant to the Developer, its employees, servants, agents, consultants, contractors and subcontractors the property rights contemplated by this Agreement, or that an easement, mortgage, pledge of security or other property right related to the Property (a "**Prior Encumbrance**") exists other than those expressly disclosed in writing to the Developer prior to the Effective Date, the Developer may, in its sole discretion, terminate this Agreement effective immediately. If the Developer elects not to terminate this Agreement, the Property Owner covenants and agrees to obtain from the holder of such Prior Encumbrance any non-disturbance agreement that the Developer or its lender(s) may reasonably require.
- (b) If the title search reveals a Prior Encumbrance, the Developer, in its sole and absolute discretion, may decide to consult with the holder of such Prior Encumbrance and the Property Owner shall use best efforts to resolve any issues that may arise out of the exercise of the Option vis-à-vis the Prior Encumbrance with the goal of concluding a legal agreement whereby the Prior Encumbrance and the Easement can co-exist over the Property without prejudice to the Developer's Easement rights or to the holders of security interests in Developer's equipment and Works, if any.
- (c) Following the title search, the Developer may determine, in its sole and absolute discretion, that amendments to this Agreement and the Schedules hereto are required in order to address any issues arising from the results thereof. The Parties agree that in such an event, such amendments, which shall not unduly prejudice either Party's commercial interests, will be negotiated and formalized in a commercially reasonable and good faith manner.

- (d) Notwithstanding Sections 3.8(b) and 3.8(c), the Developer may choose to terminate this Agreement at any time pursuant to Section 3.8(a).
- (e) In the event that the Developer 's ability to develop, construct or operate a wind project on the Property is prevented or impaired as a result of a non-compliance with Section 3.7 by the existing or a subsequent municipal council of the Township of Schreiber, the Developer shall have the right to immediately terminate this Agreement and any Easement Agreement entered into in connection therewith and shall be released from having to make any further payments to the Property Owner. Such rights shall be in addition to any other rights that the Developer may have under this Agreement or otherwise at law.

#### **4. TERMINATION**

- 4.1 Except as otherwise stipulated herein, this Agreement shall terminate at the earlier of:
  - (a) failure by the Developer to pay the requisite payments provided for hereunder, after sixty (60) days following written demand by the Property Owner, unless otherwise agreed to by the Parties;
  - (b) receipt by the Property Owner of written notice from the Developer of the Developer's desire to terminate the Agreement;
  - (c) termination by the Developer pursuant to Section 3.8(a); or
  - (d) 11:59 p.m. on September 22, 2012 (4 years from the Effective Date).
- 4.2 The representations, warranties, covenants and agreements contained in Section 4.3 hereof shall survive the termination of this Agreement and remain in full force and effect.
- 4.3 In the event that this Agreement is terminated pursuant to Section 4.1(b), the Developer shall pay to the Property Owner, upon the date notice is given by the Developer pursuant to that section (the "Early Termination Date"), the prorated portion then owing, based upon the calculation of total acreage x \$4.00 x 4 years, for the period beginning on the Effective Date and ending on the Early Termination Date, which prorated portion shall be calculated at a rate per day equal to 1/365th of total acreage x \$4.00, less any amounts already paid on account thereof.

#### **5. NOTICES**

- 5.1 Any notice or other writing required or permitted to be given under this Agreement or for the purposes of this Agreement (referred to in this Section as a "notice" to the other Party) shall be sufficiently given if effected through personal service, if sent by prepaid registered mail to the address below, or if transmitted by fax to the numbers provided below, or if effected through such other form of communication as may subsequently be agreed upon in writing by the Parties.

In the case of notice to the Developer, to:

Anemos Energy Corporation  
Suite 1, 112 Herkimer Street,  
Hamilton, ON L8P 2G7  
Attention: Rob Parsons  
Tel: 905-527-5598  
Fax: 866-421-8893

In the case of the Property Owner, to:

Township of Schreiber  
608 Winnipeg Street  
Schreiber, ON P0T 2S0  
Attention: Clerk  
Tel: 807-824-2711  
Fax: 807-824-3231

or at such other address as the receiving Party may have last provided to the notifying Party, giving the same in the manner provided for in this Section. Any notice personally delivered to the Party to whom it is addressed as provided in this Section shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day then the notice shall be deemed to have been given and received on the Business Day next following such day. Any notice mailed to the address and in the manner provided for in this Section shall be deemed to have been given and received on the fifth Business Day next following the date of its mailing in Ontario. Any notice transmitted by fax shall be deemed to have been given and received on the first Business Day after its transmission.

- 5.2 For the purposes of this Agreement, the term "Business Day" means every day except Saturdays, Sundays and statutory holidays in the Province of Ontario.

## 6. GENERAL PROVISIONS

- 6.1 (a) This Agreement is a legally binding contract and is subject to laws of general application and shall be governed by, interpreted, construed, and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada as applicable therein, as amended from time to time. Subject only to Subsection 6.1(c) hereof, the Parties irrevocably and unconditionally attorn and submit to the exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom in accordance with the laws of the Province of Ontario.
- (b) In the event of any dispute with respect to this Agreement arising between the Parties, the principals of the respective Parties shall engage in good faith negotiations with the goal of resolving any matters in dispute between them prior to commencing a legal proceeding with respect to such dispute.
- (c) Any dispute between the Parties pursuant to this Agreement may be referred to arbitration by written agreement of the Parties, and such arbitration shall be conducted in accordance with Subsection 6.1(d).
- (d) Upon written agreement by the Parties to refer a dispute to arbitration, the Parties shall have ten (10) days from the date of that agreement to mutually select an arbitrator who is a lawyer, engineer, or energy industry executive having applicable expertise in the subject area of the matters, but not the matters themselves, giving rise to that dispute, or such other individual as may be mutually agreed by the Parties. If the Parties are unable to agree on an arbitrator within that time-period, each Party shall appoint a single arbitrator and the two chosen arbitrators shall designate a third arbitrator. Schedule "H" hereof sets out the arbitration procedure applicable to any arbitration under this Agreement.
- 6.2 (a) Subject to Subsection 6.2(c), this Agreement may be assignable by the Property Owner to a successor in title only, upon the prior written consent of the Developer, acting reasonably.
- (b) Subject to Subsection 6.2(c), the Developer shall be able to assign this Agreement without the prior consent of the Property Owner to any persons, including but not limited to its lender(s).

- (c) No assignment by either the Developer (except in the case of an assignment of this Agreement to its lender(s)) or the Property Owner shall be effective unless and until the assignee executes an assumption agreement with respect to this Agreement agreeing to be bound by the terms hereof to the same extent as if it had been an original party hereto.
- 6.3 This Agreement shall be binding upon and enure to the benefit of the Parties hereto, their respective heirs, executors, administrators and other legal representatives and, to the extent permitted hereunder, their respective successors and permitted assigns.
- 6.4 If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision (or part thereof) and in the remaining provisions of this Agreement shall continue in full force and effect.
- 6.5 No change or modification of this Agreement shall be valid unless it is in writing and signed by each Party hereto.
- 6.6 This Agreement and the Schedules attached hereto, including but not limited to Schedule "A", which is styled as a "Form of Easement", constitute the entire agreement between the Parties hereto with respect to the subject matter of this Agreement. The Parties hereto acknowledge that there is no representation, warranty, and agreement or understanding between them, whether express or implied, which has induced any of the Parties hereto to enter into this Agreement except as expressly stated herein.
- 6.7 No failure on the part of any Party to exercise, and no delay by any Party in exercising, any right under this Agreement shall operate as a waiver of such right, unless the Party gives written notice to the other Party of its intention to waive such right.
- 6.8 This Agreement shall commence on the Effective Date.
- 6.9 Time shall be of the essence of this Agreement.
- 6.10 The section headings herein have been inserted for ease of reference only and shall not affect the construction or the interpretation of this Agreement.
- 6.11 This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.
- 6.12 No party shall be held responsible or liable or be deemed to be in default or in breach of this Agreement for its delay, failure or inability to meet any of its obligations under this Agreement (other than any obligation to pay money) caused by or arising from any cause which is unavoidable or beyond the reasonable control of the party, including war, warlike operations, riot, insurrection, orders of government, strikes, lock-outs, disturbances or any act of God or other cause which frustrates the performance of this Agreement.
- 6.13 Except as otherwise specifically provided in this Agreement and except to the extent that it is otherwise ordered, the Parties agree to pay all their own costs and expenses, all legal fees and disbursements incurred with respect to any proceedings taken for the purpose of enforcing the rights and remedies under this Agreement.
- 6.14 The Parties shall at their own expense except as may be provided in the terms of this Agreement, and with reasonable diligence do, or cause to be done, all such other things and execute and deliver such further documents, assurances or instruments to give full effect to this Agreement and to enable the Parties to carry out its provisions. Without limiting the generality of the foregoing, the Developer shall be entitled to register this Agreement or a Notice in respect thereof and any required reference plans in the Land Registry Office in the City of Thunder Bay, Ontario and the Property Owner agrees to

execute, at no cost to the Developer, all necessary instruments, plans and documentation for that purpose.

- 6.15 The Parties have agreed to the wording of this Agreement, and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this Agreement or any part thereof.
- 6.16 Nothing in this Agreement shall be construed so as to make any Party, its contractors or agents, a partner, fiduciary or agent of the other Party, or to create a syndication or joint venture of any kind between the Parties with respect to the transactions contemplated herein, or as imposing upon any Party any duty, obligation or liability with respect to the transactions contemplated herein, except as specifically set forth in this Agreement.
- 6.17 Delivery of this Agreement by facsimile transmission shall constitute valid and effective delivery.
- 6.18 Any monies to be paid pursuant to this Agreement shall be in Canadian funds.
- 6.19 This Agreement shall be effective to create an interest in the Property only if the subdivision control provisions of the *Planning Act* (Ontario) are complied with.

**IN WITNESS WHEREOF** the Parties hereto have executed this Agreement on the date first above written.

**Anemos Energy Corporation**

**Township of Schreiber**

\_\_\_\_\_  
Name: Rob Parsons

\_\_\_\_\_  
Name: Madge Richardson

Title: President

Title: Mayor of the Township of Schreiber

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name: Lila Cresswell

Name:

Title: Clerk

Address:

## Schedule "A" to Option and Licence Agreement

### FORM OF EASEMENT

THIS AGREEMENT AND TRANSFER AND GRANT OF EASEMENT MADE AS OF THE • DAY OF •, 200•

BETWEEN: **The Township of Schreiber**

(hereinafter called the "Grantor")

being the registered owner of an estate in fee simple composed of the lands described in Schedule "A" to this Transfer and Grant of Easement (hereinafter the "Easement Lands")

AND: **Anemos Energy Corporation**

(hereinafter called the "Grantee")

In consideration of the compensation described in Section 5 hereof, and in consideration of the covenants hereinafter contained to be kept and performed by the Grantor and the Grantee, the Grantor grants and transfers unto the Grantee, free from all encumbrances and restrictions (other than the encumbrances listed in Schedule "B" hereto), the unobstructed and exclusive right, liberty and privilege of an easement and right-of-way over, along, upon and across the Easement Lands for the erection, installation, re-installation, construction, operation, maintenance, inspection, patrol, removal, replacement, reconstruction, relocation, enlargement, alteration, repair and associated purposes on the Easement Lands at all times of its wind turbines (the "Turbines"), and one or more wind monitoring stations which may include a steel lattice tower with concrete base, guy wires extending from the base, anemometers fixed to the said steel lattice tower, and data collection and transmission devices attached to the tower (collectively, the "Test Tower") and all related equipment, apparatus, accessories, works and appurtenances thereto including, but not limited to, any electricity transmission or distribution lines or cabling and transformer boxes and any related equipment, apparatus, accessories, works or appurtenances thereto (hereinafter, collectively called the "Works") as may be necessary or convenient in connection therewith for the generation, transmission, distribution and conveyance of electrical energy, together with the rights of ingress to and egress from the Easement Lands for all purposes incidental to this grant, including such rights of way as may be necessary for the attainment of such purposes, effective from the date hereof and for the term hereof.

1. The Works

The rights and privileges hereby granted shall include, without limiting the generality of the foregoing, the right to erect, install, re-install, construct, operate, maintain, inspect, patrol, remove, replace, reconstruct, enlarge, relocate, alter and repair on the Easement Lands at all times the Works, as the Grantee may deem necessary for the full enjoyment of any or all of the rights and privileges herein granted.

2. General Rights of the Grantee

The Grantee, its tenants, directors, officers, employees, agents, consultants, contractors and assigns, together with their vehicles, tools, equipment, apparatus and materials of whatsoever nature and kind, shall have the full, free and uninterrupted right to enter upon, use and occupy the Easement Lands for all purposes connected with, or incidental to, the rights and privileges herein granted including, without limitation, the right to load, unload and store material, apparatus and equipment, including, but not limited to, heavy equipment, upon the Easement Lands, to make and keep the Easement Lands free from bush, trees, growths and water and to enter on the Grantor's abutting lands, if any, to remove or trim any trees immediately adjacent to the Easement Lands which, in the reasonable opinion of the Grantee are required for the prudent and efficient operation of the Works, which determination will not be made without prior consultation with the Grantor.

3. Term

The term of this Agreement shall commence on the date hereof (the "Commencement Date") and shall run for a period of • (•) years (the "Term").

4. Option to Renew

If the Grantee is not in default under this Agreement, the Grantee shall have the option to renew this Agreement for a further period of twenty (20) years. The extension shall be upon the same terms and conditions of this Agreement. The Grantee shall give prior written notice to the Grantor of its intent to renew this Agreement at least six (6) months prior to the end of the Term.

5. Compensation

(a) Definitions.

- (i) "Annual Base Compensation" (ABC) means an amount equal to Three Thousand Dollars (\$3000.00) per megawatt of installed generating capacity sited upon the Easement Lands calculated as follows:

$$ABC = \$3000 \times TGC$$

Where:

TGC represents the total nameplate generating capacity, in megawatts, of the turbines sited upon the Easement Lands.

- (ii) "Annual Revenue Compensation" (ARC) means an amount equal to one and one quarter per cent (1.25%) of the Grantee's annual gross revenues from electricity sales attributable to all of the Turbines sited upon the Easement Lands during any calendar year occurring after the Construction Commencement Date calculated as follows:

$$ARC = \frac{TGR}{TT} \times GT \times 0.0125$$

Where:

TGR represents the total annual gross revenue generated from electricity sales of the Grantee to the Ontario Power Authority for all Turbines operating as part of the Schreiber Wind Project;

TT represents the total number of turbines operating as part of the Schreiber Wind Project during the applicable year; and

GT represents the total number of Turbines sited upon the Easement Lands during the applicable year.

- (iii) "Compensation Calculation Date" means the last day of each Quarter.
- (iv) "Construction Commencement Date" means the date upon which the Grantee breaks ground for the purpose of constructing an access road or for the installation of the Turbine(s), whichever is earlier.
- (v) "Schreiber Wind Project" means any wind turbines that are erected by the Grantee upon the Easement Lands.

- (vi) "Final Quarter" means October 1 to December 31 of each calendar year.
- (vii) "Option Exercise Date" means the date upon which the Grantee exercises the option granted to it pursuant to the Option Agreement between the Grantor and the Grantee which Option Agreement was executed on 22 September 2008.
- (viii) "Quarter" means, as applicable, January 1 to March 31; April 1 to June 30; July 1 to September 30; October 1 to December 31 of each calendar year.
- (ix) "Quarterly Base Compensation" means an amount equal to one quarter of the Annual Base Compensation.

(b) Pre-Turbine Compensation.

Subject to Sections 25 and 26 of this Agreement, on the last day of every annual period beginning on the first anniversary of the Option Exercise Date the Grantee shall pay to the Grantor an amount equal to total acreage x \$20.00 per acre for a total of • (\$•) (the "Pre-Turbine Compensation"). On the Construction Commencement Date, the Grantee shall pay the Grantor the pro-rated portion of the Pre-Turbine Compensation for the period beginning on: (i) the Option Exercise Date, or (ii) the anniversary date of the Option Exercise Date immediately prior to the Construction Commencement Date, as applicable, and ending on the Construction Commencement Date, which pro-rated portion shall be calculated on a per diem basis for that particular year based on a period of three hundred and sixty-five (365) days and such pro-rated Pre-Turbine Compensation payment made on the Construction Commencement Date will represent the final Pre-Turbine Compensation payment.

(c) Turbine Compensation.

- (i) On each Compensation Calculation Date after the Construction Commencement Date during the Term and on the date of expiration or termination of the Term, the Grantee shall pay to the Grantor the Quarterly Base Compensation.
- (ii) In the event that the period between Construction Commencement Date and the first Compensation Calculation Date is less than a full Quarter, or in the event that the period between the last Compensation Calculation Date and the date of expiration or termination of the Term is less than a full Quarter, the applicable payment to be made by the Grantee to the Grantor shall be the prorated portion of the Quarterly Base Compensation, such portion to be calculated on a per diem basis as the number of days between the Construction Commencement Date and the first Compensation Calculation Date or as the number of days between the last Compensation Calculation Date and the date of expiration or termination of the Term.
- (iii) In addition to any compensation paid by the Grantee in accordance with Section 5(c)(i) hereof, within thirty (30) days following the Final Quarter of each calendar year occurring after the Construction Commencement Date, the Grantee shall pay to the Grantor any positive amount obtained by subtracting Annual Base Compensation from the Annual Revenue Compensation (i.e.,  $ARC - ABC$ ), where:
  - ABC represents the Annual Base Compensation; and
  - ARC represents the Annual Revenue Compensation.
- (iv) In the event that the period between the Construction Commencement Date and the last day of the first Final Quarter is less than a full calendar year, or in the event that

the period between the last day of the last Final Quarter and the date of expiration or termination of the Term is less than a full calendar year, the applicable payment to be made by the Grantee to the Grantor pursuant to Section 5(c)(iii), if any, shall be prorated on a per diem basis as the number of days between the Construction Commencement Date and the last day of the first Final Quarter or as the number of days between the last day of the last Final Quarter and the date of expiration or termination of the Term.

- (v) Following the Final Quarter of the first full calendar year occurring after the Construction Commencement Date, and following each Final Quarter thereafter, the Annual Base Compensation for the ensuing year shall be adjusted by the percentage change in the Statistics Canada Price Index – All Items Annual (CANSIM Series Identifier V737344) over the previous year.
- (d) All amounts owing by the Grantee pursuant to this Section 5 shall be made by the Grantee to the Grantor by mail, courier or hand delivery of cash or cheque, or by electronic transfer of funds, unless otherwise expressly agreed to in writing by the parties.

#### 6. Studies and Tests

The rights, privileges and easements hereby granted shall include, without limiting the generality of the foregoing, the right to conduct all engineering, legal surveys and make soil tests, soil compaction and environmental studies and audits in, under, on or over the Easement Lands as the Grantee in its sole discretion considers appropriate and at the Grantee's sole cost and expense.

#### 7. Siting of Works

- (a) The Grantee shall consult with the Grantor to determine suitable locations for the Works and access to the Works over the Easement Lands. Notwithstanding the Grantee's requirement to consult with the Grantor with respect to siting the Works and access to the Works and to act fairly and reasonably in so consulting, the ultimate determination of the siting of the Works shall be in the Grantee's sole discretion and the means of access to the Works and each individual Turbine shall be determined by the Grantee in its discretion, which discretion shall be exercised reasonably and in consultation with the Grantor and with the intent of minimizing access route length where possible.
- (b) The Grantor and the Grantee acknowledge and agree that the transmission and distribution lines or cables associated with the Turbines or forming part of the Works may be, in whole or in part, buried underground. In this regard, the Grantor covenants and agrees that it shall not conduct or permit any digging or excavation on the Easement Lands without first contacting the Grantee so that the Grantee can determine whether any such digging or excavation will damage or materially interfere with the operation of the Works and advise the Grantor on any such issues raised by the Grantor's plans to dig or excavate.

#### 8. Construction of Works

The rights, privileges and easements hereby granted shall include, without limiting the generality of the foregoing, the right of the Grantee to:

- (a) construct temporary or permanent access routes or rights-of-way over the Easement Lands and the Grantor specifically consents to the construction of such roads, and acknowledges that the extent and location of such access routes and rights-of-way shall be in the sole discretion of the Grantee, provided that the Grantee shall use reasonable efforts to site such roads in a manner that reduces interference with the Grantor's use of the Easement Lands;

- (b) excavate or dig into and under the Easement Lands for the purposes of situating, stabilizing or anchoring the Works as required, in the Grantee's sole and reasonable discretion;
- (c) temporarily store any equipment, apparatus, materials and vehicles, including heavy equipment vehicles of whatsoever nature and kind upon the Easement Lands during the construction of the Works; and
- (d) grant any utility the right to construct, operate and maintain electrical transmission interconnections and switching facilities on the Easement Lands pursuant to any standard form of easement, leasehold, or any other agreement used or proposed by the utility.

9. Maintenance of Works

The Grantee will exercise its rights hereunder in a proper and workmanlike manner on the Easement Lands and will keep and maintain the Works in good repair. Without limiting the generality of the foregoing, the Grantee will conduct inspections of the Works, including the Turbines on a periodic basis and complete any maintenance which the Grantee, in its reasonable opinion, determines is required in order to ensure that the Works, including the Turbines maintain a clean and uncluttered appearance and are, at all times, operating in a safe manner.

10. Modification of Works

The Grantee, without paying any additional consideration, shall be entitled to erect upon the Easement Lands such Works as it may deem necessary for the purpose of reconstructing, relocating and replacing its Turbines and all related equipment, accessories and appurtenances thereto, within, upon or over the Easement Lands provided, however, that the Grantee will, as soon as reasonably practicable under the circumstances, take down, dismantle and remove all Works that are no longer required for its reconstructed, relocated or replaced wind Turbines and all related equipment, accessories and appurtenances thereto and will fill in all holes caused by such removal and restore the surface of the Easement Lands as far as may be reasonable.

11. Interference with and Advertising upon the Works

At no time during the Term of this Agreement shall the Grantor concurrently or prospectively interfere with: the construction, installation, maintenance or operation of the Works, whether located on the Easement Lands or elsewhere; access over the Easement Lands to the Works; any development activities; or the undertaking of any other activities permitted hereunder. Without limiting the generality of the foregoing, the Grantor shall not interfere with the wind speed or wind direction over the Easement Lands, whether by placing wind turbines, planting trees or constructing buildings or other structures, or by engaging in any other activity on the Easement Lands or elsewhere that might cause a decrease in the output or efficiency of the Works. Neither the Grantor nor the Grantee shall be permitted to post any advertising, notice, poster, message or other publication of any kind whatsoever, using any medium either directly upon the Works or as an attachment or addition to the Works. Notwithstanding the foregoing, the Grantee shall be entitled to display its corporate logo on the Works.

12. Restoration

Upon the termination of this Agreement, or upon the discontinuance of the use of any portion of the Easement Lands, the Grantee shall restore the surface of the Easement Lands to the same condition, so far as it may be practical to do so or as is required by law, as that existing immediately prior to the entry thereon and the use thereof by the Grantee.

13. Storage of Equipment

The Grantee shall be entitled to store vehicles, equipment and materials on the Easement Lands in connection with the construction, maintenance, modification or removal of the Works, and such vehicles, equipment and materials shall not constitute debris for the purposes of Section 12, above.

14. Access

The Grantee may fence the Easement Lands or any portion thereof, with the prior written approval of the Grantor, which approval shall not be unreasonably withheld. Notwithstanding the foregoing, the Grantor shall have free access to, and use of, the Easement Lands; provided, however, that such access and use in favour of the Grantor shall not, in any way, interfere with the Grantee in the exercise of any of the rights granted by this Easement or any Works of the Grantee situate within, upon or over the Easement Lands. The Grantee may install gates in every fence that presently exists or that is constructed in the future across the Easement Lands, and such gates, if any, shall be of sufficient width to admit passage of the Grantor's vehicles, if necessary. The Grantee shall, if requested by the Grantor, furnish such gates with a lock and provide a copy of the key to such lock to Grantor.

15. Grantor Structures and Modification of Easement Lands

The Grantor shall not, without the Grantee's consent in writing, change or permit the existing configuration, grade or elevation of the Easement Lands to be changed or permit any excavation or opening which may disturb the existing surface of the Easement Lands. The Grantor shall not erect or store upon the Easement Lands or abutting lands any buildings, structures, erections, installations, materials, equipment, vehicles, agricultural products or any other obstructions, whether above or below ground, which might interfere with the use by the Grantee of the Easement Lands, without obtaining the prior written consent of the Grantee, which consent may be arbitrarily withheld. In addition, the Grantor covenants that it will not erect any building or structure on the Easement Lands or abutting lands within one hundred (100) metres of any existing Turbine, or the site upon which a Turbine will be constructed, on the Easement Lands or abutting lands and it will not erect any building or structure of any kind exceeding a height of four (4) metres on the Easement Lands or abutting lands within two hundred (200) metres of any existing Turbine, or the site upon which a Turbine will be constructed, on the Easement Lands or abutting lands.

16. Notice for Access

The Grantee shall give the Grantor not less than seventy-two (72) hours' prior written notice before the Easement Lands are initially accessed for the purposes of constructing and installing the Works and thereafter no prior notice of any kind shall be required to be given to the Grantor.

17. Permitted Access

Attached hereto as Schedule "E" is a list of persons authorized by the Grantee to access the Easement Lands on the Grantee's behalf. The Grantee will provide written notice to the Grantor of any amendments to the list of persons authorized to access the Easement Lands on its behalf and Schedule "E" will be deemed to be amended to reflect such changes upon receipt of such notice by the Grantor. Attached hereto as Schedule "F" is a list of persons authorized by the Grantor to access and use the Easement Lands on its behalf. The Grantor will provide written notice to the Grantee of any amendments to the list of persons authorized to access the Easement Lands on its behalf and Schedule "F" will be deemed to be amended to reflect such changes upon receipt of such notice by the Grantee.

18. Damage to Grantor's Property

The Grantee shall be liable for material damage done to the Easement Lands or other lands owned by the Grantor by reason of the exercise by the Grantee of any or all the rights, privileges and easements granted by this Agreement (excepting damage caused to the property of the Grantor by its own act or that of its directors, officers, employees, agents, consultants, contractors and assigns and excepting damage caused to the Easement Lands directly upon or beneath the Works, for which separate and sufficient compensation is paid by the Grantee to the Grantor in the form of the consideration payments contemplated in this Agreement) and, in the event that the Parties cannot agree at any time on the amount of damage payable to the Grantor hereunder, the Grantor shall provide written notice to the Grantee outlining the basis for the Grantor's assertion of damage to the Easement Lands, the exact nature of damage, the basis of the assertion that the alleged damage is the result of the exercise by the Grantee of the rights, privileges and easements granted by

this Agreement and satisfactory evidence of the damage including documentation showing the extent of the damage and the financial impact of such damage.

Notwithstanding any other dispute resolution provisions contained in this Agreement, within thirty (30) days of such documentation and evidence being provided to the Grantee, the Grantee and the Grantor hereby agree to meet to discuss the nature and extent of the damage, whether the damage occurred as a result of the Grantee's exercise of its rights, privileges and easements pursuant to this Agreement. The Grantee and the Grantor hereby agree to use good faith efforts and act reasonably, to come to a determination as to whether and to what extent any compensation should be paid by the Grantee to the Grantor for the alleged damage. If any compensation is agreed to be paid to the Grantor, the Grantee shall provide payment to the Grantor within thirty (30) days of such agreement, and such payment shall constitute full and final settlement of the Grantor's claim with respect to the alleged damage. If the Parties are not able to come to an agreement within thirty (30) days of their first meeting on the issue, either Party may, by giving notice to the other Party, pursue a resolution of the dispute in accordance with Section 42.

19. Environmental Responsibility of the Parties

For the purposes of this Section:

- (a) the term "Environmental Law" shall mean and refer to any statute, law, ordinance or regulation which relates to or deals with human health or the environment, including, without limitation, all regulations promulgated by a regulatory body pursuant to any such statute, law, ordinance or regulation; and
- (b) the terms "Hazardous Substance" and "Hazardous Substances" shall mean and refer to asbestos, radon, urea-formaldehyde, polychlorinated biphenyls ("PCBs"), or substances containing PCBs, nuclear fuel or materials, radioactive materials, explosives, known carcinogens, petroleum products and byproducts and any substance defined as hazardous or toxic or as a contaminant or pollutant in, or the release or disposal of which is regulated by any Environmental Law.

The Grantor represents and warrants that (a) to the best its knowledge and belief, no Hazardous Substances are now or have ever been located, produced, treated, stored, transported, incorporated, discharged, emitted, released, deposited or disposed of in, upon, under, over or from the Easement Lands or the lands abutting thereto; (b) as of the date of execution of this Agreement, no threats exist of a discharge, release or emission of Hazardous Substances in, upon, under, over or from the Easement Lands, or the lands abutting thereto, into the environment; (c) neither the Easement Lands nor the lands abutting thereto nor any part thereof is currently in violation of any Environment Law, no notice of any such violation or any alleged violation thereof has ever been issued or given by any governmental entity or agency; and (d) there are not presently, nor during the Grantor's ownership of the Easement Lands have there ever been, any actions, suits, proceedings or damage settlements relating in any way to Hazardous Substances in, upon, under, over or from the Easement Lands or the lands abutting thereto.

The Grantee shall be responsible for and shall indemnify and save harmless the Grantor, its directors, officers, employees, agents, consultants, contractors and assigns from any and all costs, actions, suits, claims, demands and expenses, including legal (on a partial indemnity basis), investigative and consulting fees and disbursements, which at any time, or from time to time may be asserted against, imposed upon or incurred by the Grantor or any of them, in connection with environmental contamination or violations of any kind in contravention of Environmental Laws directly caused in, on, under or upon the Easement Lands as a result of the Works or operations conducted by or on behalf of the Grantee under this grant of easement and for all remedial action that may be required to be taken to comply with Environmental Laws.

The Grantor shall be responsible for and shall indemnify and save harmless the Grantee, its directors, officers, employees, agents, consultants, contractors and assigns from any and all costs, actions, suits, claims, demands and expenses, including legal (on a partial indemnity basis), investigative and consulting fees and disbursements, which at any time, or from time to time may be asserted against, imposed upon or

incurred by the Grantee or any of them, in connection with Hazardous Substances upon the Easement Lands that the Grantor knew or ought to have known about based on information available to the Grantor at the time of the Grantor's acquisition of the Easement Lands, excluding only the Grantee's responsibility under this Section 19.

All accrued and undischarged obligations under this Section 19 shall survive the expiration or termination of this Agreement.

20. Mutual Indemnities

- (a) The Grantee, shall indemnify and hold harmless the Grantor against all actions, suits, claims, demands and expenses made or suffered by any person or persons, in respect of loss, injury, damage or obligation to compensate, arising out of or in connection with or as a result of:
  - (i) the negligence or wilful misconduct of the Grantee;
  - (ii) any breach by the Grantee of the terms and conditions of this Agreement; or
  - (iii) the Works or the operation of the Works,

provided that the Grantee shall not be liable under this Section to the extent to which such loss, damage or injury is caused or contributed to by the negligence or default of the Grantor, its directors, officers, employees, agents, consultants, contractors and assigns. For greater certainty, the Grantee shall not be liable to the Grantor for the actions of the Grantor, its agents, employees, or representatives who enter upon the Easement Lands.

- (b) The Grantor shall indemnify and hold harmless the Grantee against all actions, suits, claims, demands and expenses made or suffered by any person or persons, in respect of loss, injury, damage or obligation to compensate, arising out of or in connection with, or as a result of the negligence or wilful misconduct of the Grantor, as well as in respect of any loss, injury or damage arising out of or in connection with, any breach by the Grantor of the terms and conditions of this Agreement; provided that the Grantor shall not be liable under this Section to the extent to which such loss, damage or injury is caused or contributed to by the negligence or default of the Grantee, its directors, officers, employees, agents, consultants, contractors and assigns. For greater certainty, the Grantor shall not be liable to the Grantee for the actions of the Grantee, its agents, employees, or representatives who enter upon the Easement Lands.
- (c) All accrued and undischarged obligations under this Section shall survive the expiration or termination of this Agreement.
- (d) Notwithstanding the foregoing, the Parties hereto shall only be liable for reasonably foreseeable damages.

21. Insurance

The Grantee shall provide and maintain in full force and effect with a financially responsible insurance carrier, insurance with such commercial coverage as may be typical for the wind power industry. Such insurance shall remain in effect during the term and shall include, but may not be limited to:

- (a) automobile liability insurance covering owned, non-owned, hired, leased and rented automobiles and automotive equipment providing coverage for injury death or property damage;
- (b) commercial general liability insurance covering bodily injury, death, personal injury, and damage to property; and
- (c) workers compensation as required by Provincial and Federal legislation covering all persons employed by the Grantee or subcontractors for work performed under this Agreement.

This coverage shall not be cancelled, non-renewed or materially changed by endorsement or through other policies of insurance which restrict or reduce coverage without sixty (60) days' advance written notice to the Grantor and further, that at the request of the Grantor at any time, the Grantee shall provide the Grantor with a Certificate of Insurance completed by a duly authorized representative certifying to such coverage by the Grantee. All insurance coverage of the Grantee shall be to the sole satisfaction of the Grantor and shall be demonstrated to the Grantor prior to any construction upon the Easement Lands and again upon reasonable request at any time.

22. Ownership of Works

Notwithstanding any rule of law or equity, all property and equipment, including but not limited to the Works, placed or operated on the Easement Lands by or on behalf of the Grantee shall, at all times, remain the personal property of the Grantee even where such property and equipment is attached to the Easement Lands. For greater certainty, the Grantor shall not be permitted to pledge, mortgage or otherwise encumber the Easement Lands unless postponement, priority, and subordination agreements in favour of the Grantee, which expressly exempt the aforementioned personal property and equipment of the Grantee from the operation of such pledge, mortgage or encumbrance, are executed by the party receiving security pursuant to such pledge, mortgage or other encumbrance. All such postponement, priority, and subordination agreements shall be in a form acceptable to legal counsel to the Grantee and the Grantee's lenders, acting reasonably.

23. Removal of Works

If the Works are no longer required by the Grantee, or should the Easement Lands be surrendered by the Grantee, or if this Agreement is terminated by the Grantee (the "Termination of Grantee Activities"), the Grantee shall, within twelve (12) months of the Termination of Grantee Activities, take down, dismantle and remove all Works, including any materials which may lie beneath the surface of the Easement Lands, a depth of one half (0.5) meter, and fill in all holes caused by such removal and restore the surface of the Easement Lands as closely as is reasonably possible to the same condition as the Easement Lands were in prior to entry thereon and use thereof by the Grantee, including by the replanting of vegetation.

24. Default

If either Party makes any default in any term or condition of this Agreement, this Agreement shall not terminate but the defaulting Party shall be obliged to commence to remedy any such default within thirty (30) days after notice thereof in writing has been given to it by the non-defaulting Party and thereafter to diligently complete the remedy.

25. Termination by Grantee

The Grantee may, if it so chooses, elect to terminate all rights and obligations hereunder upon two (2) month's prior written notice to the Grantor. Upon the Grantee so electing to terminate its rights hereunder, the Grantee shall, at the sole cost and expense of the Grantee, remove and discharge any instrument or encumbrance that it has registered against title to the Easement Lands that is related to its interest in the Easement Lands.

26. Termination by Grantor

In the event that the Grantee has not within eighteen (18) months of the execution of this Agreement, either erected at least one (1) Turbine or Test Tower upon the Easement Lands or commenced payment to the Grantor of the compensation equal to the amount in accordance with Section 5(c) hereof as if one (1) megawatt of installed generating capacity had been sited upon the Easement Lands, the Grantor may, if it so chooses, within sixty (60) days of the end of such 18 month period, elect to terminate all rights and obligations hereunder upon one (1) month's prior written notice to the Grantee. Upon the Grantor so electing to terminate, the Grantee shall, at the sole cost and expense of the Grantee, remove and discharge any instrument or encumbrance that it has registered against title to the Easement Lands that is related to its interest in the Easement Lands.

27. Notices

All notice or other writing required or permitted to be given under this Agreement or for the purposes of this Agreement (referred to in this Section as a "notice" to the other Party) shall be sufficiently given if effected through personal service, if sent by prepaid registered mail to the address below, or if transmitted by fax to the numbers provided below, or if effected through such other form of communication as may subsequently be agreed upon in writing by the Parties.

In the case of notice to the Grantee, to:

Anemos Energy Corporation  
Suite 1, 112 Herkimer Street,  
Hamilton, ON L8P 2G7  
Attention: Rob Parsons  
Tel: 905-527-5598  
Fax: 866-421-8893

In the case of the Grantor, to:

Township of Schreiber  
608 Winnipeg St.  
Schreiber, ON P0T 2S0  
Attention: Clerk  
Tel: 807-824-2711  
Fax: 807-824-3231

or at such other address as the receiving Party may have last provided to the notifying Party giving the same in the manner provided for in this Section. Any notice personally delivered to the Party to whom it is addressed as provided in this Section shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day then the notice shall be deemed to have been given and received on the Business Day next following such day. Any notice mailed to the address and in the manner provided for in this Section shall be deemed to have been given and received on the fifth Business Day next following the date of its mailing in Ontario. Any notice transmitted by fax shall be deemed to have been given and received on the first Business Day after its transmission.

28. Ownership

The Grantor represents that it is the absolute owner of the Easement Lands subject only to the encumbrances listed in Schedule "B". The Grantor shall notify the Grantee promptly and in writing of any change in ownership and the Grantee shall be entitled to continue to send notices pursuant to this Agreement to the existing Grantor until satisfied of the status of the change of ownership of the Easement Lands. The Grantor shall obtain an assumption agreement in favour of the Grantee from any transferee or mortgagee of the Grantor's interest in the Easement Lands, pursuant to which such transferee or mortgagee agrees to be bound by the terms of this Agreement, which assumption agreement shall be in a form acceptable to legal counsel to the Grantee and the Grantee's lenders, acting reasonably.

29. Taxes

The Grantor covenants and agrees with the Grantee to pay all rates and taxes as they fall due that may be assessed and levied against the Grantor from time to time as a result of its interest in the Easement Lands.

The Grantee covenants and agrees to pay any additional real property rates and taxes that may be assessed and levied against the Easement Lands from time to time as are directly attributable to the installation upon the Easement Lands of the Works or to their operation thereon, either to the municipality, if separately assessed, or to the Grantor if part of the Grantor's tax assessment. The Grantor agrees to provide to the Grantee in a timely manner copies of all tax assessment documents and of any other materials that the Grantee may reasonably require in order to verify the portion of taxes directly attributable to its installation and operation of the Works upon the Easement Lands. The Grantee shall have the right to appeal or challenge the amounts of tax or rates or taxation assessed by the applicable taxing authority as a result of the installation and/or operation of the Works upon the Easement Lands, and the Grantor shall use reasonable efforts to cooperate with and support the Grantee in any such appeal or challenge. The Grantor further agrees to pay such rates or taxes in a timely manner and to remit all such taxes paid by the Grantee to the Grantor to the applicable municipality.

30. Interest in Land

The rights, privileges and easements created pursuant to this Agreement, are and shall be of the same force and effect, to all intents and purposes, as a covenant running with the Easement Lands and these presents, including all of the covenants and conditions herein contained, shall extend, be binding upon and enure to the benefit of the Grantor and the Grantee, and their respective executors, administrators, successors and assigns, as the case may be.

The Grantee shall have the right from time to time, in its sole discretion to grant licences, assignments or charges of, or security interests in, its rights acquired hereunder, in whole or in part, to third parties, without further consideration becoming payable to the Grantor herein. The Grantor and the Grantee agree that any such license, assignment, charge or security interest in this Agreement and the rights, privileges, and easements granted pursuant thereto, shall be declared to be appurtenant to and for the benefit of the lands and undertaking of such licensee, assignee, chargee or secured party, as the case may be.

The Grantor and Grantee agrees that this Agreement, and the rights, privileges and easements granted pursuant thereto shall be declared to be: (i) appurtenant to and for the benefit of the Easement Lands, and (ii) for the purpose of electricity transmission lines or electricity distribution lines within the meaning of Part VI of the *Ontario Energy Board Act, 1998*.

31. Number and Gender

Wherever the singular or masculine is used throughout this Agreement, the same shall be construed as being plural or feminine or a body corporate where the context might reasonably require. In the event of any conflict between metric and imperial expression of measurement in this Agreement, the metric expression of measurement shall govern.

32. Registration

The Grantee shall be entitled, at its cost and expense, to register this Agreement or a Notice in respect thereof and any required reference plans in the Land Registry Office in the City of Thunder Bay Ontario and the Grantor agrees to execute, at no cost to the Grantee, all necessary instruments, plans and documentation for that purpose.

33. Quiet Possession

The Grantee shall have quiet possession of the rights, privileges and easements granted hereunder. The Grantee in performing and observing the covenants and conditions contained in this Agreement, shall

peacefully hold and enjoy the rights, privileges and easement hereby granted without hindrance, molestation or interruption on the part of the Grantor, or of any person, firm or corporation claiming by, through, under or in trust for the Grantor.

34. Further Assurances

Each of the Grantor and the Grantee shall, if so requested by the other, execute such further documents of title and any other required assurances in respect of the Easement Lands as may be required to perfect the Grantee's rights, privileges and easements granted pursuant to this Agreement and the Grantee's interest in the Easement Lands. The Grantor further agrees to execute and deliver or cause to be executed and delivered any further legal instruments, including, without limitation, any required consents, and perform any acts which are or may become necessary to effectuate the purposes of this Agreement and to complete the transactions contemplated hereunder. All reasonable costs associated with the requirements under this Section shall be borne by the Grantee.

35. Non-waiver

No waiver of a breach of any of the covenants of this Agreement shall be construed to be continuing waiver nor a waiver of any succeeding breach of the same or any other covenant. No waiver shall be effective under this Agreement unless it is in writing and executed by both the Grantor and Grantee.

36. Approvals

The Grantor covenants and agrees to execute all applications, consents, permissions, agreements, postponements, partial discharges and any other documents which the Grantee may require in connection with obtaining any rezoning, governmental approvals, consents, permits or variances (collectively, "Approvals") and in connection with entering into by the Grantee of any agreements with such governmental and public authorities as may be necessary to give due force and effect to and in furtherance of the Grantee's applications, and the Grantor shall produce all other documents and information which may be required in connection with such applications. All applications for Approvals, shall be made by the Grantee, at its sole cost and expense and the reasonable costs to the Grantor associated with such Approvals shall be borne by the Grantee. The Grantee agrees that the obligation of the Grantor pursuant to this paragraph shall be restricted to execution of documents and production of documents and information and shall not impose upon the Grantor any financial obligation whatsoever.

37. Income Tax Act

The Grantor shall deliver to the Grantee a certificate issued under the provisions of Section 116 of the *Income Tax Act* (Canada) or satisfactory evidence by way of statutory declaration that the Grantor is not then a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

38. Goods and Services Tax ("GST")

The Grantee covenants and agrees that if the Grantor is a registrant pursuant to the *Excise Tax Act* (Canada) (the "ETA"), the Grantee shall be liable for and shall pay to the Grantor an amount equal to the current rate of GST expressed as a percentage of the consideration set forth above representing GST payable under the ETA in connection with the granting of the rights, privileges and easements pursuant to this Agreement. The Grantor on receipt of the aforementioned amount representing GST shall remit such amount to the appropriate governmental authorities pursuant to and in accordance with the provisions of the ETA.

39. Entire Agreement

This Agreement, including the Option and Licence Agreement and all Schedules attached hereto, constitutes the entire agreement between the parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions between the Parties whether oral or written.

There are no representations, warranties, collateral agreements, conditions or other agreements between the Grantor and the Grantee in connection with the subject matter hereof except as specifically set forth herein. No supplement, modification, waiver or termination of this Agreement shall be binding unless in writing and executed by both the Grantor and Grantee.

40. No Affect on Statutory Rights

This Agreement shall not affect or prejudice the Grantor's or Grantee's statutory rights under the provisions of the *Ontario Energy Board Act, 1998* or any other laws.

41. Assignment

- (a) Subject to subsection 41(c) below, this Agreement may be assigned by the Grantor with the prior written consent of the Grantee, acting reasonably. Notwithstanding the foregoing, the Grantor shall not be required to obtain the prior written consent of the Grantee with respect to any assignment that might result from a sale of the Easement Lands or the granting of a subsequent security interest in the Easement Lands, provided that the provisions of Section 22 and Section 28 hereof are met and subject to such transferee executing an assumption agreement and the holder of any such subsequent security interest executing any postponement, subordination, non-disturbance agreement, assumption agreement or otherwise that might be reasonably requested by the Grantee or any of its lenders, acting reasonably. Any such agreement shall be in a form acceptable to legal counsel to Grantee or its lenders, as applicable, acting reasonably.
- (b) Subject to subsection 41(c) below, the Grantee shall be able to assign this Agreement, and all of its rights, privileges, interests and benefits in the Easement Lands, including the easements created thereby, (i) to its lender(s) or anyone to whom the Grantee has provided a guarantee in respect of the Schreiber Wind Project (herein referred to collectively as the "Lenders" and individually as a "Lender") as security for the Grantee's obligations to such Lenders or by the Lenders to any persons in connection with an enforcement of their security, in each case, without the prior consent of the Grantor, (ii) to any person who acquires the Grantee's interest in all or any part of the Schreiber Wind Project, without the prior written consent of the Grantor; and (iii) to any other person with the prior written consent of the Grantor, acting reasonably. The Grantor shall execute and deliver any consent and acknowledgement or non-disturbance agreement reasonably requested by such Lender(s) (the "Lender Agreement"), which Lender Agreement shall be in a form and substance acceptable to the Lender(s)'s legal counsel, acting reasonably and shall provide the Lender(s) with, *inter alia*, the right to cure defaults of the Grantee under this Agreement, the right to a new Agreement in the event of an incurable default affecting the Grantee and the right of the Lender to assign its interest in this Agreement in the event it realizes on its security.
- (c) No assignment by either the Grantee or the Grantor shall be effective unless and until the assignee executes a counterpart of this Agreement (without the need for any other party to execute that counterpart) agreeing to be bound by the terms hereof to the same extent as if it had been an original party hereto, provided that such requirement shall not apply to any assignment to any Lenders of the Grantee as security for the Grantee's obligations to such Lenders.

42. Governing Law and Attornment

- (a) This Agreement is a legally binding contract and is subject to laws of general application and shall be governed by, interpreted, construed, and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada as applicable therein, as amended from time to time. Subject only to Subsection 42(c) hereof, the Parties irrevocably and unconditionally attorn and submit to the exclusive jurisdiction of the courts of the Province of

Ontario and all courts competent to hear appeals therefrom in accordance with the laws of the Province of Ontario.

- (b) In the event of any dispute with respect to this Agreement arising between the Parties, the principals of the respective Parties shall engage in good faith negotiations with the goal of resolving any matters in dispute between them prior to commencing a legal proceeding with respect to such dispute.
- (c) Any dispute between the Parties pursuant to this Agreement may be referred to arbitration by written agreement of the Parties, and such arbitration shall be conducted in accordance with Subsection 42(d).
- (d) Upon written agreement by the Parties to refer a dispute to arbitration, the Parties shall have ten (10) days from the date of that agreement to mutually select an arbitrator who is a lawyer, engineer, or energy industry executive having applicable expertise in the subject area of the matters, but not the matters themselves, giving rise to that dispute, or such other individual as may be mutually agreed by the Parties. If the Parties are unable to agree on an arbitrator within that time-period, each Party shall appoint a single arbitrator and the two chosen arbitrators shall designate a third arbitrator. Schedule "H" hereto sets out the arbitration procedure applicable to any arbitration under this Agreement.

43. Planning Act

This Agreement and the provisions hereof, which create or are intended to create an interest in the Easement Lands, shall be effective to create such an interest only if the subdivision control provisions of the *Planning Act*, as amended, are complied with. The Grantor shall provide such consents and authorizations as are necessary to permit the Grantee to make any required applications to comply with the *Planning Act*, as aforesaid.

44. Counterparts

This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument, and delivery of this Agreement by facsimile transmission shall constitute valid and effective delivery.

**IN WITNESS WHEREOF** each of the Grantor and the Grantee have executed this Agreement on the date first above written.

**Anemos Energy Corporation**

**Township of Schreiber**

Per:

\_\_\_\_\_  
Name: Rob Parsons  
Title: President

\_\_\_\_\_  
Name:  
Title: Mayor of the Township of Schreiber

\_\_\_\_\_  
Witness  
Name:  
Address:

\_\_\_\_\_  
Name:  
Title: Clerk

**Schedule "A" to Transfer and Grant of Easement**

**DESCRIPTION OF EASEMENT LANDS**

- restrictions relating to existing trail to be entered here

**Schedule "B" to Transfer and Grant of Easement**

**ENCUMBRANCES ON EASEMENT LANDS**

- restrictions relating to existing trail to be entered here

**Schedule "C" to Transfer and Grant of Easement**

**INTENTIONALLY BLANK**

**Schedule "D" to Transfer and Grant of Easement**

**INTENTIONALLY BLANK**

**Schedule "E" to Transfer and Grant of Easement**

**PERSONS AUTHORIZED BY GRANTEE TO ACCESS THE PROPERTY AND USE THE EASEMENT  
LANDS**

Any representative or agent of the Grantee

Any representative or agent of any consultants or contractors of the Grantee

Any representative or agent of any lender(s) of the Grantee

**Schedule "F" to Transfer and Grant of Easement**

**PERSONS AUTHORIZED BY GRANTOR TO ACCESS THE PROPERTY AND USE THE EASEMENT  
LANDS**

There are no restrictions on the persons authorized by the Grantor to access and use the Easement Lands on its behalf, provided that such access and use by such persons shall be subject to all of the terms of this Easement, including the application of Sections 19 and 20 to such persons.

## Schedule "H" to Option and Licence Agreement and to Transfer and Grant of Easement

### ARBITRATION PROCEDURES

1. As used in this Schedule "H", the term "Arbitrator" means either the sole arbitrator or the panel of three arbitrators, appointed pursuant to Section 6.1 of the Option and Licence Agreement and Section 42 of the Form of Easement (i.e. Schedule "A" to the Option and Licence Agreement) and the term "Party" or "Parties" shall mean the Property Owner and the Developer in the context of the Option and Licence Agreement, or the Grantor and Grantee in the context of the Form of Easement, or any one of them, as the context may require. The term "Agreement" includes the Option and Licence Agreement and the Form of Easement and the Schedules thereto, as applicable.
2. The Parties hereto agree that the arbitration of any dispute arising pursuant to the Agreement that is to be settled by arbitration (the "Matter") shall be governed by the *Arbitration Act* 1991 (Ontario) (the "Act"), as amended and supplemented by this Schedule "H", and shall constitute a submission for the purposes of the Act. All Matters referred to arbitration (including the scope of the agreement to arbitrate, the law relating to enforcement of the agreement to arbitrate, any relevant limitation periods, the law governing the procedure of the arbitration, the law relating to available remedies, set-off claims, conflict of laws rules and claims to costs and interest) shall be governed by the substantive laws of the Province of Ontario. Notwithstanding any other provision contained in the Agreement, an Arbitrator may not rule on the validity of the Agreement or alter, amend, delete or substitute any provision of the Agreement in any Matter.
3. Arbitration shall be commenced by the agreement of the Parties, in accordance with Section 6.1 of the Option and Licence Agreement or Section 42 of the Form of Easement, as applicable. An Arbitrator shall be appointed in accordance with Section 6.1 of the Option and Licence Agreement or Section 42 of the Form of Easement, as applicable.
4. All decisions of the Arbitrator(s) with respect to the Matter shall be rendered in writing and shall contain a brief recital of the facts upon which the decision is made and the reasons thereof.
5. The following shall apply to the arbitration of any Matter:
  - (a) within ten (10) days of the appointment of the Arbitrator, the Party that is pursuing a claim (the "Complainant") shall deliver to the Party responding to the claim (the "Respondent") and to the Arbitrator a written statement (the "Claim") concerning the Matter setting forth, with particularity, its position with respect to the Matter and the material facts upon which it intends to rely;
  - (b) within ten (10) days after the delivery of the Claim, the Respondent shall deliver to the Complainant and the Arbitrator a written response (the "Answer") to the Complainant setting forth, with particularity, its position on the Matter and the material facts upon which it intends to rely;
  - (c) if the Respondent fails to deliver an Answer within the time limit referred to in (b) above, the Respondent shall be deemed to have admitted the Claim;
  - (d) within ten (10) days after the delivery of the Answer, the Complainant may deliver to the Respondent and the Arbitrator a written reply (the "Reply") to the Answer, setting forth, with particularity, its response, if any, to the Answer;
  - (e) within the time provided for the delivery of the Answer to the Claim, the Respondent may also deliver to the Complainant and the Arbitrators a counter-complaint (the "Counter-Complaint") setting forth, with particularity, any additional Matter for the Arbitrator to decide. Within ten (10) days of the delivery of a Counter-Complaint, the Complainant shall deliver to the Respondent and the Arbitrator an Answer to such Counter-Complaint. If the Complainant fails to deliver an answer to the Counter-Complaint within such ten (10) day period the Complainant will be deemed to have admitted the Counter-Complaint. Within

ten (10) days after the delivery of an Answer to the Counter-Complaint, the Respondent may deliver to the Complainant and the Arbitrator a Reply to such Answer. Any Matter submitted to arbitration in accordance with this Subsection (e) shall be governed by, and dealt with as if it were the subject of a Complaint in accordance with this Schedule except that it shall be deemed a submission to the Arbitrator already appointed, and shall be determined by the Arbitrator accordingly;

- (f) the time limits set for the delivery of the documents referred to in Subsections (a) to (e) inclusive of this Section 5 of Schedule "H" may be extended by the Arbitrator for such period and for such reasons as the Arbitrator in the Arbitrator's discretion may determine, upon application made to the Arbitrator by either the Complainant or the Respondent, as the case may be, on notice to the other, either before the expiry of the time limit in issue or within two (2) days thereafter and, in the event that the other wishes to oppose the application, the Parties shall be given an opportunity to make submissions on the application;
- (g) upon completion of the foregoing steps in this Section 5 of Schedule "H" or upon the expiry of the time limit provided therefore if a step provided for in this Section is not taken by such time, either the Complainant or the Respondent may make application to the Arbitrator to convene a preliminary hearing for determination of the following:
  - (i) appointing the time, date and place in Ontario for the hearing (the "Hearing") of the Matter, with the appointed place to be within fifty (50) kilometres of Hamilton, Ontario or at a location mutually agreed to between the Complainant and the Respondent;
  - (ii) arranging for the production of documents pertaining to the Matter as between the Complainant and the Respondent;
  - (iii) arranging for the delivery of and answers to written interrogatories pertaining to the Matter as between the Complainant and the Respondent;
  - (iv) prescribing such additional rules and procedures considered by the Arbitrator to be necessary or desirable for the conduct of the arbitration (including, without limitation, compulsion of witnesses and discovery under oath); and
  - (v) the Arbitrator shall at the time and place appointed by the Arbitrator pursuant to this Subsection (g) of Section 5 of Schedule "H", or as he, she or they may subsequently direct, convene the Hearing and shall, after the Hearing, determine the Matter or Matters submitted to him, her or them and make his, her or their award.

6. Every award of the Arbitrator made pursuant hereto shall be final and binding upon the Complainant and the Respondent and there shall be no appeal therefrom, except as provided for by Section 45 of the Act.

7. The Arbitrator shall be paid his or her normal professional fees for his or her time and attendance in dealing with the Matter. The Arbitrator shall order the payment of such fees in accordance with the Act.

8. Unless otherwise ordered by the Arbitrator, all costs of arbitrating the Matter shall be divided equally between the Parties, including the costs of calling any witnesses. Either Party may apply to the Arbitrator for an award of costs, which may be awarded on a partial indemnity basis only.

9. All notices and all other documents required or permitted by this Schedule to be given by the Complainant or the Respondent to each other shall be given in accordance with the Agreement. All notices and all other documents required or permitted by this Schedule to be given by the Complainant or the Respondent to the Arbitrator shall be given in accordance with the Arbitrator's instructions.

10. The arbitration shall be kept confidential and its existence and any element of it (including submissions and any evidence or documents presented or exchanged) shall not be disclosed beyond the

Arbitrator, the Parties (including their shareholders, auditors and insurers), their counsel and any Person necessary to the conduct of the arbitration, except as required by law, regulation, or the rules or requirements of any stock exchange. No individual shall be appointed as an arbitrator unless he or she agrees in writing to be bound by this confidentiality provision.

The Parties hereby agree to exclude Sections 10(4), 45 and 54 of the Act.

**Schedule "C" to Option Agreement**

**PROPERTY OWNER'S CERTIFICATE OF INDEPENDENT LEGAL ADVICE**

I, \_\_\_\_\_, of \_\_\_\_\_ in the Province of Ontario, Barrister and Solicitor, do hereby certify that I was this day consulted in my professional capacity by the Township of Schreiber named in the Option Agreement, dated 22 September, 2008 among the Township of Schreiber and Anemos Energy as to the Township's obligations and rights under the said Option Agreement, that I acted solely for and explained fully to representatives of the Township the nature and effect of the said Option Agreement and the representatives of the Township did acknowledge and declare that they fully understood the nature and effect thereof and did execute the said document in my presence and did acknowledge and declare and it appeared to me that they were executing the said document of their own volition and without fear, threats, compulsion, or influence by Anemos Energy Corporation (the "Developer") or any other person.

DATED at \_\_\_\_\_, Ontario this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

\_\_\_\_\_  
Signature of Lawyer

**Schedule "D" to Option Agreement**

**APPOINTMENT AND AUTHORIZATION OF AGENT**

I, the undersigned, being an authorized representative of the Township of Schreiber, which is the registered owner of the properties identified in Section 1.1, hereby authorize Anemos Energy Corporation as agent for the Township of Schreiber for the purpose of making an application(s) to the Committee of Adjustment/Land Division Committee and acting on behalf of the Township in relation to any application for consent/rezoning/site plan approval made pursuant to the Option Agreement dated 22 September 2008.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_ .

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Please print full name of the person signing)

\_\_\_\_\_  
(Please print office or title of the person signing)

I have the authority to bind the Corporation