

DESIGN SPECIFICATIONS AND OPERATIONAL DATA

A standalone IESO revenue metering installation will be provided for each Generation Project, in accordance with OPA FIT program requirements. The revenue instrument transformers will be located in the Main TS for the 3 eastern Generation Projects (Martin's Meadows, Abitibi and Empire) and at Calder TS for the western Generation Project (Long Lake). The revenue metering instrument transformers are expected to be at the 27.6 kV level.

The Applicants will contract with an IESO-approved Meter Service Provider ("MSP") for the supply of all revenue metering equipment and technical submittals to the IESO as well as maintenance services following equipment installation.

Operations (indicating) metering will be at the high voltage (115 kV) and medium voltage (27.6 kV) levels of each Generation Project. Inverter AC and DC terminal metering as well as metering of auxiliary services will also be provided. All such meters will be tied into the SCADA system of the four (4) Generation Projects to allow for monitoring of the sites from NPI's remote operations centre (Kingston Cogeneration Plant).

Remote control of the stations, including the ability to open/close low to high voltage isolation devices as well as start/stop of solar inverters will be made available from SCADA equipment at the control buildings of the Calder SS, Calder TS and Main TS as well as NPI's remote operations centre. All equipment will also be capable of being controlled locally, at each device.

All operational data, including telemetry from remote-monitored meters as well as status of high and medium voltage isolation devices will be stored in the historical database of the SCADA system for retrieval, as necessary.

The Generation Projects and Transmission Facilities will comply with the requirements of the Ontario Energy Board ("OEB") TSC; the IESO Market Rules; the HONI CIA, the IESO SIA; and the HONI Connection Cost Recovery Agreement ("CCRA") as well as the HONI Transmission Connection Agreement ("TCA").

The Generation Projects and Transmission Facilities will also be built to the latest versions of applicable CSA and ANSI/IEEE standards. As part of the HONI Confirmation of Verification Evidence Report ("COVER") process required for connection of the Generation Projects and Transmission Facilities to the HONI transmission system, the Applicants will be required to obtain Connection Authorizations from the Electrical Safety Authority (ESA), which will certify that the Transmission Facilities and Generation Projects meet the requirements of the Ontario Electrical Safety Code.

An emergency response plan will be developed and implemented to ensure public safety. In the event of a permanent transmission line fault or physical damage to the transmission line, NPI local operation staff will de-energize the transmission circuit through opening of protective breakers and line disconnect switches. NPI intends to contract with either a local distribution company or qualified local high voltage contractor to be its first responder in the event of

emergency, where corrective work on the transmission line infrastructure would be required. The first responder will provide all necessary on-site work on a de-energized circuit, to ensure public safety. Examples of such work include removal of conductors to prevent cascading damages as well as removal of any unsafe transmission line components (pole, insulators etc.) that would impact public safety. Subsequent transmission line repair will be performed by a maintenance/repair contractor retained by NPI at a later date, with all necessary work plans and permits in place.

Please refer to Exhibit D, Tab 1, Schedule 1 for information regarding the safety and reliability of the Generation Projects and Transmission Facilities.

LAND MATTERS

Overview

The transmission line is largely contained within public Right of Way (the "RoW") and some unopened road allowances that are under the control of the Crown/Ministry of Natural Resources ("MNR"). Some private property is required for the 115kV aboveground to underground Transition Station, and the Calder SS. In addition, the transmission line will cross private land along the south shore of Lower Deception Lake, in order to avoid the lake shore and to mitigate some concerns nearby cottagers expressed with respect to visual impacts. The Applicants have an option in place (secured) for the land along or around the south shore of Deception Lake.

The maximum width of the RoW will be 8-10 metres depending on the distance between poles and the conductor swing. The majority of the tower structures of the transmission line will be composed of single poles approximately 22 metres high and spaced between 100 to 125 metres apart and installed to a typical depth of approximately 2.5 metres. Some "H" pole structures may be used. A discussion of project details including drawings of the proposed poles and designs are contained in Exhibit D, Tab 1, Schedules 2-4.

Approximately 22 km of the transmission line will be above ground. The Applicants (through NPI) currently hold options for all of the land rights required for the private properties where project components are to be located, except for the Calder SS. Negotiations are ongoing for privately owned land for the Calder SS.

Draft agreements (options to lease) have been forwarded to the landowner for the Calder SS site. Verbal discussions and negotiations have progressed well, and basic terms and conditions have been agreed to verbally. The location of the Calder SS is on the south side of Concession 8&9, west of Highway 668 (see map at Exhibit B, Tab 2, Schedule 2).

It will be necessary to cross Highway 668 with a short underground cable (approximately 350 metres in length). The section of underground cable will rise for termination into the Calder SS. The Applicants have received an Encroachment Permit EC-2012-53C-20 from the Ontario Ministry of Transportation ("MTO") (see Exhibit F, Tab 1, Schedule 2).

A table summarizing the lands required for the Transmission Facilities and the instruments granting the Applicants access to such lands can be found in Exhibit F, Tab 1, Schedule 1. The forms of agreements in relation to the lands can be found in Exhibit F, Tab 1, Schedule 2 of this Application.

The land required for the project was acquired through private meetings with individual land owners over the past 3 years. Some of the landowners were interested in selling their properties and in these instances the Applicants entered into option to purchase agreements. For some of the private land required for the project the Applicants entered into option to lease agreements. Where municipal road right of ways are used for the project the Applicant is negotiating a road use agreement with the Town of Cochrane. Where MNR/Crown land is required, in the

unorganized Township of Clute, the Applicants are applying for the necessary Work Permits, with the Regional MNR office located in Cochrane. Once the project is approved and constructed, detailed as-built drawings will be produced and the Applicants will work to obtain a permanent easement, or other form of long-term land tenure, for the works with the MNR.

The Applicants elected to route the Transmission Line, wherever possible, on the municipal road allowances to minimize interference with private land in the area. Along the southern shore of Lower Deception Lake the Applicants entered into an option to purchase the property, in order to move the line into an easement on private property, and well away from the shore and road, in order to mitigate visual concerns raised by some of the nearby residents.

Six (6) crossing agreements are required with various agencies or parties. These crossings include:

- (a) Ontario Northland Railway;
- (b) Frederick House River (MNR);
- (c) Algonquin Power 115 kV Transmission Line;
- (d) H2O Power LP 115 kV Transmission Line;
- (e) MTO Highway 668; and
- (f) HONI Transmission Line.

In order to construct the Transmission Line, the Applicants (through NPI) currently hold, or are in the process of negotiating, lease options for the private properties where project components are to be located. The forms of land lease agreements with the owners of the private lands and a legal description of the land parcels is provided in Exhibit F, Tab 1, Schedules 1 and 2.

Type of Land Rights

LANDS REQUIRED FOR TRANSMISSION FACILITIES

Lot Concession	PIN	Owner	Facility Type
Lot 16 Con 8	[REDACTED]	[REDACTED]	Main Transformer Substation and Martin's Meadows Generating Project
Lot 22 Con 8	[REDACTED]	[REDACTED]	Transmission Line around the south shore of Lower Deception Lake, a portion of above ground transmission line Segment A
Lot 23 Con 8	[REDACTED]	[REDACTED]	Transmission Line around the south shore of Lower Deception Lake, a portion of above ground transmission line Segment A
Lot 28 Con 9	[REDACTED]	[REDACTED]	Transition Station and a portion of above ground transmission line Segment A
Lot 1 Con 8	[REDACTED]	[REDACTED]	Calder Switching Station, Segment B of aboveground transmission line and a portion of underground cable Segment A
Lot 2 Con 8	[REDACTED]	[REDACTED]	Calder Transformer Substation and a portion of Segment B of aboveground transmission line
Road Allowance Between Con 8 And 9	[REDACTED]	[REDACTED]	A portion of Segment A of the Aboveground Transmission Line

Road Allowance Between Con 8 And 9	[REDACTED]	[REDACTED]	A portion of Segment A of the Aboveground Transmission Line
---------------------------------------	------------	------------	---

**Northland Power Solar Empire L.P., Northland Power Solar Martin's Meadows L.P.,
Northland Power Solar Abitibi L.P., Northland Power Solar Long Lake L.P.**
Exhibit F
Tab 1
Schedule 2

LAND MATTERS

Forms of Agreements

OPTION TO PURCHASE

THIS AGREEMENT made as of the [REDACTED]

BETWEEN:

NP SOLAR PROPERTIES INC.

(hereinafter called the "**OPTIONEE**")

OF THE FIRST PART

– and –

[REDACTED]
(collectively, hereinafter called the "**OPTIONOR**")

OF THE SECOND PART

WHEREAS the Optionor owns those lands situate in the Township of Clute containing approximately 275 acres legally described in Schedule "A" attached hereto (the "**Lands**");

AND WHEREAS the Optionor hereby wishes grant to the Optionee an option to purchase the Lands upon the terms and conditions hereinafter contained (the "**Optioned Lands**");

AND WHEREAS this agreement is herein referred to as the "**Option Agreement**".

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the sum of [REDACTED] (the "**Option Consideration**") now paid by the Optionee to the Optionor and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby covenant and agree as follows:

- 1. Option:** In consideration of the Option Consideration, the acceptance of which by the Optionor is hereby acknowledged, the Optionor hereby grants to the Optionee the exclusive option, irrevocable during the periods of time below specified in Section 3 of this Option Agreement, (and Section 4, if applicable), to purchase the Optioned Lands upon the terms and conditions set out herein (the "**Option**"). The Optionee hereby confirms that subject to Section 15 of this Option Agreement, the Option Consideration is non-refundable, and will not be credited toward the Purchase Price (as defined below). Such payment of Option Consideration (along with the First Option Extension Consideration (as defined below), and the Second Option Extension Consideration (as defined below), as applicable) shall comprise the sole compensation for the grant of the Option and the full amount due and owing for the nuisance and inconvenience, adverse effect and loss of use of the Optioned Lands during the term of the Option.

2. **Purchase Price:** [REDACTED] (the "**Purchase Price**").

3. **Exercise Date:** The Option may be exercised by the Optionee any time from the date of this Option Agreement up to one (1) year following the date of this Option Agreement (the "**Option Expiry Date**") by a letter delivered or facsimile transmission or mailed postage prepaid and registered, to the Optionor at the address set out in Section 24 below. Subject to Section 4 below, if the Optionee does not exercise the Option on or before the Option Expiry Date, this Option Agreement and everything herein contained shall be null, void and of no further force and effect.

4. **Exercise Extensions:** In the event the Optionee has not by the Option Expiry Date exercised the Option to purchase the Optioned Lands, the Optionor hereby agrees to extend the Option, as it applies to the Optioned Lands (the "**First Option Extension**"). The First Option Extension is for a maximum of one (1) additional year (the "**First Option Extension Period**"), provided the following terms and conditions have been satisfied:
 - (a) Prior to the Option Expiry Date, the Optionee provides written notice to the Optionor of its desire to extend the Option, as it pertains to the Optioned Lands, for the First Option Extension Period; and
 - (b) The Optionee provides the Optionor with cash or certified cheque in the amount of [REDACTED] (the "**First Option Extension Consideration**") at the same time it provides the written notice required by Section 4(a) above.

In the event the Optionee has not by the end of the First Option Extension Period exercised the Option to purchase the Optioned Lands, the Optionor hereby agrees to extend the Option, as it applies to the Optioned Lands (the "**Second Option Extension**"). The Second Option Extension is for a maximum of one (1) additional year (the "**Second Option Extension Period**"), provided the following terms and conditions have been satisfied:

- (c) Prior to the end of the First Option Extension Period, the Optionee provides written notice to the Optionor of its desire to extend the Option, as it pertains to the Optioned Lands, for the Second Option Extension Period; and
- (d) The Optionee provides the Optionor with cash or certified cheque in the amount of [REDACTED] (the "**Second Option Extension Consideration**") at the same time it provides the written notice required by Section 4(c) above.

The Optionee hereby confirms that subject to Section 15 of this Option Agreement, the First Option Extension Consideration and the Second Option Extension Consideration are non-refundable, and will not be credited toward the Purchase Price.

5. **Purchase Agreement:** Once the Option has been exercised by the Optionee, the Optionor and the Optionee shall execute a purchase agreement incorporating the principles attached hereto in Schedule "B" of this Option Agreement (such agreement of purchase and sale being the "**Purchase Agreement**") within fourteen (14) days from the date the Optionee exercises the Option (the "**Exercise Date**").
6. **Due Diligence:**
 - (a) The Optionee may undertake the following due diligence:
 - (i) The Optionee may enter the Optioned Lands at any reasonable time or times during the term of the Option (as extended, if applicable) and whether prior to or after the exercise of the Option to conduct, at its sole cost, an environmental audit and such soil tests and engineering studies as it deems necessary to evaluate the condition of the Optioned Lands. The Optionor acknowledges that the tests and studies may involve the drilling of holes or similar investigations. The Optionee agrees to restore the Optioned Lands to its original condition in the event this transaction is not successfully completed;
 - (ii) The Optionee shall satisfy itself that any amendment to the zoning by-law and/or official plan which may be required to permit the Optionee to carry on the construction and operation of a transmission line and all uses ancillary thereto (the "**Intended Uses**") on the Optioned Lands (the "**Rezoning**") shall be available. The Optionor shall consent to any application for Rezoning;
 - (iii) The Optionee shall satisfy itself that, if required, a consent, is obtained to the severance and transfer of the Optioned Lands pursuant to the *Planning Act*, R.S.O. 1990, c.P.13, as amended, on terms and conditions that would not materially interfere with the Optionee's ability to develop the Optioned Lands for the Intended Use (the "**Severance**");
 - (iv) The Optionee shall satisfy itself that the requirements of the Township of Clute, or any other governmental authority having jurisdiction with respect to storm water management for the Optioned Lands to permit the Optionee to carry on the Intended Uses, can be met at a cost determined by the Optionee in its sole discretion to be reasonable having regard to the development of the Optioned Lands for the Intended Uses;
 - (v) That the Optionee will agree in writing, which agreement will be at the sole discretion of the Optionee upon review of any conditions of the site plan approval or agreement, to the terms of any conditions of site plan approval or agreement required by the Township of Clute, or any other governmental authority having jurisdiction with respect to the development and use of the Optioned Lands (the "**Site Plan Approval**"). The Optionor shall consent to any application for Site Plan Approval. The

Optionee shall be responsible, at its sole expense, for the satisfaction of all conditions to the Rezoning or Site Plan Approval;

- (vi) The Optionee shall have satisfied itself with respect to the completion of a Renewable Energy Approval Permit from the Ontario Ministry of the Environment and any Leave to Construct Approval from the Ontario Energy Board;
 - (vii) The Optionee shall satisfy itself that all levies, charges and other payments required to be made have been made (other than those that are the Optionee's responsibility); and
 - (viii) The Optionee shall satisfy itself that the requirements of the conservation authority, with jurisdiction over the Optioned Lands or any other governmental authority having jurisdiction with respect to conservation or environmental matters respecting the Optioned Lands, to permit the Optionee to carry on the Intended Uses can be met at a cost determined by the Optionee in its sole discretion to be reasonable, having regard to the development of the Optioned Lands for the Intended Uses.
- (b) The Optionee shall have carriage of the Rezoning application and proceeding which it agrees shall be prosecuted by it in good faith and shall pay for all application fees relating to the Rezoning. The Optionee shall have no obligation, and nothing herein shall be deemed to require the Optionor to appeal any decision rendered by the appropriate governmental authority in respect of any Rezoning application.
- (c) If required, the Optionee shall have carriage of the Severance application and the Optionor agrees to pay for all application fees, costs and survey and other expenses with respect to the Severance application excluding any park levies or other levies payable as conditions imposed to such Severance, all of which levies shall be for the Optionee's account and shall be satisfied by the Optionee sufficiently prior to Closing (as defined in the Purchase Agreement) to permit the applicable land division committee to issue its certificate under the *Planning Act* at least two (2) Business Days prior to Closing (as defined in the Purchase Agreement). The Optionee agrees to file the application for the Severance promptly following the Exercise Date and to pursue the same in good faith. The Optionor shall be kept fully informed of all aspects of the Severance application and shall be provided with copies of all documents, reports and correspondence in connection therewith.
- (d) The Optionee shall have the right at its sole cost and expense but not the obligation to appeal any decision of the Authorities or to contest any appeal filed by any other party of a decision of the Authorities, subject to the terms of this Option Agreement.

- (e) If for any reason, the Optionee, acting reasonably, is not satisfied with respect to such matters arising from its due diligence herein set forth, it may deliver a notice (the "**Notice of Termination**") to the Optionor indicating that it is not satisfied with respect to such matters and desires to terminate this Option Agreement and release the Optionor from any further obligations. Upon delivery by the Optionee of a Notice of Termination to the Optionor, this Option Agreement shall be at an end and neither party shall have any further obligation to the other respecting the Option Agreement.
7. **Termination:** The Optionee may terminate this Option Agreement upon delivery of one (1) month's written notice to the Optionor. Upon delivery by the Optionee of such a notice of termination to the Optionor, this Option Agreement shall be at an end and neither party shall have any further obligation to the other respecting the Option Agreement.
8. **Registration:** The Optionor hereby covenants and agrees that the Optionee may, at its option, register this Option Agreement or notice thereof on title to the Optioned Lands, and the Optionor hereby covenants and agrees to execute, at no further cost or condition to the Optionee, such further and other instruments and documents as may reasonably be required by the Optionee to effect registration of this Option Agreement or notice thereof. Any notice of the Option Agreement will not refer to the Purchase Price therein.
9. **Land Transfer Tax:** For the purposes of land transfer tax only, the Option Agreement will be valued at [REDACTED]. Beyond the Option Expiry Date, the Optionee will self assess the tax on the applicable option consideration for such further period.
10. **Representations, Warranties and Covenants of Optionee:** The Optionee represents, warrants and covenants to and with the Optionor as follows:
- (a) the Optionee has sufficient net worth to satisfy all of its obligations under this Option Agreement and upon exercise of either of the Option or Option Extensions, and the Purchase Agreement;
- (b) that upon entering the Optioned Lands to conduct inspections, surveys and tests on the Optioned Lands, that the Optionee, acting reasonably, deems necessary in this regard, the Optionee will take all reasonable care in the conduct of such inspections, surveys and tests and will restore the Optioned Lands to its prior condition so far as reasonably possible following such inspections and tests. The Optionor will assume no responsibility for and the Optionee shall indemnify and save harmless the Optionor from and against all claims, demands, costs, damages, expenses and liabilities whatsoever arising out of its presence on the Optioned Lands or of its activities on or in connection with the Optioned Lands during such inspections, surveys and tests;

- (c) the Optionee shall comply with the requirements of the *Income Tax Act* (Canada) or other relevant laws as a result of the Optionor being a non-resident of Canada within the meaning of the *Income Tax Act* (Canada); and
- (d) The Optionee shall provide the Optionor with a description of any environmental studies or assessments, soil tests, soil compaction studies, engineering studies, geotechnical studies or topographical mapping that it undertakes with respect to the Optioned Lands and shall provide the Optionor with evidence that the Optionee has repaired any damage to the Optioned Lands as a result of same.

11. Representations, Warranties and Covenants of Optionor: The Optionor represents, warrants and covenants with the Optionee as follows:

- (a) the Optionor has the right to separately convey the Optioned Lands without restriction or encumbrance; and that upon the completion of the transaction contemplated by the Purchase Agreement, the Optionee will quietly possess and enjoy the Optioned Lands which is purchased pursuant to this Option Agreement and the Purchase Agreement;
- (b) that if the Optionor is a corporation, it is duly incorporated and subsisting under the laws of its incorporating jurisdiction and has the corporate power and authority to own the Optioned Lands, to enter into this Option Agreement, and to carry out its obligations under it. The execution and delivery of this Option Agreement and the consummation of the transactions in this Option Agreement contemplated have been duly authorized by all necessary action on the part of it;
- (c) the Optionor is the absolute owner of the Optioned Lands, has valid title thereto and is not aware of any competing claim or right of adverse possession or possessory title against the Optioned Lands;
- (d) there are no leases or other rights to use or occupy the Optioned Lands (or any part of it) to or from anyone, save as registered on title as of the date of this Option Agreement, or otherwise disclosed by the Optionor in writing to the Optionee;
- (e) the title to the Optioned Lands shall be good and free from all encumbrances and the Optionor agrees to discharge and release at its sole cost and expense, on or before the Closing Date (as defined in the Purchase Agreement), all encumbrances;
- (f) the Optioned Lands abut public highways and roads and to the best of the Optionor's knowledge and belief there is no reason that the Optionee will not be able to apply to the applicable municipality and obtain full and uninterrupted ingress and egress for all pedestrians and vehicles utilizing the Optioned Lands to and from public highways and roads abutting the Optioned Lands;
- (g) neither the entering into nor the delivery of this Option Agreement nor the completion by it will conflict with or constitute a default under or result in a

violation of, or require a consent of anyone under: (i) any of the provisions of its constating documents or by-laws if it is a corporation, or (ii) any agreement, mortgage, lien, charge, encumbrance or any other instrument to which it is a party or by which it or the Optioned Lands is bound;

- (h) to the knowledge of the Optionor, there are no actions, suits or proceedings pending or, to the knowledge of the Optionor, threatened against or affecting the Optionor or the Optioned Lands, in law or in equity, that could affect the validity of this Option Agreement, any transaction provided for in this Option Agreement, the title to the Optioned Lands or any part of the Optioned Lands;
- (i) save as disclosed by the Optionor in writing to the Optionee there are no unregistered agreements affecting the Optioned Lands;
- (j) there are no local improvement charges, development charges or special levies outstanding against the Optioned Lands nor has the Optionor received any notice of a proposed local improvement charge, development charge or special levy;
- (k) the Optioned Lands have not been designated (and are not, to the Optionor's knowledge, proposed to be designated): (a) as an historical site or building under the *Ontario Heritage Act* (Ontario) or (b) for regulation by a conservation authority under the *Conservation Authorities Act* (Ontario). To the Optionor's knowledge, no part of the Optioned Lands is used, or has been used, as a cemetery;
- (l) to the best of the Optionor's knowledge and belief, the Optionor's operation or occupation of the Optioned Lands does not contravene any environmental laws or any regulation, order or by law regulating the import, manufacture, storage, distribution, labelling, sale, use, handling, transport or disposal of contaminants or dangerous or hazardous substances or wastes, and neither the Optionor nor any of its predecessors in title have emitted, discharged or deposited or caused or permitted to be emitted, discharged or deposited any contaminants or dangerous or hazardous substances or wastes into the natural environment, including the air, soil, subsoil or surface or ground water in, on, over, under or at the Optioned Lands in contravention of any of such environmental law regulation, order or by law. To the best of the Optionor's knowledge and belief, the Optionor has not received notice of and has no knowledge or information of any pending, contemplated or threatened judicial, administrative or other action relating to the existence of a Hazardous Substance on or affecting the Optioned Lands and has no reason to believe that any cause of action for such exists and that the Optionor has never used the Optioned Lands as a waste disposal site. For the purposes hereof, "Hazardous Substance" means any contaminant, pollutant, dangerous substance, potentially dangerous substance, noxious material, explosive material, radioactive material, urea formaldehyde foam insulation, asbestos, PCB's and any other substances or materials declared or defined to be hazardous, toxic, a contaminant or a pollutant to any applicable federal, provincial or municipal statutes, by-laws, regulations or orders which will materially restrict the ability of

the Optionee to develop the Lands for the Intended Uses, unless the Optionor, at its sole discretion undertakes, to take such action as is necessary to make the Optioned Lands compliant including, without limitation, ensuring that any chemical, fuel or gas storage tanks on the Optioned Lands are certified as being clean of any Hazardous Substance;

- (m) to the best of the Optionor's knowledge and belief, the Optionor has not received any notice of expropriation of any part of the Optioned Lands or of any pending or threatened litigation or other judicial or administrative proceeding affecting the Optioned Lands including, without limitation, in any way relating to the use and occupation of the Optioned Lands, nor any claims adverse to the title of the Optionor and, further, to the Optionor's knowledge and belief as aforesaid, there are not any work orders or other orders or directives outstanding against the Optioned Lands or any part thereof, which will materially restrict the ability of the Optionee to develop the Optioned Lands for the Intended Uses or if there are work orders or other orders or directives (not caused by the Optionee), the Optionor will take such actions as are necessary to make the Optioned Lands compliant;
- (n) the Optionor has not received any notice of any violation of any applicable federal, provincial or municipal laws, regulations, orders or approvals of governmental authorities relating to the Optioned Lands or its use; there are no writs, injunctions, orders or judgments outstanding, or lawsuits, claims, proceedings or investigations pending or threatened, relating to the ownership, use, maintenance or operation of the Optioned Lands, nor is there any basis for such lawsuits, claims, proceedings or investigations being instituted or filed; and there are no orders or directions relating to environmental or other matters requiring any work, repairs, construction or capital expenditures with respect to the Optioned Lands and the conduct of business at the Optioned Lands, nor has the Optionor received any notice of any of the foregoing matters;
- (o) there are no circumstances known to the Optionor, and no commitments to third parties, that may damage, impair or otherwise adversely affect the Intended Uses;
- (p) the Optioned Lands are currently not and on the Closing Date (as defined in the Purchase Agreement) shall not be, a "Matrimonial Home" as such term is defined in the *Family Law Act*, R.S.O. 1990, c.F.3, O, failing which, the Optionor shall cause this Option Agreement and all related documents to be accepted and consented to in writing by any party with rights to a Optioned Lands under Part II of the *Family Law Act*, R.S.O. 1990, c.F.3, O;
- (q) it shall not, without the Optionee's consent in writing, change or permit the configuration, grade or elevation of the Optioned Lands as at the date hereof to be changed;

- (r) the Optionor shall comply with the requirements of the *Income Tax Act* (Canada) or other relevant laws as a result of the Optionor being a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
 - (s) the Optionor has not and will not enter into any agreement or otherwise do anything that would restrict, impair or inhibit the ability of the Optionee to exercise the Option contemplated by this Option Agreement or which would restrict, impair or inhibit the ability of the Optionee to use the Optioned Lands for the Intended Uses; and
 - (t) that this Option Agreement has been duly executed and delivered and constitutes a legal, valid and binding obligation of the Optionor, enforceable in accordance with its terms.
12. **Access:** The Optionor consents to the Optionee, its respective officers, employees, agents, contractors, sub-contractors, workers and permittees or any of them entering on, exiting and passing and re-passing in, on, over, along, upon, across, through and under the Optioned Lands and so much of the Optioned Lands as may be reasonably necessary, at all reasonable times after the date of this Option Agreement until the Closing Date (as defined in the Purchase Agreement) of the Optioned Lands or the termination of this Option Agreement, with or without all plant, machinery, material, supplies, vehicles, and equipment, for the purposes of surveying, ploughing, excavating, drilling, conducting environmental studies or assessments, soil tests, soil compaction studies, engineering studies, geotechnical studies or topographical mapping in, under, on and over the Optioned Lands as the Optionee in its sole discretion considers requisite.
13. **Survey/Reports:** The Optionor shall deliver to the Optionee any survey of the Optioned Lands and any soil, topographical, engineering, environmental, municipal or other reports or documentation which the Optionor's can locate that is in its control or possession with respect to the Optioned Lands and Optioned Lands, within Fifteen (15) days from the date of this Option Agreement.
14. **Cost of Surveys, Access Roads and Easements:** The Optionor shall provide only such surveys as are currently in its possession or control. The cost of any addition survey and constructions of access roads and easements shall be borne by the Optionee.
15. **Planning Act:** This Option Agreement and transfer of rights shall both be subject to the condition that the provisions of the *Planning Act*, R.S.O. 1990, c. P. 18, as amended, have, in the opinion of Optionee, been satisfactorily complied with. If after consultation with any provincial agencies and/or municipalities, the Optionee decides acting commercially reasonably that the provisions of the *Planning Act*, R.S.O. 1990, c.P.18, and amendments thereto, have not been or cannot be complied with, including the ability to obtain a severance respecting the Optioned Lands, it may, at its option, cancel this Option Agreement, following which all Option Consideration and all Option Extension Consideration respecting the Optioned Lands shall forthwith be returned to the Optionee without any interest, deduction or set off whatsoever.

16. **Run with Lands / Successors and Assigns:** The burden and benefit of this Option Agreement shall run with the Optioned Lands. This Option Agreement shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the Optionee and the Optionor.
17. **Gender:** Wherever the singular or masculine is used throughout this Option Agreement, the same shall be construed as being plural or feminine or of a body corporate where the context might reasonably require. In the event of any conflict between metric and imperial expression of measurement in this Option Agreement, the metric expression of measurement shall govern.
18. **Further Assurance:** Each of the Optionor and the Optionee shall, if so requested by the other, execute such further documents of title and other required assurances in respect of this Option Agreement and the Purchase Agreement as may be required to perfect the Optionee's rights and privileges granted herein, and the Optionee's interest in the Optioned Lands. The Optionor 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 Option Agreement or the Purchase Agreement.
19. **Waiver:** Any waiver of, or consent to depart from, the requirements of any provision of this Option Agreement shall be effective only if it is in writing and signed by the party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any party to exercise, and no delay in exercising, any right under this Option Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.
20. **Arbitration:** In the event of any dispute arising respecting this Option Agreement, either party may by notice in writing require that the dispute be arbitrated in accordance with the terms herein. Within fifteen (15) days of delivery of the notice requiring arbitration, the parties shall in good faith attempt to agree upon one arbitrator, and if so agreed, such arbitrator shall be the sole arbitrator. In the event the parties do not so agree, within fifteen (15) days thereafter, then either party may apply to the Superior Court of Justice of Ontario for the appointment of an arbitrator pursuant to the provisions of the *Arbitration Act*. The arbitration shall be conducted in accordance with the provisions of the *Arbitration Act*.
21. **Force Majeure:** Despite anything contained in this Option Agreement to the contrary, if the Optionor or Optionee is, in good faith, delayed or prevented from doing anything required by this Option Agreement because of an event or occurrence of Force Majeure, the doing of the thing is excused for the period of the delay and the party delayed will do what was delayed or prevented within an appropriate period after the delay. "**Force Majeure**" shall be an event or occurrence not caused by and beyond the reasonable control of either party, as the case may be, which, by the exercise of reasonable diligence, could not be prevented or overcome, including, but not limited to, strikes, lock outs, labour disruptions, expropriation or confiscation of facilities, acts of God or the public

enemy, blockades, insurrections, riots, arrests of people, restraints of government, changes in the law, acts of war, civil disturbances, rebellion or sabotage, flood, fire, lightning, epidemic, explosions, severe breakage of or accident to machinery, plants, equipment, pipeline or pipe failure, failure of fuel supply or transportation, electricity system blackouts, and failure of electricity distribution or transmission system.

22. **Expenses:** Each party shall pay all expenses it incurs in the authorization, negotiation, preparation, execution and performance of this Option Agreement, including all fees and expenses of its legal counsel, bankers, investment bankers, brokers, accountants or other representatives or consultants. Notwithstanding the foregoing, the Optionee agrees to pay for the Optionor's legal fees and disbursements related to the finalization of this Option Agreement, up to a maximum of [REDACTED] such amount to be paid following receipt of an invoice for such fees and disbursements from the Optionor or the Optionor's lawyer.
23. **Survival:** The representations, warranties and covenants contained in this Option Agreement shall survive exercise of the Option and shall continue to bind the Optionee and Optionor as purchaser and vendor under the Purchase Agreement.
24. **Notice:** Any notice, request or other communication required or permitted to be given by this Option Agreement, including the exercise of the Option, shall be in writing and shall be effectively given if delivered personally, or sent by prepaid courier service in the case of notice to the Optionor at [REDACTED] and in the case of notice to the Optionee at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario M4V 3A1, Attention: President, Facsimile: (416) 962-6266, or at such other address within Ontario as the party to whom such notice or other communication is to be given shall have advised the party giving same in the manner provided in this Section. Any notice or other communication delivered personally or by prepaid courier service 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 ("Business Day" means any day, except Saturdays and Sundays, on which banks are generally open for business in Toronto, Canada) such notice or other communication shall be deemed to have been given and received on the next following Business Day.
25. **Time of the Essence:** Time shall be of the essence of this Option Agreement and the Purchase Agreement.
26. **Assignment:** The Optionee shall have the absolute and unfettered right assign or transfer this Option Agreement and the Purchase Agreement contemplated hereby to any person, firm, partnership, corporation or other legal entity designated by the Optionee in its absolute discretion, provided such assignee agrees to be bound by the terms of this Option Agreement. This Option Agreement shall be assigned by the Optionor to any person, firm or corporation obtaining ownership of the Optioned Lands prior to exercise of the Option or Option Extension as the case maybe, upon such assignee agreeing to be bound by the terms of this Option Agreement.

27. **Entire Agreement:** This Option Agreement, including the attachments, shall constitute the entire agreement between Optionee and Optionor and supersede all prior agreements, understandings, negotiations and discussions with respect thereto and there is no representation, warranty, collateral agreement or condition affecting this Option Agreement or the Optioned Lands or supported hereby other than as expressed herein in writing.
28. **Amendment:** This Option Agreement may be supplemented, amended, restated or replaced only by written agreement signed by the Optionor and the Optionee.
29. **Jurisdiction and Governing Law.** The Optionor and the Optionee irrevocably and unconditionally attorn to the exclusive jurisdiction of the courts of the province of Ontario. This Option Agreement shall be governed by, and interpreted and enforced in accordance with, the law of the province of Ontario and the laws of Canada applicable in that province.
30. **Severability:** If any provision of this Option Agreement or its application to any party hereunder or circumstance is restricted, prohibited or unenforceable, that provision shall be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Option Agreement. The Optionor and the Optionee shall engage in good faith negotiations to replace any provision which is so restricted, prohibited or unenforceable with a unrestricted and enforceable provision, the economic effect of which comes as close as possible to that of the restricted, prohibited or unenforceable provision which it replaces.
31. **Confidentiality:** Subject to the Optionee's right to register in Section 8, the terms of this Option Agreement and all information issued, disclosed or developed in connection with this Option Agreement are to be held in strict confidence between the Optionor and the Optionee. The Optionor, its agents and employees agree not to use, reproduce or divulge the same to third parties unless it is with the prior written consent of the Optionee and to take all reasonable precautions for protection of such information from disclosure
32. **Counterparts:** This Option Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one agreement. To evidence the fact that it has executed this Option Agreement, a party may send a copy of its executed counterpart to the other party by facsimile and the signature transmitted by facsimile shall be deemed to be its original signature for all purposes

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have hereto hereunto affixed their respective corporate seals duly attested to by their proper signing officer/s in that behalf.

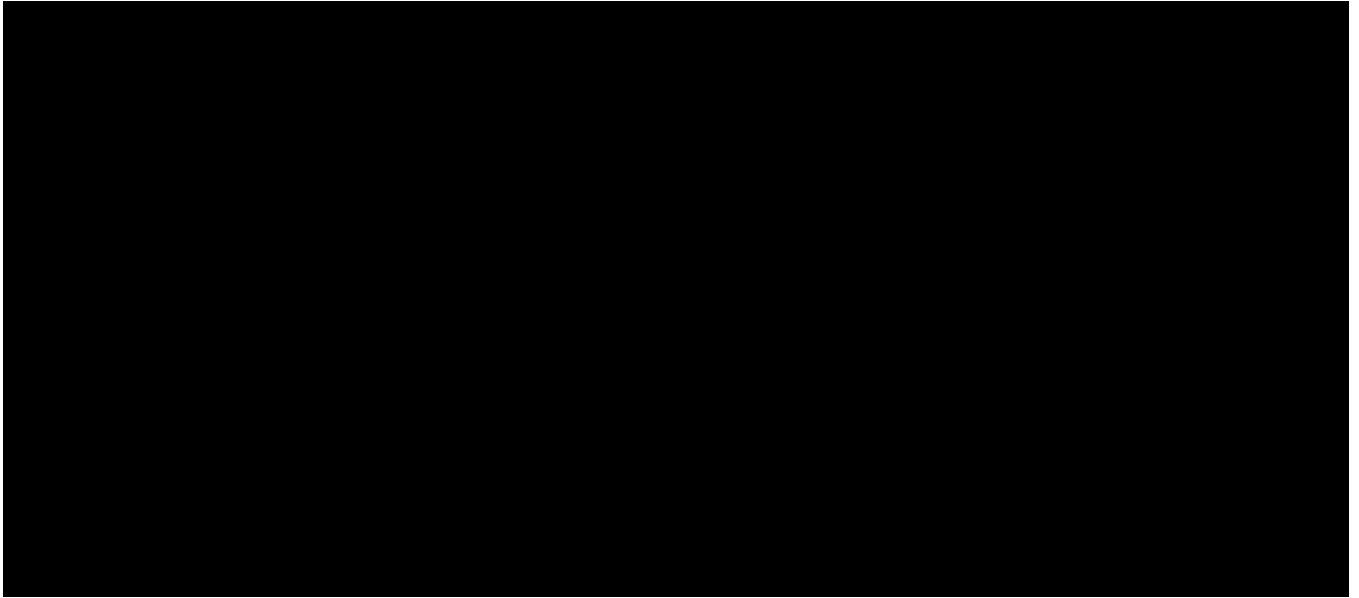
NP SOLAR PROPERTIES INC.

Per: *S. Mantenuto*
Name: *Sam Mantenuto*
Title: *COO & CDO*

I have the authority to bind the corporation.



SCHEDULE "A"



SCHEDULE "B"

PURCHASE AND SALE PRINCIPLES

1. Property

"Property" means those lands in the Township of Clute, containing approximately ● acres legally described on Appendix "A" hereto.

2. Deposit

A deposit of ● (\$●) **DOLLARS** ("Deposit") shall be paid by cheque to the Vendor's solicitors ("Vendor's Counsel") in trust upon the due exercise of the Option contained in, and in accordance with, the Option Agreement between the Vendor and Purchaser dated as of ●, to be held by the Vendor's Counsel in an interest bearing account or Certificate of Deposit, and interest earned thereon shall accrue to the benefit of the Purchaser, pending completion or other termination of this agreement of purchase and sale (the "**Agreement**") not due to the default of the Purchaser and to be credited on account of the purchase money on Closing. In the event that this transaction is not completed due to the default of the Purchaser, the Vendor and Purchaser agree that the Vendor shall be entitled to retain the deposit with accrued interest as partial liquidated damages, in addition to any rights or remedies the Vendor may otherwise have. The date of exercise of the Option is called the ("**Exercise Date**").

3. Purchase Price

- (a) The Purchase Price herein shall be [REDACTED] **DOLLARS**.
- (b) The Purchaser agrees to pay the balance of the Purchase Price by certified cheque or wire transfer on Closing, subject to the usual adjustments including, without limitation, real property tax adjustments.

4. Reports / Documentation

The Vendor shall deliver to the Purchaser any soil, topographical, engineering, environmental, and municipal or other report or documentation which the Vendor can locate that is in its control or possession with respect to the Property within fifteen (15) days of the Exercise Date, which have not already been delivered to the Purchaser.

5. Representations and Warranties

The Vendor hereby covenants that each of the representations, warranties and covenants set out in Section 11 of the Option Agreement form part of this Agreement, and shall be true and accurate as of the date of this Agreement and as of the Closing Date. The Vendor covenants and agrees that the representations, warranties covenants set out in Section 11 of the Option Agreement shall not merge on the Closing Date, but shall survive same, and continue in full force and effect for the benefit of the Purchaser.

6. Chattels

The Vendor and the Purchaser agree that none of the existing chattels that are used in connection with the Property and owned by the Vendor shall be included in the Purchase Price (the "Chattels"). The Vendor and the Purchaser agree that the Vendor shall have up to eighteen (18) months after the Closing Date to remove: (a) the Chattels; and (b) any fixtures or improvements from the Property (the "Fixtures and Improvements"). In completing any removals, the Vendor acknowledges and agrees that it must provide at least two (2) business days notice to the Purchaser, shall not interfere with the Project, and shall reimburse the Purchaser for the costs of any repairs required to the Property as a result of such removal. The Vendor acknowledges and agrees that the Chattels and the Fixtures and Improvements shall remain at the sole risk of the Vendor, and that the Purchaser shall not be responsible for any damage whatsoever to the Chattels or the Fixtures and Improvements, unless such damage is the result of the wilful misconduct of the Purchaser. Immediately following the completion of all of the removals contemplated by this Section, the Vendor shall provide the Purchaser with notice that all Chattels and Fixtures and Improvements have been removed from the Property, and such notice shall also state that the Purchaser has satisfied all of its obligations contained in this Section 6. The Vendor acknowledges and agrees that upon delivering the aforementioned notice regarding completion of all of the removals, the Vendor's right to remove the Chattels or the Fixtures and Improvements as set out in this Section shall expire.

7. Authorizations

Each party agrees to use its best efforts to assist the other in this transaction. The Vendor (provided the Vendor shall not incur any liability thereby) agrees to sign all necessary documentation and authorizations at the request of the Purchaser, acting reasonably. The Purchaser may request applicable governmental and municipal authorities to inform the Purchaser of any information concerning the Property provided that any such requests shall not request or permit any such authority to conduct any inspections in respect of the Property.

8. Planning Act

This Agreement shall be effective to create an interest in the Property only if the applicable subdivision control provisions of the Planning Act, R.S.O. 1990,c.P. 18, as amended, are complied with by the Purchaser prior to Closing. The Purchaser shall, at its own cost forthwith make any application to the local Committee of Adjustment or Land Division Committee for any consent that may be required pursuant to the Planning Act to convey the Property. In the event that any such application for consent is denied including all statutorily permitted appeals, this Agreement shall be terminated and the Deposit paid hereunder by the Purchaser respecting the Property shall be returned to the Purchaser without interest or deduction.

9. H.S.T.

The Purchaser represents and warrants to the Vendor that with respect to any Harmonized Sales Tax (“**H.S.T.**”) imposed under the Excise Tax Act, Canada (the “**Act**”), in connection with this transaction:

- (a) the Purchaser is registered for the purposes of H.S.T.; and
- (b) the Purchaser will provide the Vendor at Closing a statutory declaration sworn by a senior officer of the Purchaser confirming the Purchaser’s H.S.T. registration number and that such registration continues to be in full force and effect and an indemnity to the Vendor for any H.S.T. claimed from the Vendor in the event the Purchaser does not pay the H.S.T. payable by it in respect of this transaction. In the event that the Purchaser shall fail to deliver such statutory declaration and such indemnity to the Vendor, then the Purchaser shall pay to the Vendor, in addition to the Purchase Price herein, in pursuance of the Purchaser’s obligation to pay and the Vendor’s obligation to collect H.S.T. under the said Act, an amount equal to thirteen percent (13%) of the Purchase Price or such other amount as is required pursuant to the said Act on the Closing Date.

10. Vacant Possession

The Vendor covenants and agrees to have vacated the Property not less than ten (10) Business Days prior to the Closing Date.

11. Closing Date

The closing shall take place on the “**Closing Date**” or “**Closing**” which shall be that date which is thirty (30) days following the Exercise Date, or such other date as the parties agree, from time-to-time. Notwithstanding the foregoing, the Purchaser’s obligations hereunder are conditional on the Purchaser being satisfied that at the Closing Date, the representations and warranties contained in Section 5 of this Agreement, shall be true and correct in all material respects with the same force and effect as if made at and as of such time.

12. Closing Deliveries

- (a) In addition to the closing deliveries elsewhere contemplated herein, the Vendor shall deliver to the Purchaser on the Closing Date the following:

- (i) An executed registerable Transfer (as defined below) of the Property;
 - (ii) A statement of adjustments (the “**Statement of Adjustments**”);
 - (iii) Any documentation required pursuant to the *Income Tax Act* (Canada) or other relevant laws as a result of the Vendor being a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
 - (iv) Undertaking to readjust the Statement of Adjustments, as necessary;
 - (v) A certificate of the Vendor confirming that the representations, warranties and covenants contained in Section 11 of the Option Agreement are true and correct as of the Closing Date;
 - (vi) Good and valid registered discharges of all liens;
 - (vii) All keys pertaining to the operation of the Property; and
 - (viii) All other documents which are required and which the Purchaser has reasonably requested on or before the Closing Date to give effect to this transaction.
- (b) In addition to the closing deliveries elsewhere contemplated herein, the Purchaser shall deliver to the Vendor on the Closing Date the following:
- (i) The balance of the Purchase Price in accordance with the Statement of Adjustments;
 - (ii) Undertaking to readjust the Statement of Adjustments, as necessary;
 - (iii) A statutory declaration sworn by a senior officer of the Purchaser confirming the Purchaser’s H.S.T. registration number and that such registration continues to be in full force and effect and an indemnity to the Vendor for any H.S.T. claimed from the Vendor in the event the Purchaser does not pay the H.S.T. payable by it in respect of this transaction (as contemplated by Section 9(b) of this Agreement); and
 - (iv) All other documents which are required and which the Vendor has reasonably requested on or before the Closing Date to give effect to this transaction.

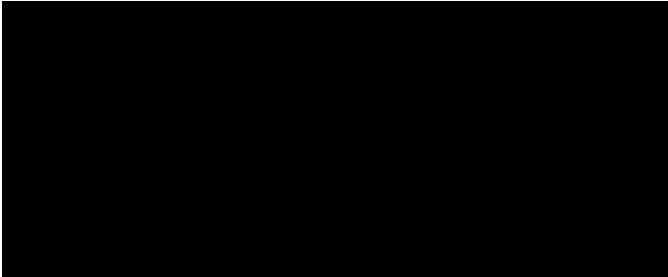
13. General

- (a) This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective heirs, executors, administrators and permitted assigns and the provisions hereof shall survive Closing except as otherwise expressly provided in this Agreement.

- (b) The Purchaser shall have the absolute and unfettered right to assign or transfer its rights under this Agreement to any third party (the “**Assignee**”) upon the Assignee agreeing to be bound by the terms of this Agreement.
- (c) Any notice, request or other communication required or permitted to be given by this Agreement, shall be in writing and shall be effectively given if delivered personally, or sent by prepaid courier service in the case of notice to the Vendor at ● Attention: ●, Facsimile: ● and in the case of notice to the Purchaser at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario M4V 3A1, Attention: President, Facsimile: (416) 962-6266, or at such other address within Ontario as the party to whom such notice or other communication is to be given shall have advised the party giving same in the manner provided in this Section. Any notice or other communication delivered personally or by prepaid courier service 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 (“**Business Day**” means any day, except Saturdays and Sundays, on which banks are generally open for business in Toronto, Canada) such notice or other communication shall be deemed to have been given and received on the next following Business Day.
- (d) The Transfer/Deed of Land (the “**Transfer**”), save for land transfer tax affidavits, shall be prepared in registrable form by the Vendor, and the Purchaser covenants at its cost to register the Transfer on Closing. If requested by Purchaser, Vendor covenants that the Transfer Deed to be delivered on completion shall contain the statements contemplated by s. 50 (22) of the Planning Act, R.S.O. 1990.
- (e) Where the transaction will be completed by electronic registration pursuant to Part III of the Land Registration Reform Act, R. S .0. 1990, Chapter L 4, and any amendments thereto, the Vendor and Purchaser acknowledge and agree that the delivery of documents and the release thereof to the Vendor and Purchaser may, at the lawyers’ discretion; (a) not occur contemporaneously with the registration of the transfer/deed (and other registerable documentation), and (b) be subject to conditions whereby the lawyer receiving documents and/or money will be required to hold them in trust and not release them except in accordance with the terms of a written agreement between the lawyers.
- (f) Unless otherwise specified herein all capitalized terms not defined herein shall have the same meanings as in the Option Agreement.

APPENDIX "A"

LEGAL DESCRIPTION OF PROPERTY



As Owner

- and -

NORTHLAND POWER INC.

As Buyer

OPTION AGREEMENT

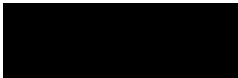


TABLE OF CONTENTS

1.	INTERPRETATION:	1
2.	OPTION:.....	4
3.	PURCHASE PRICE:	5
4.	EXERCISE DATE:.....	5
5.	EXERCISE OF THE OPTION:.....	5
6.	TERMINATION:.....	5
7.	ACCESS:	5
8.	DUE DILIGENCE AND ENCUMBRANCES:	7
9.	REPRESENTATIONS AND WARRANTIES OF OWNERS:	9
10.	REPRESENTATIONS AND WARRANTIES OF THE BUYER:	12
11.	REMEDIATION OF THE OPTION LANDS:.....	12
12.	CO-OPERATION BY OWNER:.....	13
13.	PLANNING ACT:.....	13
14.	PURCHASE AGREEMENT TERMS AND CONDITIONS:	14
15.	CONFIDENTIALITY:	18
16.	REAL ESTATE COMMISSIONS:	19
17.	RUN WITH LANDS:	19
18.	REGISTRATION:	19
19.	LAND TRANSFER TAX:.....	19
20.	FURTHER ASSURANCE:	19
21.	SURVIVAL:	19
22.	NOTICE:.....	20
23.	TIME OF THE ESSENCE:	20
24.	ASSIGNMENT:.....	20
25.	PAYMENTS:.....	20
26.	ENTIRE AGREEMENT:.....	21
27.	LAWS:	21
28.	AGREEMENTS AS COVENANTS:	21
29.	BUSINESS DAY:.....	21
30.	DISPUTE RESOLUTION:.....	21
31.	ACTING REASONABLY:	22
32.	OPERATION OF THE OPTION LANDS:.....	22
33.	RECIPROCAL INDEMNITY:.....	22
34.	OWNER'S LEGAL COSTS AND EXPENSES	22
35.	COUNTERPARTS:	22
	SCHEDULE A LEGAL DESCRIPTION OF PROPERTY	24
	SCHEDULE B PERMITTED ENCUMBRANCES.....	25
	SCHEDULE C OPTION LANDS	26

THIS OPTION AGREEMENT made as of the [REDACTED] between [REDACTED] (collectively the “Owner”) and **NORTHLAND POWER INC.** (the “Buyer”).

RECITALS:

- A. The Owner owns the Property.
- B. Pursuant to the terms and conditions set out in this Option Agreement, the Owner will grant to the Buyer an option to purchase the Option Lands.

NOW THEREFORE, in consideration of the Option Payments and the other mutual covenants and agreements in this Option Agreement and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the parties covenant and agree as follows:

1. INTERPRETATION:

Unless otherwise specified in this Option Agreement, the terms defined in this Section 1 shall have, for all purposes of this Option Agreement, the following meanings, unless the context expressly or by necessary implication otherwise requires:

“**Adjacent Lands**” means the remainder of the Property after excluding the Option Lands.

“**Anniversary Date**” means an anniversary date of the Effective Date.

“**Applicable Laws**” means, with respect to any person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such person, property, transaction, event or other matter.

“**Approvals**” means all official plan amendments, zoning approvals, environmental approvals, conservation authority approvals, road closures and any other Governmental Authority approvals and permits, other than building permits, all of which shall be final and unappealable. For greater certainty, Approvals do not include Severance Consent.

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday in Ontario.

“**CCAA**” means the *Companies Creditors Arrangement Act* (Ontario) as amended, supplemented or replaced from time to time.

“**Closing Date**” has the meaning attributed to it in Section 13.

“**Closing Documents**” has the meaning attributed to it in Section 13.

“**Confidential Information**” has the meaning attributed to it in Section 15.

“**Credit**” has the meaning attributed to it in Section 11.

“**Defaulting Party**” has the meaning attributed to it in Section 33.

“**Deliveries**” has the meaning attributed to it in Section 9(v).

“**Due Diligence**” has the meaning attributed to it in Section 8.

“**Due Diligence Date**” has the meaning attributed to it in Section 8.

“**Effective Date**” means the date this Option Agreement is fully executed and delivered by the Owner and Buyer.

“**Entering Parties**” has the meaning attributed to it in Section 7.

“**Environmental Claim**” means, with respect to any person, any action, cause of action, investigation, suit, proceeding, judgment, award, fine, penalty, assessment or written notice or claim by any person or entity alleging potential liability (including, without limitation, potential liability for investigatory costs, clean-up costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from: (i) the presence, discharge, migration or release into the environment, of any Hazardous Substance at any location, whether or not owned or operated by such person; (ii) the generation, handling, use, treatment, recycling, storage, disposal or transport of any Hazardous Substance; or (iii) any violation of Environmental Laws.

“**Environmental Consultant**” means an arm’s length third party consultant and/or advisor with expertise in the area of environmental remediation in accordance with Environmental Laws retained by the Owner and/or Buyer as applicable in connection with this Option Agreement.

“**Environmental Laws**” means any laws including written policies and guidelines and directives, administrative rulings or interpretations, that are in effect and applicable to the Owner on the Closing Date, as well as the common law and any judicial or administrative order, consent decree or judgment that is in effect and applicable to the Owner on the Closing Date, that relates to pollution or the protection of the environment, including, without limitation, the *Canadian Environmental Protection Act* (Canada), the *Pest Control Products Act* (Canada), the *Transportation of Dangerous Goods Act* (Canada), the *Environmental Protection Act* (Ontario), the *Environmental Assessment Act* (Ontario), the *Ontario Water Resources Act* (Ontario) and the *Occupational Health & Safety Act* (Ontario), and the regulations and guidelines promulgated pursuant thereto or issued by any Governmental Authority in respect thereof, and equivalent or similar local and provincial ordinances and statutory programs and the regulations and guidelines promulgated pursuant thereto.

“**Estimate**” has the meaning attributed to it in Section 11(b)(i).

“**Exercise Date**” means the date the Buyer exercises the Option in accordance with the terms of the Option Agreement.

“**First Nations**” means any first nations and/or indigenous and/or aboriginal person(s), tribe(s) and/or band(s) of Canada.

“**First Nations Claims**” means land claims, demands, disputes, grievances, and/or any other disagreements of any kind, or any administrative, judicial, quasi-judicial or other proceeding or litigation relating thereto by or on behalf of any First Nations.

“**First Nations Information**” means material information relating to the Option Lands and/or the Owner or its affiliates in connection with any First Nations including, without limitation, relationships and/or agreements with First Nations and any discussions and/or agreements with any Governmental Authority regarding First Nations.

“**Future Lender**” has the meaning attributed to it in Section 8.

“**Future Purchaser**” has the meaning attributed to it in Section 8.

“**Governmental Authority**” means any municipal, regional, provincial or federal department, commission, board, bureau, branch, agency, regulating authority or other authority whatsoever having or purporting to have jurisdiction over the Option Lands, and “**Governmental Authorities**” has a corresponding meaning.

“**Hazardous Substance**” means any contaminant, pollutant, dangerous substance, potentially dangerous substance, noxious material, explosive material, radioactive material, urea formaldehyde foam insulation, asbestos, PCB’s and any other substances or materials declared or defined to be hazardous, toxic, a contaminant or a pollutant to any Applicable Laws which will materially restrict the ability of the Buyer to develop the Option Lands.

“**Initiating Party**” has the meaning attributed to it in Section 30.

“**Losses**” means all loss, costs, expense, claims, actions, damage and liability of every nature and kind (including those in connection with bodily injury (including death), personal injury or damage to property).

“**Non Defaulting Party**” has the meaning attributed to it in Section 33.

“**Objection Response**” has the meaning attributed to it in Section 8.

“**Objections**” has the meaning attributed to it in Section 8.

“**Option**” has the meaning attributed to it in Section 2.

“**Option Agreement**” means this Option Agreement, including all Schedules to this Option Agreement, as amended, supplemented, restated and replaced from time to time in accordance with the provisions of this Option Agreement.

“**Option Expiry Date**” has the meaning attributed to it in Section 4.

“**Option Lands**” means those lands and premises identified on the sketch attached to this Option Agreement as Schedule C.

“**Option Payment 1**” has the meaning attributed to it in Section 2.

“**Option Payments**” has the meaning attributed to it in Section 2.

“**Option Period**” has the meaning attributed to it in Section 4.

“**Parties**” means collectively, the Owner and the Buyer, and “**Party**” means either of them.

“**Permitted Encumbrances**” means the permitted encumbrances identified in Schedule B.

“**Property**” means the lands and premises legally described in Schedule A.

“**Purchase Agreement**” has the meaning attributed to it in Section 5.

“**Purchase Price**” has the meaning attributed to it in Section 3.

“**Remediation**” has the meaning attributed to it in Section 11.

“**Responding Party**” has the meaning attributed to it in Section 30.

“**Severance Consent**” has the meaning attributed to it in Section 13.

“**Studies**” has the meaning attributed to it in Section 7.

“**Survey**” means a reference plan of survey prepared by and under the seal of an Ontario Land Surveyor setting out the boundaries and dimensions of the Option Lands, any encroachments over the Option Lands, the location of any easements, rights-of-way or other rights or restrictions registered on title which affect the Option Lands, together with the surveyor’s certificate of acreage of the Option Lands specified to the nearest thousandth.

2. OPTION:

- (a) In consideration of the payment by the Buyer to the Owner of [REDACTED] payable on the Effective Date (“**Option Payment 1**”) and [REDACTED] payable on each Anniversary Date (collectively, the “**Option Payments**”), the Owner hereby grants to the Buyer the exclusive option, irrevocable during the Option Period, to purchase the Option Lands, upon the terms and conditions set out in this Option Agreement (the “**Option**”).
- (b) The Buyer hereby confirms that the each Option Payment is non-refundable except where the purchase of the Option Lands by the Buyer is unable to close due to the Owner’s default or misrepresentation under this Option Agreement or the Purchase Agreement and / or a defect in the Owner’s title to the Option Lands.
- (c) If this Option Agreement is terminated as set out in Section 6, Section 8, or by reason of a default or misrepresentation by the Owner, the Buyer shall not be required to pay the Owner any Option Payment that is payable pursuant to this Option Agreement, but not yet due.

3. PURCHASE PRICE:

The purchase price (the "**Purchase Price**") for the Option Lands shall be [REDACTED]

4. EXERCISE DATE:

The Option may be exercised by the Buyer at any time from the Effective Date up to 5:59 p.m. on the date which is the [REDACTED] anniversary of the Effective Date (the "**Option Expiry Date**") and the period from the Effective Date to the Option Expiry Date shall be referred to in this Option Agreement as the "**Option Period**") upon notice to the Owner in accordance with Section 22. If the Buyer does not exercise the Option on or before the Option Expiry Date, this Option Agreement shall be null, void and of no further force and effect, and the Owner may retain the Option Payments that have been paid to the date of such termination.

5. EXERCISE OF THE OPTION:

Upon exercise of the Option by the Buyer, the Owner and the Buyer shall be deemed to have entered into a purchase and sale agreement on the terms and conditions as set out in Section 13 (the "**Purchase Agreement**").

6. TERMINATION:

At any time prior to the Exercise Date, the Buyer, in its sole and absolute discretion, may terminate this Option Agreement upon delivery of written notice to the Owner in which event the Buyer shall have no further obligation to make any Option Payments.

7. ACCESS:

- (a) Subject to terms of this Section 6, the Owner agrees to grant the Buyer and its respective officers, employees, agents, contractors, sub-contractors, consultants, workers and permittees or any of them (the "**Entering Parties**") access on, over, along, upon, across, through and under the Option Lands at any reasonable time after the Effective Date, to conduct at the Buyer's sole cost and expense, environmental audits, soil tests, engineering studies and such other feasibility studies (collectively the "**Studies**") as the Buyer deems necessary in its absolute discretion to evaluate the condition of the Option Lands. The foregoing right of access shall remain in effect during the currency of this Option Agreement and if applicable, the Purchase Agreement.
- (b) The Owner acknowledges that the Studies may involve the drilling of holes or similar investigations. The Buyer agrees that the Entering Parties will not create any potential dangers or hazards to anyone coming onto the Option Lands and otherwise to return so far as reasonably possible the Option Lands to its original condition in the event the transactions contemplated by this Option Agreement are not successfully completed.
- (c) The Owner consents to the Entering Parties (with or without all plant, machinery, materials, supplies, vehicles and equipment) exiting, passing and repassing in, on, over, along, upon, across, through and under the Adjacent Lands, at any reasonable time after

the Effective Date during the currency of this Option Agreement and if applicable the Purchase Agreement for the purposes of obtaining access to the Option Lands to conduct the Studies. The Buyer covenants that it will take all reasonable care in utilizing such access and will restore the Adjacent Lands to its prior condition so far as reasonably possible following such inspections and tests.

- (d) Access by the Buyer is permitted only on and subject to the following terms:
- (i) Access by the Entering Parties and all Studies conducted by or on behalf of such parties will be at the sole cost, risk and expense of the Buyer.
 - (ii) The Buyer shall repair all damage to the Option Lands caused by it or the Entering Parties at the Buyer's own expense.
 - (iii) The Buyer will and does hereby indemnify and save the Owner harmless from all Losses that the Owner may suffer as a result of any act or omission of the Buyer or anyone acting on its behalf or attributable to access of the Option Lands or the performance of the Studies by the Buyer or the Entering Parties or anyone acting for or on its behalf or anyone for whom it is responsible at law except to the extent that such Losses are caused by the negligence or wilful misconduct of the Owner or anyone from whom it is responsible at law.
 - (iv) The Owner shall, at all times prior to the Closing Date, retain care, management and control of the Option Lands including during any period where the Buyer and/or or the Entering Parties access the Option Lands.
 - (v) The Buyer will at all times ensure that:
 - (1) to the extent there is an impact on the Option Lands as a result of the Entering Parties accessing and carrying out its Studies, the Option Lands will be maintained in a clean and orderly condition to the extent that is reasonable in the circumstances;
 - (2) any existing improvements, structures, utilities and equipment on the Option Lands are in no way damaged or adversely effected except where and to the extent previously agreed to in writing by the Owner;
 - (3) Studies are performed in accordance with good engineering and environmental practice and to the standards of safety required by Applicable Law; and
 - (4) it uses commercially reasonable efforts to ensure that the Studies do not interfere with or otherwise adversely affect the Owner's use and enjoyment of the Option Lands or access thereto or the use, enjoyment and access by anyone having lawful permission to use the Option Lands to the extent such use and enjoyment by the Owner or others having lawful permission to access the Option Lands are made known to the Buyer in writing prior to undertaking any such Studies.

- (vi) Except as required by law or where otherwise agreed to in writing by the parties, the Buyer will not request inspections by Governmental Authorities. If, in the commercially reasonable opinion of the Owner, but without assuming any obligation to do so, the Owner considers any Studies being conducted on the Option Lands by or on behalf of the Buyer to be unsafe or damaging, the Owner may require the Buyer to temporarily cease to perform such Studies and the Buyer shall promptly comply with any commercially reasonable requirements of the Owner to remedy such unsafe or damaging activity, at the Buyer's expense and only after such remedy shall the Buyer proceed again with such Studies.

8. DUE DILIGENCE AND ENCUMBRANCES:

- (a) On or before the 90th day following the Effective Date (the "**Due Diligence Date**"), the Buyer shall have satisfied itself with respect to the results of whatever searches the Buyer, in its sole, absolute and subjective discretion, deems advisable with respect to the Option Lands including, without limitation, title to the Option Lands, any legal, physical, operational, financial or other matter in connection with the Option Lands including, without limitation, any Deliveries, and the environmental status of the Option Lands (the "**Due Diligence**"). In the event that the Buyer is not satisfied with the results of its Due Diligence in its sole, absolute and subjective discretion, the Buyer may by written notice to the Owner on or before 5:00 p.m. on the Due Diligence Date, elect to terminate this Option Agreement, following which the Buyer shall return Option Payment 1 to the Buyer without interest and without any cost, set-off or compensation, which return of said Option Payment 1 to the Buyer by the Owner will be accepted by the Buyer and acknowledged in writing as full satisfaction of any and all claims under or related to this Option Agreement.
- (b) The Buyer shall have until the Due Diligence Date to investigate title to the Option Lands and to submit valid written objections to title to the Owner (the "**Objections**"). Mortgages, judgments, taxes, mechanic's liens, and similar monetary liens shall be deemed not to be Objections hereunder, however, the Owner shall, at its expense, remove or cause their removal on or before the Closing Date. Notice of this Option Agreement shall not be deemed to be an Objection hereunder. Permitted Encumbrances shall not be deemed to be Objections provided that the Owner shall obtain third party compliance confirmations as requested by the Buyer. The Buyer's failure to so notify the Owner in writing of any Objection shall constitute an acceptance of the Owner's title to the Option Lands.
- (c) The Owner shall have 30 days from receipt of the Objections to complete the matters set forth in the Objections and comply with Section 8(g). If the Owner is unwilling or unable to satisfy any Objection, the Owner shall so notify the Buyer (the "**Objection Response**"). The Owner shall provide the Buyer with evidence reasonably required to demonstrate the Owner's completion of the matters set forth in the Objections and compliance with the matters referred to in Section 8(g) within 30 days from receipt of the Objections.

- (d) On or before the expiry of 10 days following receipt by the Buyer of the Objection Response, the Buyer shall by written notice to the Owner elect to terminate this Option Agreement, or accept the Option Lands on Closing Date subject to any Objection without any abatement in the Purchase Price.
- (e) In the event the Buyer elects to terminate this Option Agreement pursuant to Section 8(d), the Owner shall return Option Payment 1 to the Buyer without interest, and without any cost, set-off or compensation, which return of Option Payment 1 to the Buyer by the Owner will be accepted by the Buyer and acknowledged in writing as full satisfaction of any and all claims under or related to this Option Agreement.
- (f) The Owner shall not mortgage, charge, pledge, assign or otherwise encumber or dispose of the Option Lands or any interest in the Option Lands during the Option Period, save and except for a bona fide third party financing secured by the Option Lands and so long as prior to such financing the Owner obtains an agreement from the respective lender(s), mortgagee(s) or secured party(s) (collectively the “**Future Lender**”) in favour of the Buyer, in form and content reasonably satisfactory to the Buyer, wherein the Future Lender agrees to:
 - (i) be bound by this Option Agreement (including without limitation the granting of the Option), to the extent the Future Lender is in possession of, or succeeds to the ownership of, the Option Lands;
 - (ii) bind successors of the Future Lender;
 - (iii) subordinate and postpone its interest in the Option Lands to this Agreement; and
 - (iv) discharge its security against the Option Lands on the Closing Date upon the payment of the lesser of:
 - (1) the amounts outstanding under its security, or
 - (2) the balance of the Purchase Price.
- (g) If there are any existing debentures, mortgages, charges, or trust deeds registered against the Option Lands, the Owner shall either arrange for the discharge of same from the Option Lands prior to the Effective Date or obtain an agreement of such secured party in favour of the Buyer, in form and content reasonably satisfactory to the Buyer, wherein such secured party agrees to:
 - (i) be bound by this Option Agreement (including without limitation the granting of the Option), to the extent it is in possession of, or succeeds to the ownership of, the Option Lands;
 - (ii) bind successors of the secured party;
 - (iii) subordinate and postpone its interest in the Option Lands to this Option Agreement; and

- (iv) discharge its security against the Option Lands on the Closing Date upon the payment of the lesser of:
 - (1) the amounts outstanding under its security, or
 - (2) the balance of the Purchase Price.

Without limiting the foregoing the Owner and Buyer acknowledge that the following charges are currently registered against title to the Option Lands:

- (h) The Owner shall not sell, lease, grant purchase or lease options and or rights of first refusal to purchaser and lease, and/or otherwise dispose of the Option Lands or any interest therein, during the Option Period, save and except for a bona fide third party sale of the Option Lands, and then only so long as prior to such sale the Owner obtains an agreement from the purchaser (the “**Future Purchaser**”) in favour of the Buyer, in form and content reasonably satisfactory to the Buyer, wherein the Future Purchaser agrees to:
 - (i) be bound by this Option Agreement (including, without limitation, the sale of the Option Lands, and the provision respecting Future Lenders) effective on the closing of the Future Purchaser’s purchase of the Option Lands;
 - (ii) bind successors of the Future Purchaser; and
 - (iii) subordinate and postpone its interest in the Option Lands to this Option Agreement.

9. REPRESENTATIONS AND WARRANTIES OF OWNERS:

The Owner represents and warrants that:

- (a) the Owner has the necessary authority, power and capacity to own the Option Lands;
- (b) the Owner has the necessary authority, power and capacity to enter into this Option Agreement and the documents and transactions contemplated herein and deliver this Option Agreement and the documents and transactions contemplated herein on the terms and conditions herein contained;
- (c) this Option Agreement and the obligations of the Owner hereunder and the documents and transactions contemplated herein, all constitute legal, valid and binding obligations of the Owner enforceable against the Owner in accordance with their terms;
- (d) the Owner is not a non-resident of Canada within the meaning of section 116 of the *Income Tax Act* (Canada);
- (e) there are no consents necessary for the transfer, assignment and conveyance of the Option Lands in accordance with this Option Agreement and the Purchase Agreement;

- (f) there is no existing litigation, judicial or administrative action, statutory proceeding, judgment or order, and the Owner has not received notice of any of the foregoing, that are pending that involve the Option Lands or could affect the ownership or use of the Option Lands;
- (g) save and except for this Option Agreement, there are no options or other rights to purchase rights of first refusal, or rights of first offer with respect to the Option Lands or any part thereof nor shall the Owner grant any such options or rights during the duration of this Option Agreement;
- (h) the Owner is not in default under any of the Permitted Encumbrances;
- (i) save and except as disclosed in Section 11, the Option Lands are in compliance with all Environmental Laws and does not contain any Hazardous Substances, contaminants or any hazardous or toxic wastes or substances, nor do any conditions exist at, in or under the Option Lands which could permit the issuance of any Environmental Claim, order or give rise to any other liability thereunder concerning protection or impairment of air, land, surface water or ground water or any other Environmental Laws;
- (j) as disclosed by registered title, the Owner has not entered into, nor is the Owner aware of, any unregistered agreements, contracts or covenants with any Governmental Authority relating to any rezoning, development, servicing, severance or subdivision of the Option Lands;
- (k) the Owner has not committed an act of bankruptcy, nor is it an insolvent person (as such term is defined by the *Bankruptcy and Insolvency Act*) and no petition or receiving order has been filed against the Owner, and no proceedings for a compromise with or proposal to the Owner's creditors or for the winding-up, liquidation or other dissolution of the Owner has been instituted by or against the Owner under any Applicable Laws;
- (l) subject to Section 8, the Option Lands are not subject, nor to the Owner's knowledge will it be subject in the future, to any security, encumbrance, claim, demand or other rights in favour of any third party creditor of the Owner or its respective predecessors or affiliates, in connection with any prior, current or pending CCAA proceeding;
- (m) the Option Lands are not subject to, nor is the Owner aware of any current or pending, First Nation Claims;
- (n) all oil and gas leases, license and other rights relating to extraction of oil at the Option Lands have expired and/or are abandoned and on the Closing Date no instruments relating to same will be registered on title to the Option Lands;
- (o) neither the Option Lands nor any part thereof has been expropriated and the Owner has not received written notice of any contemplated expropriation proceedings affecting the Option Lands or any part of the Option Lands;
- (p) the Option Lands are used in material compliance with all Applicable Laws, development agreements and the Permitted Encumbrances;

- (q) there are no work orders outstanding against the Option Lands, and no notices of non-compliance have been received from any fire department, building department, engineering department, air pollution branch, hydro authority, health department, or any Governmental Authority that may have authority over the Option Lands;
- (r) there are no outstanding arrears for taxes of any nature or any other expense, charge or fee in respect of the Option Lands other than those that will be paid or adjusted and cleared on or before the Closing Date;
- (s) there are no encroachments, easements, rights-of-way, restrictive covenants, leases, licenses, contracts or other encumbrances whatsoever running with the Option Lands or affecting the title to the Option Lands, other than Permitted Encumbrances;
- (t) the Owner is not currently engaged in negotiations or talks of any kind with any person relating to the disposition or development of the Option Lands other than as provided for in Section 8(h) and it will not enter into any such negotiations or talks until this Option Agreement expires or is terminated;
- (u) the Owner has good and marketable title in fee simple to the Option Lands subject only to the Permitted Encumbrances;
- (v) the Owner has delivered to the Buyer all title documents, appraisals, environmental reports, soil tests, geological surveys, land surveys, information regarding First Nation Claims and First Nation Agreements, and all other documents and information relevant and/or relating to the Option Lands within the Owner's possession or control (the "Deliveries");
- (w) the value of the Option Lands as reflected as less than \$50 million Canadian dollars on the balance sheet of the Owner and all the transactions contemplated in the Option Agreement and Purchase Agreement are not subject to approval under the *Competition Act*;
- (x) on the Closing Date, the Buyer shall have no liability or obligations with respect to employees of the Owner or its manager (if applicable) at the Option Lands none of whom shall become or be deemed to be employees of the Buyer on the Closing Date; and
- (y) the Owner has not engaged any real estate agent or broker to represent it respecting the Option Agreement, the Purchase Agreement or the transactions contemplated therein.

If the Owner has actual knowledge or information at any time following the Effective Date of matters then existing which affect the representations and warranties contained herein, the Owner will immediately communicate such information to the Buyer by way of a notice specifically referring to the representation and warranty where applicable. Without limiting the foregoing, if any Deliveries not previously delivered to the Buyer become in the possession and control of the Owner following the Effective Date, the Owner shall forthwith deliver same to the Buyer.

10. REPRESENTATIONS AND WARRANTIES OF THE BUYER:

The Buyer represents and warrants that:

- (a) it has the necessary authority, power and capacity to enter into this Option Agreement and the documents and transactions contemplated herein and deliver this Option Agreement and the documents and transactions contemplated herein on the terms and conditions herein contained;
- (b) this Option Agreement and the obligations of the Buyer hereunder and the documents and transactions contemplated herein all constitute legal, valid and binding obligations of the Buyer enforceable against the Buyer in accordance with their terms; and
- (c) the Buyer has not engaged any real estate agent or broker to represent it respecting the Option Agreement, the Purchase Agreement, or the transactions contemplated therein.

11. REMEDIATION OF THE OPTION LANDS:

- (a) If the Option has been exercised by the Buyer, the Owner shall prior to the Closing Date, at its sole cost and expense, in a good and workman like manner, in accordance with Environmental Laws, remediate (the “**Remediation**”) the Option Lands to applicable, Ministry of the Environment generic standards for an agricultural use property as set in Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the *Environmental Protection Act*, March 9, 2004 as amended, supplemented, modified or replaced from time to time, in accordance with a remediation plan to be prepared by the Buyer’s Environmental Consultants acting on a commercially reasonable basis.
- (b) If in the opinion of the Owner’s Environmental Consultant, acting on a commercially reasonable basis, it is not commercially practical to complete the Remediation prior to the Closing Date the following shall apply:
 - (i) the Buyer’s Environmental Consultant shall estimate, acting on a commercially reasonable basis, the cost of the Remediation (the “**Estimate**”);
 - (ii) on the Closing Date, the Buyer shall receive a credit on the statement of adjustments in an amount equal to the Estimate (the “**Credit**”);
 - (iii) the Buyer shall be required to complete the Remediation in the same manner as the Owner were required to complete the Remediation pursuant to Section 11(a);
 - (iv) upon completion of the Remediation and the determination of the final costs associated with same, the parties hereto will re-adjust the Credit with the intent that:
 - (1) the Owner is responsible for the all costs and expenses associated with the Remediation, including costs and expenses which exceed the amount of the Credit; and

(2) the Buyer is not entitled to retain any amount from the Credit in excess of the total costs expended to complete the Remediation.

(c) This Section 11 shall not merge on, and shall survive, the closing of, the purchase of the Option Lands until such time as the Remediation has been completed.

12. CO-OPERATION BY OWNER:

(a) The Owner shall provide all necessary and commercially reasonable co-operation, consents and confirmations to the Buyer in order to allow the Buyer, at its sole cost and expense to:

(i) obtain all necessary federal, provincial and local licences, consents and approvals including, executing applications for re-zoning or site plan, development or other agreements;

(ii) conduct an environmental assessment if required;

(iii) have access to the appropriate personnel of the Owner and its affiliates to discuss their respective relationships (if any) with any First Nations;

(iv) obtain the Approvals; and

(v) the Severance Consent.

(b) The Buyer shall provide an appropriate indemnification for any Losses incurred by the Owner as a result of the executing of any consents, applications and/or other agreements in connection with the Owner's co-operation in this Section 12.

(c) The Owner shall not, directly or indirectly, intervene against, object to, oppose or interfere with the Buyer's efforts with respect to the Option Lands including the Approvals, Severance Consent and any proposed development of the Option Lands.

13. PLANNING ACT:

(a) This Option Agreement is subject to the condition that the provisions of the *Planning Act* (Ontario) as amended, are complied with.

(b) If the purchase and sale of the Option Lands requires any severance or other consent under any subdivision control legislation, any applicable filing fees, legal costs and other fees related to obtaining such required severances or other consent shall be paid by the Buyer at its sole cost and expense (the "**Severance Consent**").

(c) The Buyer shall arrange at its expense for a Survey to be prepared and a draft thereof delivered to the Owner for its approval. The area of the Option Lands on the Survey may be less but not greater than the area of the Option Lands as identified in Schedule C. Provided that the Buyer has first exercised the Option, the Survey, as approved by the Owner, shall be registered by the Buyer at its expense, prior to the Closing Date.

- (d) Any conditions imposed by any Governmental Authority with respect to the Severance Consent shall be acceptable to the Buyer, acting reasonably. Any condition imposed by any Governmental Authority with respect to the Severance Consent shall be acceptable to the Owner acting reasonably.
- (e) Any conditions to any Severance Consent, with the exception of payment of property taxes but excluding any additional costs incurred as a result of the Severance Consent or this Option Agreement shall be satisfied by the Buyer, at its expense, on or before the Closing Date. The Severance Consent shall be final and binding and not subject to appeal (or if an appeal has been commenced, such appeal shall have been finally determined to the satisfaction of the Buyer).
- (f) In the event that the Owner determines that any conditions imposed pursuant to a Severance Consent other than those for which the Buyer is responsible hereunder are unacceptable to the Owner, the Owner shall provide a written notice to Buyer advising of same within 30 Business Days of receipt of a copy of any notice of decision regarding a Severance consent that the Buyer indicates in writing that it is satisfied with and does not intend to appeal. If the Owner has not responded to such written notice within such 30 Business Days period, it shall be deemed to have accepted such conditions. In the event that the Owner gives notice that any one or more conditions imposed pursuant to the Severance Consent is unacceptable, then the Owner and Buyer shall meet within 15 Business Days to attempt to resolve such matter. The Owner and Buyer shall each act reasonably and in good faith in resolving such matter. The Buyer may elect to appeal any Severance Consent in order to address the issue(s) raised by the Owner in any notice to the Buyer regarding any condition imposed.
- (g) The Owner shall cooperate with the Buyer and execute the necessary documents required to sever the Option Lands, provided that such Severance Consent shall only be effected on Closing. The Buyer shall have the right to appeal at its sole cost and expense any Severance Consent.

14. PURCHASE AGREEMENT TERMS AND CONDITIONS:

In the event of a sale to the Buyer, the following shall apply:

- (a) The closing (“**Closing**”) of any sale shall be held at the office of the Buyer’s solicitors at 10:00 a.m. (local time) on the first Business Day following the 60th day after the Exercise Date, or such earlier or later date as may be mutually agreed upon by the parties to the transaction (such date being hereinafter referred to as the “**Closing Date**”). If the applicable Land Registry Office is not open for business on the Closing Date, the Closing Date shall be deemed to be on the next day on which it is open for business.
- (b) On the Closing Date, the Owner shall deliver to the Buyer a transfer deed of land of the Option Lands in a form suitable for registration, together with such customary instruments and documents for similar transactions (to be reasonably satisfactory to counsel for the Buyer and the Owner acting on a commercially reasonable basis) as may be necessary or desirable to give effect to the sale and transfer of the Option Lands

(collectively the “**Closing Documents**”). The transfer documents shall be legally sufficient to convey the Option Lands to the Buyer. Failing agreement of the terms of the closing documents, the terms thereof will be determined by mediation in accordance with Section 30 of the Option Agreement with the arbitrators being lawyers with at least 10 years experience in negotiating similar documents for both buyers and sellers.

- (c) The balance of the Purchase Price for the Option Lands shall be paid to or to the order of the Owner on the Closing Date subject to adjustment on Closing for any municipal property taxes, charges and other impositions normally the subject of adjustment between buyers and sellers for the purchase of similar property to the Option Lands in Ontario.
- (d) The Owner shall either provide the Buyer with evidence reasonably satisfactory to the Buyer that the Owner is not then a non-resident of Canada within the meaning of the *Income Tax Act* (Canada), as modified and re-enacted from time to time, or provide the Buyer with a certificate pursuant to subsection 116(2) of such Act, with a certificate limit in an amount not less than the Purchase Price; provided that, if such evidence or certificate is not forthcoming, the Buyer shall be entitled to make the payment of tax required under Section 116 of such Act or the comparable provisions of such Act, as then constituted, and to deduct such payment from the Purchase Price.
- (e) Any tender of documents or money may be made upon the Buyer or the Owner or its respective solicitors on the Closing Date. Money may be tendered by wire transfer, bank draft or certified cheque, in each case drawn upon or wired by a Schedule I Canadian chartered bank.
- (f) The Buyer covenants and agrees that it will be on the Closing a registrant under the *Excise Tax Act* (the “**ETA**”), if required at such time to be a registrant. The Buyer hereby undertakes to file returns and remit on a timely basis any GST owing on the transfer of the Option Lands to the extent required by the ETA and shall indemnify and hold the Owner harmless from any liability of the Owner under the ETA because of a breach of the obligations of the Buyer hereunder, if the Buyer is required to pay GST.
- (g) If the Owner is not represented at the Closing or is represented but fails for any reason whatsoever to produce and deliver all of the Closing Documents it is required to so produce and deliver, and provided the Buyer produces and delivers all of the Closing Documents it is required to so produce and deliver, then, the Purchase Price may be deposited by the Buyer in a special account at a branch of the bank used by the Buyer in the name of the Owner. Subject to the foregoing, such deposit shall constitute valid and effective payment of the Purchase Price to the Owner even though the Owner has, in breach of this Option Agreement, voluntarily encumbered or disposed of any of its interest and notwithstanding the fact that a conveyance or conveyances or assignment or assignments for any of the Option Lands may have been delivered in breach of this Option Agreement. If the Purchase Price is deposited as aforesaid then, from and after the date of such deposit, and even though the Closing Documents have not been delivered to the Buyer, and provided the Buyer has produced and delivered to the Owner all Closing Documents so required, the purchase of the Option Lands shall be deemed to have been fully completed and all right, title, benefit and interest, both at law and in

equity, in and to the Option Lands shall be conclusively deemed to have been transferred and assigned to and become vested in the Buyer and all right, title, benefit and interest, both in law and in equity of the Owner, or of any transferee, assignee or any other person having any interest, legal or equitable, therein or thereto shall cease and determine, provided, however, that the Owner shall be entitled to receive the Purchase Price so deposited, without interest, upon delivery to the Buyer of the all of the Closing Documents required to be delivered by the Owner.

- (h) If an Owner does not produce all necessary Closing Documents at the Closing, the Owner hereby irrevocably constitute and appoint the Buyer (and Borden Lander Gervais LLP solely for the purpose registering on the Teraview system by electronic registration any Closing Documents required to be so registered including but not limited to a transfer deed of land for the Option Lands) as its true and lawful attorney-in-fact and agent, in the name of and on behalf of the Owner to execute and deliver in the name of the Owner all such assignments, transfers, deeds or instruments as may be necessary to effectively transfer and assign the Option Lands to the Buyer. Such appointment and power of attorney, being coupled with an interest, shall not be revoked by the dissolution, winding-up, bankruptcy or insolvency of the Owner and the Owner hereby ratifies and confirms and agrees to ratify and confirm all that the Buyer (and Borden Lander Gervais LLP as applicable) may lawfully do or cause to be done by virtue of the provisions hereof. The Owner hereby irrevocably consents to the transfer of the Option Lands made pursuant to the provisions of this Section.
- (i) The Buyer is entitled to direct the Owner to convey title to the interest in the Option Lands to an affiliate or nominee of the Buyer.
- (j) It is a condition of Closing that all matters of payment, execution and delivery of Closing Documents by each party to the other, the registration of the appropriate documents in the appropriate offices of public record as herein provided, and the fulfillment of all other conditions of Closing, shall be deemed to be concurrent requirements and it is specifically agreed that nothing will be completed at the Closing until everything required as a condition precedent at the Closing has been paid, executed, delivered and satisfied (unless waived by the party for whose benefit the condition exists). Upon such completion and satisfaction or waiver of all conditions set forth in this sub-section, the documents and monies shall be released from escrow and the Closing shall be deemed to have been completed on the Closing Date. Interest on the Purchase Price from the Closing Date until the release from escrow shall be paid to the Owner and no additional interest or other compensation shall be owing by the Buyer on the Purchase Price. Notwithstanding anything to the contrary herein contained, in the event the Buyer obtains title insurance (including gap insurance), all Closing Documents and money shall not be held in escrow pending registration as herein contemplated but shall be immediately released to the Owner, provided it shall remain obligated to transfer title to the Buyer free and clear of all encumbrances, except Permitted Encumbrances.
- (k) If any agreement that is to be assigned to the Buyer at the Closing cannot be assigned without the consent of a third party and such consent is not obtained by the Closing, the Owner shall hold such agreements in trust for the Buyer, provided that the Buyer

indemnifies the Owner in respect of all obligations thereunder for the period after the Closing Date.

- (l) The Owner's title to the Option Lands shall, on the Closing Date, be good and marketable in fee simple subject only to the Permitted Encumbrances, provided the Owner is in compliance thereunder.
- (m) On the Closing Date each of the Owner and Buyer shall deliver a certificate to the other whereby such party confirms that all their respective representations and warranties in Section 9 and Section 10 of the Option Agreement are true and accurate in all material respects as of the Closing Date and such representations and warranties shall not merge on the completion of transactions contemplated in the Purchase Agreement and shall survive for a period of 12 months following the Closing Date. The provision of the Deliveries to the Buyer, or any of the Buyer's right of inspection, access or examination in the Option Agreement and/or the Purchase Agreement shall not affect, lessen, reduce or mitigate any of the representations, warranties and covenants of the Owner contained in the Purchase Agreement.
- (n) Time shall in all respects be of the essence hereof provided that the time for the doing or completing of any matter referred to herein may be extended or abridged by an agreement, in writing, executed by the Buyer and the Owner.
- (o) The obligations of each party to complete the transactions constituted by the Purchase Agreement shall be subject to the following conditions:
 - (i) Conditions in favour of the Buyer:
 - (1) all of the terms, covenants and conditions of the Purchase Agreement and Option Agreement to be complied with or performed by the Owner shall have been complied with or performed in all material respects at the times contemplated in such agreements;
 - (2) by the Closing Date, the representations or warranties of the Owner in the certificate to be delivered pursuant to Section 14(m) shall be true and accurate in all material respects.
 - (3) by the Closing Date, the Owner shall have obtained and delivered to the Buyer all third party approvals, consents and releases and documentation, if any, which are necessary in connection with the sale of the Option Lands and transactions contemplated hereby.
 - (ii) Conditions in favour of the Owner:
 - (1) all of the terms, covenants and conditions of the Purchase Agreement and Option Agreement to be complied with or performed by the Buyer shall have been complied with or performed in all material respects at the times contemplated in such Agreements, including without limitation obtaining the Severance Consents; and

- (2) on the Closing Date, the representations or warranties of the Buyer in the certificate to be delivered pursuant to Section 14(m) shall be true and accurate in all material respects.
- (p) The conditions set forth in Section 14(o)(i) are for the benefit of the Buyer, and may be waived in whole or in part by the Buyer by notice to the Owner on or before the applicable date referred to above. The conditions set forth in section 14(o)(ii) are for the benefit of the Owner, and may be waived in whole or in part by the Owner by notice to the Buyer on or before the applicable date referred to above.
- (q) In the event any condition set forth in Section 14(o)(i) and Section 14(o)(ii) is not satisfied or waived as therein provided on or before the applicable date referred to in Section 14(o), the Purchase Agreement shall be terminated, null and void and of no further force or effect whatsoever, unless the reason for such failure of condition is a default by a party hereunder. If by 5:00 p.m. Toronto time on the applicable date referred to in Section 14(o)(i) and Section 14(o)(ii), the party having the benefit of the condition has not given notice to the other that a condition has not been satisfied or has been satisfied or has been waived, such condition shall be deemed not to have been satisfied or waived.
- (r) On the Closing Date, vacant possession of the Option Lands shall be given to the Buyer, subject only to the Permitted Encumbrances.

15. CONFIDENTIALITY:

The Buyer and its consultants, agents, advisors and solicitors shall keep confidential all information, documentation and records obtained from the Owner or its consultants, agents, advisors, solicitors or lenders with respect to the Option Lands, as well as any information arising out of the Buyer's access to the Owner's records and the Option Lands and its due diligence with respect thereto (collectively, the "**Confidential Information**"). The Buyer shall not use any Confidential Information for any purposes not related to its proposed purchase of the Option Lands. Nothing herein contained shall restrict or prohibit the Buyer from disclosing Confidential Information to its consultants, agents, advisors, solicitors, and lenders as long as such parties agree to keep such Confidential Information confidential or the Owner receives such other assurances which are acceptable to it. The Confidential Information referred to in this Section shall not include:

- (a) public information or information in the public domain at the time of receipt by the Buyer or its consultants, agents, advisors or solicitors;
- (b) information which becomes public through no fault or act of the Buyer or its consultants, agents, advisors, solicitors or lenders;
- (c) information in the possession of the Buyer not provided by the Owner or its consultants, agents, advisors and solicitors;
- (d) information required to be disclosed by law; or

- (e) information received in good faith from a third party lawfully in possess of the information and not in breach of any confidentiality obligations.

If the purchase and sale of the Option Lands is not completed for any reason, the Buyer shall promptly return to the Owner all Confidential Information (other than the Buyer's notes and due diligence materials) including all copies, and shall destroy all of the Buyer's notes and due diligence materials containing Confidential Information related to the Option Lands.

16. REAL ESTATE COMMISSIONS:

Each of the Owner and the Buyer shall be responsible for their own real estate commissions, if any.

17. RUN WITH LANDS:

The burden and benefit of this Option Agreement shall run with the Option Lands, and the works and undertaking of the Buyer; and shall be binding upon and enure to the benefit of the Owner and its respective administrators, successors and assigns.

18. REGISTRATION:

The Owner hereby covenants and agrees that the Buyer may, at its sole option and cost, register a notice of this Option Agreement on title to the Option Lands, and the Owner hereby covenants and agrees to execute, at no further cost or condition to the Buyer, such further and other instruments and documents as may reasonably be required by the Buyer to effect registration of this Option Agreement or notice thereof on title to the Option Lands.

19. LAND TRANSFER TAX:

The Buyer shall be responsible for the land transfer tax, goods and services tax, and registration fees payable in connection with this Option Agreement and the purchase and sale of the Option Lands pursuant to the Purchase Agreement constituted upon the exercise by the Buyer of the Option herein granted.

20. FURTHER ASSURANCE:

Each of the Owner and the Buyer agree that they shall and will from time-to-time and at all times do all such further acts and execute all such further documents and provide all such assurances as shall be reasonably required by the other to fully perform and carry out the terms of this Option Agreement and the Purchase Agreement.

21. SURVIVAL:

The representations, warranties, covenants and agreements contained in this Option Agreement shall survive exercise of the Option and shall continue to bind the Buyer and Owner as purchaser and vendor respectively under the Purchase Agreement and shall be deemed to be incorporated into the Purchase Agreement.

22. NOTICE:

Any notice, statement, document or other communications required to be given to any party pursuant to the provisions of this Option Agreement, shall be sufficiently given if such notice, statement or document or other communication is in writing and delivered to such other party addressed as follows:

To the Buyer:

Northland Power Inc.
17th Floor, 30 St. Clair Avenue West
Toronto, Ontario
M4V 3A1

Attention: Mr. John Brace

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

or to such other address as may be given to the other in writing from time to time. Any such notice, statement, document or other communication shall, if delivered prior to 4:30 p.m. (Toronto time) on a Business Day, be deemed to have been received by the other party on the same day on which it is delivered and if delivered at any other time, be deemed to have been received by the other party on the next following Business Day after the date of actual receipt of delivery.

23. TIME OF THE ESSENCE:

Time shall be of the essence of this Option Agreement and the Purchase Agreement.

24. ASSIGNMENT:

The Buyer may assign this Option Agreement and the Purchase Agreement to any person, firm, partnership, corporation or other legal entity designated by the Buyer in its absolute discretion, provided such assignee agrees to be bound by the terms of this Option Agreement. This Option Agreement and the Purchase Agreement may be assigned by the Owner only in accordance with Section 8.

25. PAYMENTS:

All Option Payments and/or any other amounts to be paid by the Buyer to the Owner pursuant to this Agreement shall be made for value on the day such amount is due and, if such day is not a Business Day, on the Business Day next following, by cheque delivered to the Owner by the Buyer. Notwithstanding the foregoing, if an Option Payment and/or any other amounts payable hereunder are not paid by the Buyer within the time period specified for such

payment(s) in this Option Agreement, the Buyer shall be deemed not to be in default of this Option Agreement and should be deemed not to have forfeited the Option unless such payments are not made within 3 Business Days following receipt of notice from the Owner confirming that such payment(s) were not paid in a timely manner.

26. ENTIRE AGREEMENT:

This Option Agreement, including the attachments, constitutes the entire agreement between Buyer and Owners and supersede all prior agreements, understandings, negotiations and discussions with respect thereto and there is no representation, warranty, collateral agreement or condition affecting this Option Agreement or the Option Lands or supported hereby other than as expressed herein in writing.

27. LAWS:

This Option Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

28. AGREEMENTS AS COVENANTS:

Each agreement and obligation of any of the parties in this Option Agreement and the Purchase Agreement, even though not expressed as a covenant, is considered for all purposes to be a covenant.

29. BUSINESS DAY:

Where a payment, delivery, action, obligation, and/or covenant to be performed under the Option Agreement and/or the Purchase Agreement is required to be made and/or undertaken on a day which is not a Business Day and, as a result, such payment and/or undertaking cannot be complied with on such day, then such payment and/or undertaking shall be required to be complied with on the first Business Day following such non Business Day.

30. DISPUTE RESOLUTION:

In the event of any dispute between the parties hereto with respect to any provisions of this Option Agreement, or with respect to anything arising hereunder, the matter in dispute shall be submitted to arbitration if a party hereto (the "**Initiating Party**") notifies the other of its intention to resort to arbitration and includes with such notice the name of its nominee as arbitrator. Within 7 Business Days after delivery of such notice, the other party ("**Responding Party**") shall notify the Initiating Party of a second arbitrator appointed by it, failing which the arbitrator appointed by the Initiating Party shall act as the sole arbitrator. If the Responding Party appoints an arbitrator as aforesaid, the two arbitrators so appointed shall, within 7 Business Days of the appointment of the last of them appointed, choose a third arbitrator, and if they fail to agree on such choice, then the Initiating Party shall be entitled to make application to court under the *Ontario Arbitrations Act* 1991 for the appointment of a third arbitrator. The three arbitrators or single arbitrator appointed or chosen as aforesaid, shall forthwith proceed to arbitrate the dispute between the parties hereto and shall, within 15 days, or so soon thereafter as may be practicable, render a decision in writing and shall cause such decision to be thereupon

served upon the parties hereto. If there are 3 arbitrators, the decision of a majority of them shall govern. The arbitration decision shall be final and binding on both parties and not subject to appeal. The cost of any arbitration shall be borne equally by the parties hereto, except as the arbitration decision may otherwise determine.

31. ACTING REASONABLY:

The parties will act reasonably in connection with any consents, approvals, provisions or any other exercise of discretion under this Option Agreement and/or the Purchase Agreement.

32. OPERATION OF THE OPTION LANDS:

From the Effective Date until the Closing Date or the earlier termination of this Option Agreement, the Owner shall operate the Option Lands in accordance with sound business and management practice as would a prudent owner of comparable property. During the Option Period the Option Lands shall only be used for purposes consistent with the Owner's use as of the Effective Date.

33. RECIPROCAL INDEMNITY:

The Owner shall indemnify and save harmless the Buyer and the Buyer shall save harmless the Owner against any and all Losses arising from or out of the occupancy or use by the such party (the "**Defaulting Party**") of all or part of the Option Lands or occasioned wholly or in part by a default by the Defaulting Party of its obligations under this Agreement, or by any act or omission of the such party, its officers, employees, agents, contractors, invitees, licensees or by any person permitted by the Defaulting Party to be on the Option Lands or due to or arising out of any breach by such party of this Agreement, or in the case of the Owner arising from or out of the occupancy or use of the Option Lands by it or any party other than the Buyer. If the party to this Option Agreement which is not the Defaulting Party (the "**Non Defaulting Party**") shall, without fault on its part, be made a party to any litigation commenced by or against the Defaulting Party then the Defaulting Party shall protect, indemnify and hold the Non Defaulting Party harmless in connection with such litigation. The Non Defaulting Party may at its option participate in any litigation or settlement discussions relating to the foregoing, or any other matter for which the Defaulting Party is required to indemnify the Non Defaulting Party under this Agreement. This Indemnity shall survive the termination of this Option Agreement.

34. OWNER'S LEGAL COSTS AND EXPENSES

The Buyer shall be responsible for the payment of all reasonable legal costs and expenses incurred by the Owner in connection with the preparation of any documents or other registrations required to be completed in response to the Objections including the preparation and delivery of the Objection Response and the preparation, negotiation and execution of the Closing Documents following the Exercise Date.

35. COUNTERPARTS:

This Option Agreement may be executed in any number of counterparts or by electronic means of communication, each of which when executed and delivered shall be deemed to be an

original hereof and fully binding upon the signatory thereto, and all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Owner and Buyer have executed this Option Agreement as of the Effective Date.

Per: _____
[Redacted]
Title:

Per: _____
[Redacted]
Title:

I/We have the authority to bind the Corporation

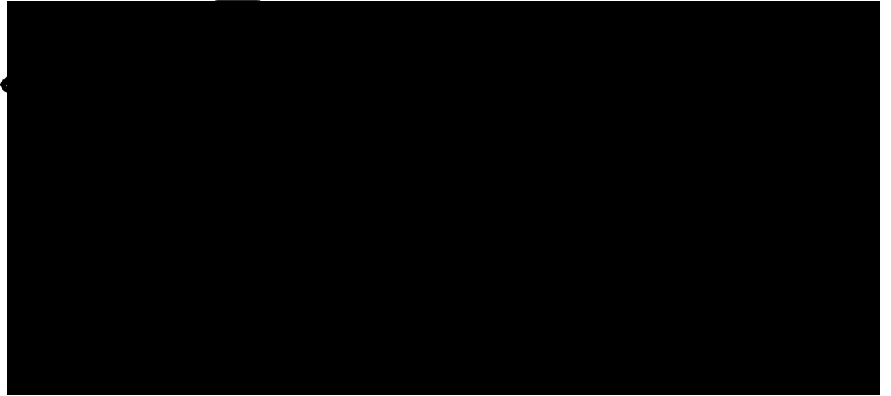
NORTHLAND POWER INC.

Per: _____
Name: John W. Brace
Title: President and CEO

I/We have the authority to bind the Corporation

original hereof and fully binding upon the signatory thereto, and all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Owner and Buyer have executed this Option Agreement as of the Effective Date.



I/We have the authority to bind the Corporation

NORTHLAND POWER INC.

Per: _____

Name: John W. Brace

Title: President and CEO

I/We have the authority to bind the Corporation



SCHEDULE A

LEGAL DESCRIPTION OF PROPERTY



SCHEDULE B
PERMITTED ENCUMBRANCES

SCHEDULE C

OPTION LANDS



AMENDING AGREEMENT

BETWEEN:

**NORTHLAND POWER SOLAR EMPIRE GP Inc., in its capacity as general partner for
NORTHLAND POWER SOLAR EMPIRE L.P.**
herein called the "Buyer"

OF THE FIRST PART

- and -

collectively, herein called the "Owner"

OF THE SECOND PART

RECITALS:

- A. The Owner and Northland Power Inc. entered into an Option to Purchase date the [REDACTED] (the "Option Agreement").
- B. On or about [REDACTED] the Option Agreement was assigned by Northland Power Inc. to the Buyer.
- C. The Owner and the Buyer wish to amend the Option Agreement on the terms and conditions as more particularly set out in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the sum of Ten (\$10.00) Dollars now paid by the Buyer to the Owner, the receipt and sufficiency of which is hereby acknowledged, the mutual covenants herein contained and other good and valuable consideration, the parties agree as follows:

- 1. All capitalized terms in this Agreement shall have the same meaning as in the Option Agreement.
- 2. The definition of "Option Lands" shall be replaced as follows:


"Option Lands" shall mean the Property.
- 3. The following provisions will be deleted from the Option Agreement:
 - (a) The definition of "Adjacent Lands".

- (b) The final sentence in the definition of “Approvals”, namely: “For greater certainty, Approvals do not include Severance Consent.”.
 - (c) The definition of “Severance Consent”.
 - (d) The definition of “Survey”.
 - (e) Section 7(c).
 - (f) Sections 13(b) – 13(g).
4. Section 3 shall be replaced as follows: “The purchase price (the “**Purchase Price**”) for the Option Lands shall be [REDACTED].
5. The parties confirm all of the other terms of the Option Agreement.

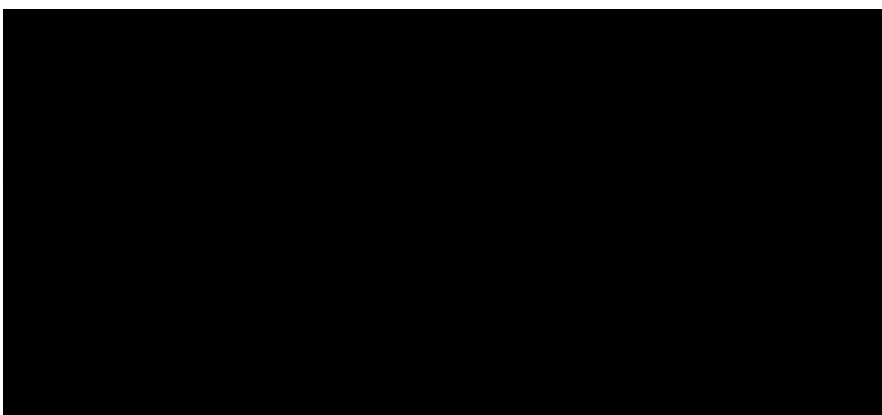
[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have hereto hereunto affixed their respective corporate seals duly attested by their proper signing officers.

**NORTHLAND POWER SOLAR
EMPIRE GP INC., in its capacity as
general partner for NORTHLAND
POWER SOLAR EMPIRE L.P.**

Per: 
Name: John Brace
Title: CEO

Per: _____
Name:
Title:



OPTION TO PURCHASE

THIS AGREEMENT made as of the [REDACTED]

BETWEEN:

NP SOLAR PROPERTIES INC.

(hereinafter called the “**OPTIONEE**”)

OF THE FIRST PART

– and –

[REDACTED]
(hereinafter called the “**OPTIONOR**”)

OF THE SECOND PART

WHEREAS the Optionor owns those lands situate in the District of Cochrane containing approximately [REDACTED] legally described in Schedule “A” attached hereto (the “**Lands**”);

AND WHEREAS the Optionor hereby wishes grant to the Optionee an option to purchase the Lands upon the terms and conditions hereinafter contained (the “**Optioned Lands**”);

AND WHEREAS this agreement is herein referred to as the “**Option Agreement**”.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the sum of [REDACTED] (the “**Option Consideration**”) now paid by the Optionee to the Optionor and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby covenant and agree as follows:

- 1. Option:** In consideration of the Option Consideration, the acceptance of which by the Optionor is hereby acknowledged, the Optionor hereby grants to the Optionee the exclusive option, irrevocable during the periods of time below specified in Section 3 of this Option Agreement, (and Section 4, if applicable), to purchase the Optioned Lands upon the terms and conditions set out herein (the “**Option**”). The Optionee hereby confirms that subject to Section 15 of this Option Agreement, the Option Consideration is non-refundable, but shall be credited toward the Purchase Price (as defined below) in the event that the Option is exercised. Such payment of Option Consideration (along with the Option Extension Consideration (as defined below), as applicable) shall comprise the sole compensation for the grant of the Option and the full amount due and owing for the nuisance and inconvenience, adverse effect and loss of use of the Optioned Lands during the term of the Option.

2. **Purchase Price:** The purchase price for the Optioned Lands shall be the sum of [REDACTED] (the "**Purchase Price**").
3. **Exercise Date:** The Option may be exercised by the Optionee any time from the date of this Option Agreement up to 4:29 p.m. on the [REDACTED] (the "**Option Expiry Date**") by a letter delivered or facsimile transmission or mailed postage prepaid and registered, to the Optionor at the address set out in Section 24 below. Subject to Section 4 below, if the Optionee does not exercise the Option on or before the Option Expiry Date, this Option Agreement and everything herein contained shall be null, void and of no further force and effect.
4. **Exercise Extensions:** In the event the Optionee has not by the Option Expiry Date exercised the Option to purchase the Optioned Lands, the Optionor hereby agrees to extend the Option, as it applies to the Optioned Lands (the "**Option Extension**"). The Option Extension is for a maximum of six (6) additional months (the "**Option Extension Period**"), provided the following terms and conditions have been satisfied:
 - (a) Prior to the Option Expiry Date, the Optionee provides written notice to the Optionor of its desire to extend the Option, as it pertains to the Optioned Lands, for the Option Extension Period; and
 - (b) The Optionee provides the Optionor with cash or certified cheque in the amount of [REDACTED] (the "**Option Extension Consideration**") at the same time it provides the written notice required by Section 4(a) above.

The Optionee hereby confirms that:

- (i) in the event the Option is not exercised by the Optionee, the Option Extension Consideration is non-refundable; and
 - (ii) in the event the Option is exercised by the Optionee, the Option Extension Consideration shall be credited toward the Purchase Price.
5. **Purchase Agreement:** Once the Option has been exercised by the Optionee, the Optionor and the Optionee shall execute a purchase agreement incorporating the principles attached hereto in Schedule "B" of this Option Agreement (such agreement of purchase and sale being the "**Purchase Agreement**") within five (5) Business Days from the date the Optionee exercises the Option (the "**Exercise Date**").
6. **Due Diligence:**
 - (a) The Optionee may undertake the following due diligence:
 - (i) The Optionee may enter the Optioned Lands at any reasonable time or times during the term of the Option (as extended, if applicable) and whether prior to or after the exercise of the Option to conduct, at its sole cost, an environmental audit and such soil tests and engineering studies as

it deems necessary to evaluate the condition of the Optioned Lands. The Optionor acknowledges that the tests and studies may involve the drilling of holes or similar investigations. The Optionee agrees to restore the Optioned Lands to its original condition in the event this transaction is not successfully completed;

- (ii) The Optionee shall satisfy itself that any amendment to the zoning by-law and/or official plan of the District of Cochrane which may be required to permit the Optionee to carry on the construction and operation of a transmission line servicing solar powered renewable generation facilities in the vicinity of the Optioned Lands and all uses ancillary thereto (the “**Intended Uses**”) on the Optioned Lands (the “**Rezoning**”) shall be available. The Optionor shall consent to any application for Rezoning;
- (iii) The Optionee shall satisfy itself that, if required, a consent, is obtained to the severance and transfer of the Optioned Lands pursuant to the *Planning Act*, R.S.O. 1990, c.P.13, as amended, on terms and conditions that would not materially interfere with the Optionee’s ability to develop the Optioned Lands for the Intended Use (the “**Severance**”);
- (iv) The Optionee shall satisfy itself that the requirements of the District of Cochrane, or any other governmental authority having jurisdiction with respect to storm water management for the Optioned Lands to permit the Optionee to carry on the Intended Uses, can be met at a cost determined by the Optionee in its sole discretion to be reasonable having regard to the development of the Optioned Lands for the Intended Uses;
- (v) That the Optionee will agree in writing, which agreement will be at the sole discretion of the Optionee upon review of any conditions of the site plan approval or agreement, to the terms of any conditions of site plan approval or agreement required by the District of Cochrane with respect to the development and use of the Optioned Lands (the “**Site Plan Approval**”). The Optionor shall consent to any application for Site Plan Approval. The Optionee shall be responsible, at its sole expense, for the satisfaction of all conditions to the Rezoning or Site Plan Approval;
- (vi) The Optionee shall have satisfied itself with respect to the completion of a renewable Energy Approval Permit from the Ontario Ministry of the Environment and any Leave to Construct Approval from the Ontario Energy Board;
- (vii) The Optionee shall satisfy itself that all levies, charges and other payments required to be made have been made (other than those that are the Optionee’s responsibility); and
- (viii) The Optionee shall satisfy itself that the requirements of the conservation authority, with jurisdiction over the Optioned Lands or any other

governmental authority having jurisdiction with respect to conservation or environmental matters respecting the Optioned Lands, to permit the Optionee to carry on the Intended Uses can be met at a cost determined by the Optionee in its sole discretion to be reasonable, having regard to the development of the Optioned Lands for the Intended Uses.

- (b) If required, the Optionee shall have carriage of the Rezoning application and proceeding which it agrees shall be prosecuted by it in good faith and shall pay for all application fees relating to the Rezoning. The Optionee shall have no obligation, and nothing herein shall be deemed to require the Optionor to appeal any decision rendered by the appropriate governmental authority in respect of any Rezoning application.
 - (c) If required, the Optionee shall have carriage of the Severance application and the Optionor agrees to pay for all application fees, costs and survey and other expenses with respect to the Severance application excluding any park levies or other levies payable as conditions imposed to such Severance, all of which levies shall be for the Optionee's account and shall be satisfied by the Optionee sufficiently prior to Closing (as defined in the Purchase Agreement) to permit the applicable land division committee to issue its certificate under the *Planning Act* at least two (2) Business Days prior to Closing (as defined in the Purchase Agreement). The Optionee agrees to file the application for the Severance promptly following the Exercise Date and to pursue the same in good faith. The Optionor shall be kept fully informed of all aspects of the Severance application and shall be provided with copies of all documents, reports and correspondence in connection therewith.
 - (d) The Optionee shall have the right at its sole cost and expense but not the obligation to appeal any decision of the Authorities or to contest any appeal filed by any other party of a decision of the Authorities, subject to the terms of this Option Agreement.
 - (e) If for any reason, the Optionee, acting reasonably, is not satisfied with respect to such matters arising from its due diligence herein set forth, it may deliver a notice (the "**Notice of Termination**") to the Optionor indicating that it is not satisfied with respect to such matters and desires to terminate this Option Agreement and release the Optionor from any further obligations. Upon delivery by the Optionee of a Notice of Termination to the Optionor, this Option Agreement shall be at an end and neither party shall have any further obligation to the other respecting the Option Agreement.
7. **Termination:** The Optionee may terminate this Option Agreement upon delivery of one (1) month's written notice to the Optionor. Upon delivery by the Optionee of such a notice of termination to the Optionor, this Option Agreement shall be at an end and neither party shall have any further obligation to the other respecting the Option Agreement.

8. **Registration:** The Optionor hereby covenants and agrees that the Optionee may, at its option, register this Option Agreement or notice thereof on title to the Optioned Lands, and the Optionor hereby covenants and agrees to execute, at no further cost or condition to the Optionee, such further and other instruments and documents as may reasonably be required by the Optionee to effect registration of this Option Agreement or notice thereof.
9. **Land Transfer Tax:** For the purposes of land transfer tax only, the Option Agreement will be valued at [REDACTED] Beyond the Option Expiry Date, the Optionee will self assess the tax on the applicable option consideration for such further period.
10. **Representations, Warranties and Covenants of Optionee:** The Optionee represents, warrants and covenants to and with the Optionor as follows:
 - (a) the Optionee has sufficient net worth to satisfy all of its obligations under this Option Agreement and upon exercise of either of the Option or Option Extensions, and the Purchase Agreement; and
 - (b) that upon entering the Optioned Lands to conduct inspections, surveys and tests on the Optioned Lands, that the Optionee, acting reasonably, deems necessary in this regard, the Optionee will take all reasonable care in the conduct of such inspections, surveys and tests and will restore the Optioned Lands to its prior condition so far as reasonably possible following such inspections and tests. The Optionor will assume no responsibility for and the Optionee shall indemnify and save harmless the Optionor from and against all claims, demands, costs, damages, expenses and liabilities whatsoever arising out of its presence on the Optioned Lands or of its activities on or in connection with the Optioned Lands during such inspections, surveys and tests.
11. **Representations, Warranties and Covenants of Optionor:** The Optionor represents, warrants and covenants with the Optionee as follows:
 - (a) the Optionor has the right to separately convey the Optioned Lands without restriction or encumbrance; and that upon the completion of the transaction contemplated by the Purchase Agreement, the Optionee will quietly possess and enjoy the Optioned Lands which is purchased pursuant to this Option Agreement and the Purchase Agreement;
 - (b) that if the Optionor is a corporation, it is duly incorporated and subsisting under the laws of its incorporating jurisdiction and has the corporate power and authority to own the Optioned Lands, to enter into this Option Agreement, and to carry out its obligations under it. The execution and delivery of this Option Agreement and the consummation of the transactions in this Option Agreement contemplated have been duly authorized by all necessary action on the part of it;
 - (c) the Optionor is the absolute owner of the Optioned Lands, has valid title thereto and is not aware of any competing claim or right of adverse possession or possessory title against the Optioned Lands;

- (d) there are no leases or other rights to use or occupy the Optioned Lands (or any part of it) to or from anyone, save as registered on title as of the date of this Option Agreement, or otherwise disclosed by the Optionor in writing to the Optionee;
- (e) the title to the Optioned Lands shall be good and free from all encumbrances and the Optionor agrees to discharge and release at its sole cost and expense, on or before the Closing Date (as defined in the Purchase Agreement), all encumbrances;
- (f) the Optioned Lands abut public highways and roads and to the best of the Optionor's knowledge and belief there is no reason that the Optionee will not be able to apply to the applicable municipality and obtain full and uninterrupted ingress and egress for all pedestrians and vehicles utilizing the Optioned Lands to and from public highways and roads abutting the Optioned Lands;
- (g) neither the entering into nor the delivery of this Option Agreement nor the completion by it will conflict with or constitute a default under or result in a violation of, or require a consent of anyone under: (i) any of the provisions of its constating documents or by-laws if it is a corporation, or (ii) any agreement, mortgage, lien, charge, encumbrance or any other instrument to which it is a party or by which it or the Optioned Lands is bound;
- (h) to the knowledge of the Optionor, there are no actions, suits or proceedings pending or, to the knowledge of the Optionor, threatened against or affecting the Optionor or the Optioned Lands, in law or in equity, that could affect the validity of this Option Agreement, any transaction provided for in this Option Agreement, the title to the Optioned Lands or any part of the Optioned Lands;
- (i) save as disclosed by the Optionor in writing to the Optionee there are no unregistered agreements affecting the Optioned Lands;
- (j) there are no local improvement charges, development charges or special levies outstanding against the Optioned Lands nor has the Optionor received any notice of a proposed local improvement charge, development charge or special levy;
- (k) the Optioned Lands have not been designated (and are not, to the Optionor's knowledge, proposed to be designated): (a) as an historical site or building under the *Ontario Heritage Act* (Ontario) or (b) for regulation by a conservation authority under the *Conservation Authorities Act* (Ontario). To the Optionor's knowledge, no part of the Optioned Lands is used, or has been used, as a cemetery;
- (l) to the best of the Optionor's knowledge and belief, the Optionor's operation or occupation of the Optioned Lands does not contravene any environmental laws or any regulation, order or by law regulating the import, manufacture, storage, distribution, labelling, sale, use, handling, transport or disposal of contaminants or dangerous or hazardous substances or wastes, and neither the Optionor nor any of

its predecessors in title have emitted, discharged or deposited or caused or permitted to be emitted, discharged or deposited any contaminants or dangerous or hazardous substances or wastes into the natural environment, including the air, soil, subsoil or surface or ground water in, on, over, under or at the Optioned Lands in contravention of any of such environmental law regulation, order or by law. To the best of the Optionor's knowledge and belief, the Optionor has not received notice of and has no knowledge or information of any pending, contemplated or threatened judicial, administrative or other action relating to the existence of a Hazardous Substance on or affecting the Optioned Lands and has no reason to believe that any cause of action for such exists and that the Optionor has never used the Optioned Lands as a waste disposal site. For the purposes hereof, "Hazardous Substance" means any contaminant, pollutant, dangerous substance, potentially dangerous substance, noxious material, explosive material, radioactive material, urea formaldehyde foam insulation, asbestos, PCB's and any other substances or materials declared or defined to be hazardous, toxic, a contaminant or a pollutant to any applicable federal, provincial or municipal statutes, by-laws, regulations or orders which will materially restrict the ability of the Optionee to develop the Lands for the Intended Uses, unless the Optionor, at its sole discretion undertakes, to take such action as is necessary to make the Optioned Lands compliant including, without limitation, ensuring that any chemical, fuel or gas storage tanks on the Optioned Lands are certified as being clean of any Hazardous Substance;

- (m) to the best of the Optionor's knowledge and belief, the Optionor has not received any notice of expropriation of any part of the Optioned Lands or of any pending or threatened litigation or other judicial or administrative proceeding affecting the Optioned Lands including, without limitation, in any way relating to the use and occupation of the Optioned Lands, nor any claims adverse to the title of the Optionor and, further, to the Optionor's knowledge and belief as aforesaid, there are not any work orders or other orders or directives outstanding against the Optioned Lands or any part thereof, which will materially restrict the ability of the Optionee to develop the Optioned Lands for the Intended Uses or if there are work orders or other orders or directives (not caused by the Optionee), the Optionor will take such actions as are necessary to make the Optioned Lands compliant;
- (n) the Optionor has not received any notice of any violation of any applicable federal, provincial or municipal laws, regulations, orders or approvals of governmental authorities relating to the Optioned Lands or its use; there are no writs, injunctions, orders or judgments outstanding, or lawsuits, claims, proceedings or investigations pending or threatened, relating to the ownership, use, maintenance or operation of the Optioned Lands, nor is there any basis for such lawsuits, claims, proceedings or investigations being instituted or filed; and there are no orders or directions relating to environmental or other matters requiring any work, repairs, construction or capital expenditures with respect to the Optioned Lands and the conduct of business at the Optioned Lands, nor has the Optionor received any notice of any of the foregoing matters;

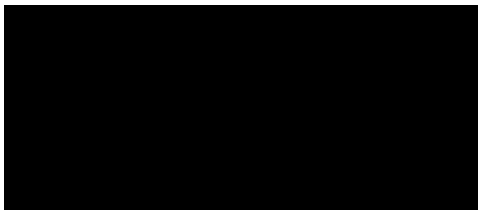
- (o) there are no circumstances known to the Optionor, and no commitments to third parties, that may damage, impair or otherwise adversely affect the Intended Uses;
 - (p) the Optioned Lands constitute a "Matrimonial Home" as such term is defined in the *Family Law Act*, R.S.O. 1990, c.F.3, O, and as such Optionor shall cause this Option Agreement and all related documents to be accepted and consented to in writing by any party with rights to a Optioned Lands under Part II of the *Family Law Act*, R.S.O. 1990, c.F.3, O;
 - (q) it shall not, without the Optionee's consent in writing, change or permit the configuration, grade or elevation of the Optioned Lands as at the date hereof to be changed;
 - (r) the Optionor is not and shall not be on the Closing Date (as defined in the Purchase Agreement) a non-resident of Canada with the meaning of the *Income Tax Act* (Canada);
 - (s) the Optionor has not and will not enter into any agreement or otherwise do anything that would restrict, impair or inhibit the ability of the Optionee to exercise the Option contemplated by this Option Agreement or which would restrict, impair or inhibit the ability of the Optionee to use the Optioned Lands for the Intended Uses; and
 - (t) that this Option Agreement has been duly executed and delivered and constitutes a legal, valid and binding obligation of the Optionor, enforceable in accordance with its terms.
12. **Access:** The Optionor consents to the Optionee, its respective officers, employees, agents, contractors, sub-contractors, workers and permittees or any of them entering on, exiting and passing and re-passing in, on, over, along, upon, across, through and under the Optioned Lands and so much of the Optioned Lands as may be reasonably necessary, at all reasonable times after the date of this Option Agreement until the Closing Date (as defined in the Purchase Agreement) of the Optioned Lands or the termination of this Option Agreement, with or without all plant, machinery, material, supplies, vehicles, and equipment, for the purposes of surveying, ploughing, excavating, drilling, conducting environmental studies or assessments, soil tests, soil compaction studies, engineering studies, geotechnical studies or topographical mapping in, under, on and over the Optioned Lands as the Optionee in its sole discretion considers requisite.
13. **Survey/Reports:** The Optionor shall deliver to the Optionee any survey of the Optioned Lands and any soil, topographical, engineering, environmental, municipal or other reports or documentation which the Optionor's can locate that is in its control or possession with respect to the Optioned Lands and Optioned Lands, within Fifteen (15) days from the date of this Option Agreement.
14. **Cost of Surveys, Access Roads and Easements:** The Optionor shall provide only such surveys as are currently in its possession or control. The cost of any addition survey and constructions of access roads and easements shall be borne by the Optionee.

15. **Planning Act:** This Option Agreement and transfer of rights shall both be subject to the condition that the provisions of the *Planning Act*, R.S.O. 1990, c. P. 18, as amended, have, in the opinion of Optionee, been satisfactorily complied with. If after consultation with any provincial agencies and/or municipalities, the Optionee decides acting commercially reasonably that the provisions of the *Planning Act*, R.S.O. 1990, c.P.18, and amendments thereto, have not been or cannot be complied with, including the ability to obtain a severance respecting the Optioned Lands, it may, at its option, cancel this Option Agreement, following which all Option Consideration and all Option Extension Consideration respecting the Optioned Lands shall forthwith be returned to the Optionee without any interest, deduction or set off whatsoever.
16. **Run with Lands / Successors and Assigns:** The burden and benefit of this Option Agreement shall run with the Optioned Lands. This Option Agreement shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the Optionee and the Optionor.
17. **Gender:** Wherever the singular or masculine is used throughout this Option Agreement, the same shall be construed as being plural or feminine or of a body corporate where the context might reasonably require. In the event of any conflict between metric and imperial expression of measurement in this Option Agreement, the metric expression of measurement shall govern.
18. **Further Assurance:** Each of the Optionor and the Optionee shall, if so requested by the other, execute such further documents of title and other required assurances in respect of this Option Agreement and the Purchase Agreement as may be required to perfect the Optionee's rights and privileges granted herein, and the Optionee's interest in the Optioned Lands. The Optionor 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 Option Agreement or the Purchase Agreement.
19. **Waiver:** Any waiver of, or consent to depart from, the requirements of any provision of this Option Agreement shall be effective only if it is in writing and signed by the party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any party to exercise, and no delay in exercising, any right under this Option Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.
20. **Arbitration:** In the event of any dispute arising respecting this Option Agreement, either party may by notice in writing require that the dispute be arbitrated in accordance with the terms herein. Within fifteen (15) days of delivery of the notice requiring arbitration, the parties shall in good faith attempt to agree upon one arbitrator, and if so agreed, such arbitrator shall be the sole arbitrator. In the event the parties do not so agree, within fifteen (15) days thereafter, then either party may apply to the Superior Court of Justice of Ontario for the appointment of an arbitrator pursuant to the provisions of the

Arbitration Act. The arbitration shall be conducted in accordance with the provisions of the *Arbitration Act*.

21. **Force Majeure:** Despite anything contained in this Option Agreement to the contrary, if the Optionor or Optionee is, in good faith, delayed or prevented from doing anything required by this Option Agreement because of an event or occurrence of Force Majeure, the doing of the thing is excused for the period of the delay and the party delayed will do what was delayed or prevented within an appropriate period after the delay. “**Force Majeure**” shall be an event or occurrence not caused by and beyond the reasonable control of either party, as the case may be, which, by the exercise of reasonable diligence, could not be prevented or overcome, including, but not limited to, strikes, lock outs, labour disruptions, expropriation or confiscation of facilities, acts of God or the public enemy, blockades, insurrections, riots, arrests of people, restraints of government, changes in the law, acts of war, civil disturbances, rebellion or sabotage, flood, fire, lightning, epidemic, explosions, severe breakage of or accident to machinery, plants, equipment, pipeline or pipe failure, failure of fuel supply or transportation, electricity system blackouts, and failure of electricity distribution or transmission system.
22. **Expenses:** The Optionee shall reimburse the Optionor for its legal fees and disbursements associated with the authorization, negotiation, preparation, execution and performance of this Option Agreement, up to a maximum of [REDACTED]. Thereafter, each party shall pay all expenses it incurs in the authorization, negotiation, preparation, execution and performance of this Option Agreement, including all fees and expenses of its legal counsel, bankers, investment bankers, brokers, accountants or other representatives or consultants.
23. **Survival:** The representations, warranties and covenants contained in this Option Agreement shall survive exercise of the Option and shall continue to bind the Optionee and Optionor as purchaser and vendor under the Purchase Agreement.
24. **Notice:** Any notice, request or other communication required or permitted to be given by this Option Agreement, including the exercise of the Option, shall be in writing and shall be effectively given if delivered personally, or sent by prepaid courier service in the case of notice:

to the Optionor:



to the Optionee:

30 St. Clair Avenue West 17th Floor
Toronto, Ontario M4V 3A1

Attention: President
Facsimile: (416) 962-6266

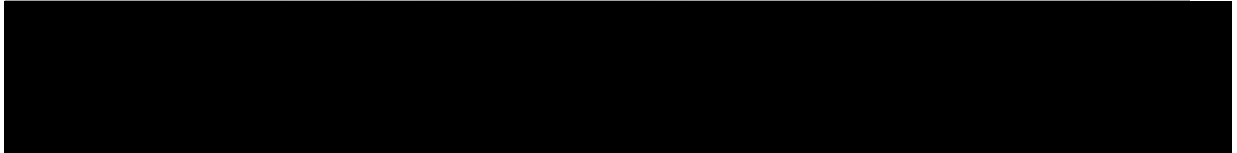
or at such other address within Ontario as the party to whom such notice or other communication is to be given shall have advised the party giving same in the manner provided in this Section. Any notice or other communication delivered personally or by prepaid courier service shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day (“**Business Day**” means any day, except Saturdays and Sundays, on which banks are generally open for business in Toronto, Canada) such notice or other communication shall be deemed to have been given and received on the next following Business Day.

25. **Time of the Essence:** Time shall be of the essence of this Option Agreement and the Purchase Agreement.
26. **Assignment:** The Optionee shall have the absolute and unfettered right assign or transfer this Option Agreement and the Purchase Agreement contemplated hereby to any person, firm, partnership, corporation or other legal entity designated by the Optionee in its absolute discretion, provided such assignee agrees to be bound by the terms of this Option Agreement. This Option Agreement shall be assigned by the Optionor to any person, firm or corporation obtaining ownership of the Optioned Lands prior to exercise of the Option or Option Extension as the case maybe, upon such assignee agreeing to be bound by the terms of this Option Agreement, provided that in such case the assignee shall not be entitled to the Leaseback, as described in the Purchase Agreement.
27. **Entire Agreement:** This Option Agreement, including the attachments, shall constitute the entire agreement between Optionee and Optionor and supersede all prior agreements, understandings, negotiations and discussions with respect thereto and there is no representation, warranty, collateral agreement or condition affecting this Option Agreement or the Optioned Lands or supported hereby other than as expressed herein in writing.
28. **Amendment:** This Option Agreement may be supplemented, amended, restated or replaced only by written agreement signed by the Optionor and the Optionee.
29. **Jurisdiction and Governing Law:** The Optionor and the Optionee irrevocably and unconditionally attorn to the exclusive jurisdiction of the courts of the province of Ontario. This Option Agreement shall be governed by, and interpreted and enforced in accordance with, the law of the province of Ontario and the laws of Canada applicable in that province.
30. **Severability:** If any provision of this Option Agreement or its application to any party hereunder or circumstance is restricted, prohibited or unenforceable, that provision shall be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Option Agreement. The Optionor and the Optionee shall engage in good faith negotiations to replace any provision which is so

restricted, prohibited or unenforceable with a unrestricted and enforceable provision, the economic effect of which comes as close as possible to that of the restricted, prohibited or unenforceable provision which it replaces.

31. **Confidentiality:** Subject to the Optionee's right to register in Section 8, the terms of this Option Agreement and all information issued, disclosed or developed in connection with this Option Agreement are to be held in strict confidence between the Optionor and the Optionee. The Optionor, its agents and employees agree not to use, reproduce or divulge the same to third parties unless it is with the prior written consent of the Optionee and to take all reasonable precautions for protection of such information from disclosure

32.



33. **Counterparts:** This Option Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one agreement. To evidence the fact that it has executed this Option Agreement, a party may send a copy of its executed counterpart to the other party by facsimile and the signature transmitted by facsimile shall be deemed to be its original signature for all purposes

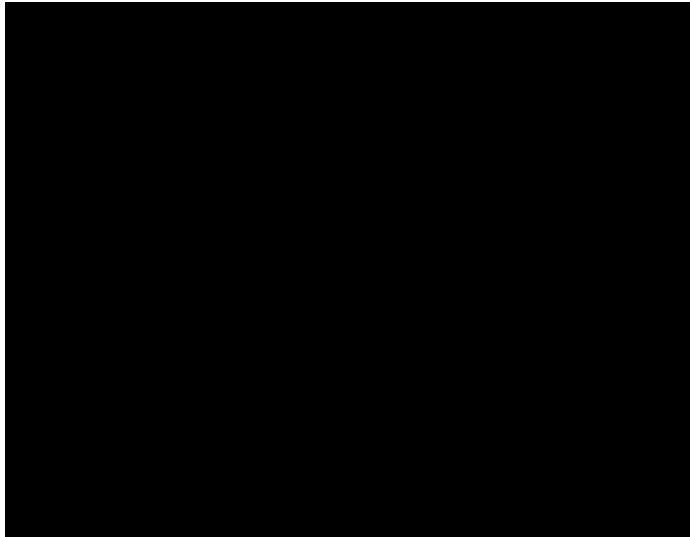
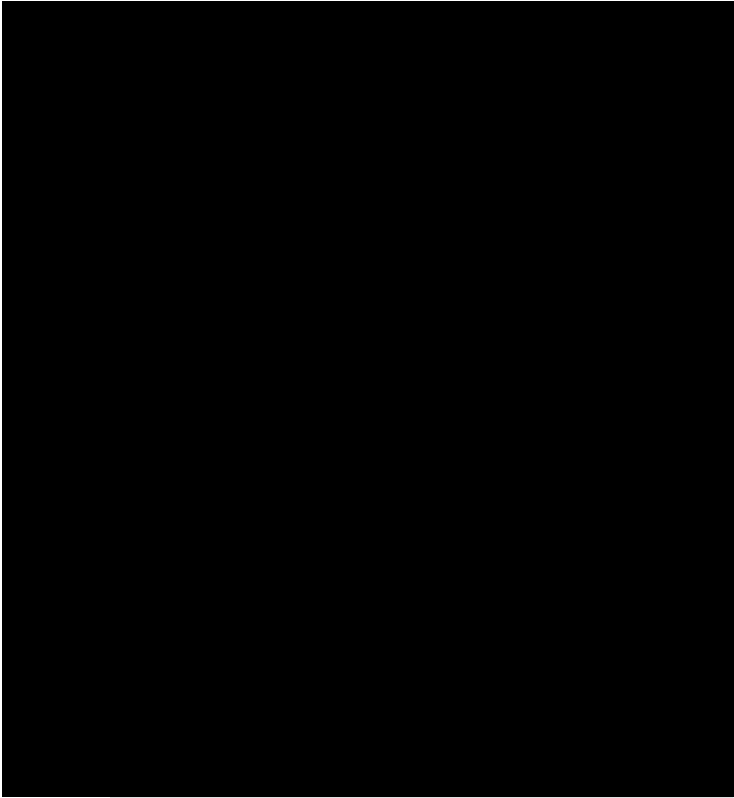
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have hereto hereunto affixed their respective corporate seals duly attested to by their proper signing officer/s in that behalf.

NP SOLAR PROPERTIES INC.

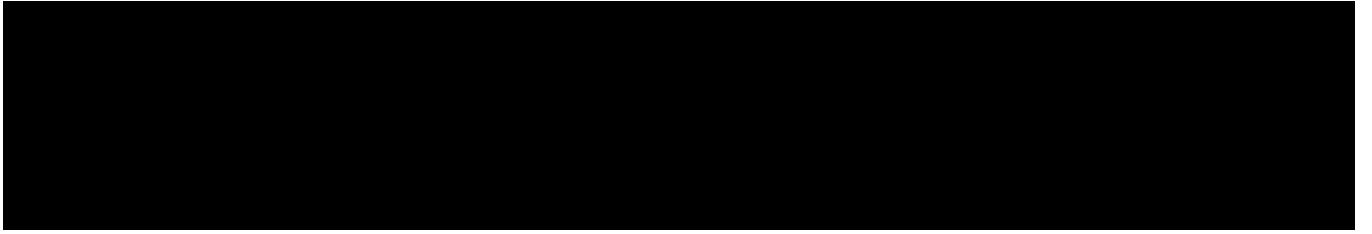
Per: *S. Mantuato*
Name: *S. MANTUATO*
Title: *CFO & CEO*

I have the authority to bind the corporation.



SCHEDULE "A"

LEGAL DESCRIPTION OF LANDS



SCHEDULE "B"

PURCHASE AND SALE PRINCIPLES

1. Property

"Property" means those lands in the District of Cochrane, containing approximately [REDACTED] legally described on Appendix "A" hereto.

2. Deposit

The amount of Option Consideration (and Option Extension Consideration, if applicable) already paid by Purchaser shall be acknowledged as a deposit ("**Deposit**") and in accordance with, the Option Agreement between the Vendor and Purchaser dated as of ●, to be held by the Vendor, pending completion or other termination of this agreement of purchase and sale (the "**Agreement**") not due to the default of the Purchaser and to be credited on account of the purchase money on Closing. In the event that this transaction is not completed due to the default of the Purchaser, the Vendor and Purchaser agree that the Vendor shall be entitled to retain the deposit as partial liquidated damages, in addition to any rights or remedies the Vendor may otherwise have. The date of exercise of the Option is called the ("**Exercise Date**").

3. Purchase Price

- (a) The Purchase Price herein shall be [REDACTED]
- (b) The Purchaser agrees to pay the balance of the Purchase Price, less any Deposit retained by the Vendor, by certified cheque or wire transfer on Closing, subject to the usual adjustments.

4. Reports / Documentation

The Vendor shall deliver to the Purchaser any soil, topographical, engineering, environmental, and municipal or other report or documentation which the Vendor can locate that is in its control or possession with respect to the Property within fifteen (15) days of the Exercise Date, which have not already been delivered to the Purchaser.

5. Representations and Warranties

The Vendor hereby covenants that each of the representations, warranties and covenants set out in Section 11 of the Option Agreement form part of this Agreement, and shall be true and accurate as of the date of this Agreement and as of the Closing Date. The Vendor covenants and agrees that the representations, warranties covenants set out in Section 11 of the Option Agreement shall not merge on the Closing Date, but shall survive same, and continue in full force and effect for the benefit of the Purchaser.

6. Authorizations

Each party agrees to use its best efforts to assist the other in this transaction. The Vendor (provided the Vendor shall not incur any liability thereby) agrees to sign all necessary documentation and authorizations at the request of the Purchaser, acting reasonably. The Purchaser may request applicable governmental and municipal authorities to inform the Purchaser of any information concerning the Property provided that any such requests shall not request or permit any such authority to conduct any inspections in respect of the Property.

7. Planning Act

This Agreement shall be effective to create an interest in the Property only if the applicable subdivision control provisions of the Planning Act, R.S.O. 1990,c.P. 18, as amended, are complied with by the Purchaser prior to Closing. The Purchaser shall, at its own cost forthwith make any application to the local Committee of Adjustment or Land Division Committee for any consent that may be required pursuant to the Planning Act to convey the Property. In the event that any such application for consent is denied including all statutorily permitted appeals, this Agreement shall be terminated and the Deposit paid hereunder by the Purchaser respecting the Property shall be returned to the Purchaser without interest or deduction.

8. H.S.T.

The Purchaser represents and warrants to the Vendor that with respect to any Harmonized Sales Tax (“H.S.T.”) imposed under the Excise Tax Act, Canada (the “Act”), in connection with this transaction:

- (a) the Purchaser is registered for the purposes of H.S.T.; and
- (b) the Purchaser will provide the Vendor at Closing a statutory declaration sworn by a senior officer of the Purchaser confirming the Purchaser’s H.S.T. registration number and that such registration continues to be in full force and effect and an indemnity to the Vendor for any H.S.T. claimed from the Vendor in the event the Purchaser does not pay the H.S.T. payable by it in respect of this transaction. In the event that the Purchaser shall fail to deliver such statutory declaration and such indemnity to the Vendor, then the Purchaser shall pay to the Vendor, in addition to the Purchase Price herein, in pursuance of the Purchaser’s obligation to pay and the Vendor’s obligation to collect H.S.T. under the said Act, an amount equal to thirteen percent (13%) of the Purchase Price or such other amount as is required pursuant to the said Act on the Closing Date.

9. Vacant Possession and Leaseback

The Vendor covenants and agrees to have vacated the Property not less than ten (10) Business Days prior to the Closing Date, save and except for that portion of the Property shown hatched on Exhibit “B” (the “**Leaseback Property**”) which the Vendor shall be entitled to lease on the terms and conditions set forth in Exhibit “C” (the “**Leaseback**”) commencing on the Closing Date.

10. Closing Date

The closing shall take place on the “**Closing Date**” or “**Closing**” which shall be thirty (30) days following the Exercise Date and provided further that the Closing Date may be such other date as the parties agree, from time-to-time. Notwithstanding the foregoing, the Purchaser’s obligations hereunder are conditional on the Purchaser being satisfied that at the Closing Date, the representations and warranties contained in Section 5 of this Agreement, shall be true and correct in all material respects with the same force and effect as if made at and as of such time.

11. Closing Deliveries

- (a) In addition to the closing deliveries elsewhere contemplated herein, the Vendor shall deliver to the Purchaser on the Closing Date the following:
- (i) An executed registerable Transfer (as defined below) of the Property;
 - (ii) A statement of adjustments (the “**Statement of Adjustments**”);
 - (iii) A certificate issued under the provisions of Section 116 of the *Income Tax Act* (Canada) or satisfactory evidence by way of a statutory declaration that the Vendor is not then a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
 - (iv) Undertaking to readjust the Statement of Adjustments, as necessary;
 - (v) A certificate of the Vendor confirming that the representations, warranties and covenants contained in Section 11 of the Option Agreement are true and correct as of the Closing Date;
 - (vi) Good and valid registered discharges of all liens;
 - (vii) All keys pertaining to the operation of the Property;
 - (viii) The Leaseback; and
 - (ix) All other documents which are required and which the Purchaser has reasonably requested on or before the Closing Date to give effect to this transaction.
- (b) In addition to the closing deliveries elsewhere contemplated herein, the Purchaser shall deliver to the Vendor on the Closing Date the following:
- (i) The balance of the Purchase Price in accordance with the Statement of Adjustments;
 - (ii) Undertaking to readjust the Statement of Adjustments, as necessary;

- (iii) A statutory declaration sworn by a senior officer of the Purchaser confirming the Purchaser's H.S.T. registration number and that such registration continues to be in full force and effect and an indemnity to the Vendor for any H.S.T. claimed from the Vendor in the event the Purchaser does not pay the H.S.T. payable by it in respect of this transaction (as contemplated by Section 8(b) of this Agreement);
- (iv) The Leaseback; and
- (v) All other documents which are required and which the Vendor has reasonably requested on or before the Closing Date to give effect to this transaction.

12. General

- (a) This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective heirs, executors, administrators and permitted assigns and the provisions hereof shall survive Closing except as otherwise expressly provided in this Agreement.
- (b) The Purchaser shall have the absolute and unfettered right to assign or transfer its rights under this Agreement to any third party (the "Assignee") upon the Assignee agreeing to be bound by the terms of this Agreement.
- (c) Any notice, request or other communication required or permitted to be given by this Agreement, shall be in writing and shall be effectively given if delivered personally, or sent by prepaid courier service in the case of notice to the Vendor at [REDACTED] and in the case of notice to the Purchaser at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario M4V 3A1, Attention: President, Facsimile: (416) 962-6266, or at such other address within Ontario as the party to whom such notice or other communication is to be given shall have advised the party giving same in the manner provided in this Section. Any notice or other communication delivered personally or by prepaid courier service 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 ("**Business Day**" means any day, except Saturdays and Sundays, on which banks are generally open for business in Toronto, Canada) such notice or other communication shall be deemed to have been given and received on the next following Business Day.
- (d) The Transfer/Deed of Land (the "**Transfer**"), save for land transfer tax affidavits, shall be prepared in registrable form by the Vendor, and the Purchaser covenants at its cost to register the Transfer on Closing. If requested by Purchaser, Vendor covenants that the Transfer Deed to be delivered on completion shall contain the statements contemplated by s. 50 (22) of the Planning Act, R.S.O. 1990.

- (e) Where the transaction will be completed by electronic registration pursuant to Part III of the Land Registration Reform Act, R. S .0. 1990, Chapter L 4, and any amendments thereto, the Vendor and Purchaser acknowledge and agree that the delivery of documents and the release thereof to the Vendor and Purchaser may, at the lawyers' discretion; (a) not occur contemporaneously with the registration of the transfer/deed (and other registerable documentation), and (b) be subject to conditions whereby the lawyer receiving documents and/or money will be required to hold them in trust and not release them except in accordance with the terms of a written agreement between the lawyers.
- (f) [REDACTED] together with any amendments thereto, do hereby consent to the transaction as evidenced by this instrument and the registration of this Agreement on the title of the Property herein described.
- (g) Unless otherwise specified herein all capitalized terms not defined herein shall have the same meanings as in the Option Agreement.

APPENDIX "A"

LEGAL DESCRIPTION OF PROPERTY



APPENDIX "B"

LEASEBACK PROPERTY

[SKETCH ATTACHED]

APPENDIX "C"

LEASEBACK

TENANCY AGREEMENT

Made, in duplicate, this ___ day of _____, 20__.

Pursuant to the *Residential Tenancies Act, S.O. 2006 C. 17*, as amended.**

BETWEEN:

NP SOLAR PROPERTIES INC. (the "Landlord")

30 St. Clair Avenue West, 17th Floor, Toronto,
Ontario M4V 3A1, Attention: President,
Facsimile: (416) 962-6266

*Note: Notices and other documents under the
RTA should be served on the Landlord at the
above address until the Tenant has been given
written notice to do otherwise.*

AND



(collectively, the "Tenant")

1. Rented Premises

The Landlord agrees to rent to the Tenant and the Tenant agrees to rent from the Landlord the following premises:

House (the "Rented Premises") located where shown on the drawing attached hereto (the "Property").

2. Occupants

Names in full

Birth Date:



3. Occupancy Changes

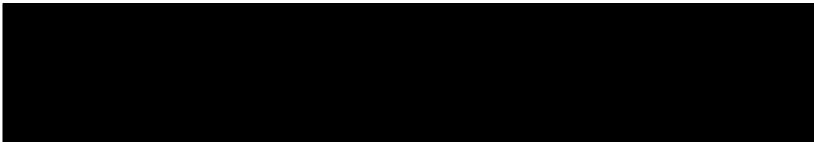
Any changes in occupancy and/or in the number of occupants must be approved by the Landlord or at the Landlord's option, the Landlord may terminate this tenancy agreement. (*RTA S.95, 97, 100.*)

4. Term of Lease

The Tenant will occupy the Rented Premises, for a term beginning on the ___ day of _____, 20__ and continuing for a term of one (1) year and thereafter on a month-to-month basis. Unless this tenancy agreement has been terminated pursuant to the *RTA*, or cancelled in writing, it shall continue as a month-to-month tenancy under the same terms and conditions as otherwise specified. (*RTA S. 13, 19, 38, 44, 47.*)

5. Rent

The Tenant covenants and agrees to pay the following rent to the Landlord:



6. Rental Deposit



7. Additional Rent / Amenities

(a) The Tenants shall be required to perform all obligations, responsibilities, acts or omissions pertaining to the Rented Premises as would a reasonable homeowner (the "Obligations"). Without limiting the foregoing, the Tenants shall pay all personal contents insurance, hydro, heat, water and telephone associated with the Rented Premises.

(b) Expenses related to the Rented Premises are due and payable directly to the authorities associated with each of the costs and bills, or to such other place/person that the Landlord may direct in writing from time to time, not later than five (5) business days following receipt of the invoices for each of the expenses.

- 8. Use** The Tenant agrees to use the Rented Premises for no other purpose than as a residential dwelling exclusively for the occupants listed, to exercise cleanliness and care in the use of the Rented Premises, and to generally to refrain from doing anything injurious to the reputation of the premises and/or Rented Premises which would significantly increase the cost of maintenance or operation of the rented Premises or increase the insurance or the taxes thereon.
- 9. Damages** The Tenant agrees to be responsible for all damages whatsoever caused by Tenant's acts or omissions or that of persons permitted or caused to be in the Rented Premises or Building, or on the property by the Tenant, and for all damages resulting from the Tenant's failure to notify the Landlord promptly of any defect or damage within the Rented Premises or on the property. *(RTA S. 34.)*
- 10. Cleanliness** The Tenant agrees to clean floors, fixtures, appliances, carpeting, drapes, etc. where installed, and generally all cleanable surfaces in the Rented Premises sufficiently often to prevent abnormal wear or deterioration during the tenancy. Garbage shall be stored in a manner which shall prevent unsanitary conditions and not attract vermin. *(RTA S. 33.)*
- 11. Liability** The Tenant covenants and agrees not to claim from the Landlord for loss, injury or damage to persons or property resulting from such being on or about the Rented Premises whether caused by fire, smoke, theft, burglary, conditions due to the weather such as ice on the grounds, or for any cause whatsoever and in particular, but without limiting the generality of the foregoing, the Landlord shall not be liable for any such loss, injury or damage to property, including automobiles and contents, while on or about the Rented Premises or Property of the Landlord caused by steam, water, rain or snow which may leak into or flow from any part of the Rented Premises and/or Property of the Landlord or from any pipe or other place or from any damage caused by or attributable to the condition or arrangement of any electrical wiring connection or fixture or for any damage caused by anything done or omitted to be done by any tenant or the Landlord. **It is therefore imperative that each Tenant carry adequate personal liability and personal contents insurance.**

LANDLORD'S COVENANTS

- 12. Repair and Maintenance** The Tenant is responsible for the ongoing repair and maintenance for the Rented Premises at its sole cost and expense including, without limitation, any structural repairs required thereto. The Tenant agrees to keep the Rented Premises and Property in good repair and maintain the upkeep of the Property as would a reasonable homeowner. Should the Tenant fail to keep the Rented Premises/Property in good repair, the Landlord may provide the Tenant with written notice to make such repairs or maintenance. Should the Tenant fail to make such repairs or maintenance within ten (10) business days of receipt of a written notice from the Landlord, the Landlord shall be entitled to make such repairs at the Tenants' expense.
- 13. Property Insurance** The Landlord shall maintain building and property damage in such amounts as are prudent for an owner of property such as the Property.
- 14. Property Taxes** The Landlord shall be responsible for the payment of property taxes associated with the Property.
- 15. Tenant Right to Privacy** During the term of this tenancy agreement, the Landlord will exercise the right to enter the Rented Premises without written notice only:
- (a) in case or cases of emergency. *(RTA S. 26)*

In addition to Section 27 of the RTA, the Landlord may enter, at all other times, the Rented Premises in accordance with a written notice given to the Tenant at least 24 hours before the time of entry for the following reasons:

- (a) to investigate apparent abandonment of the Rented Premises;
- (b) to perform Building and equipment inspections, maintenance and repairs;
- (c) to perform smoke detector, and fire safety inspection and maintenance;
- (d) to investigate alleged breaches of this tenancy agreement, or the *RTA* or successor legislation;
- (e) to perform pre-move out inspections. (*RTA S 26, 27*).

- 16. Assignment and Sublet** The Tenants shall not be entitled to sublet or assign this Lease without the Landlord's prior written consent, and such consent may unreasonably be withheld.
- 17. Alteration of Locks** During the currency of this tenancy agreement, neither the Tenant nor the Landlord shall alter the locking system on any door giving direct entry to the Rented Premises except by mutual consent in writing.
- 18. Binding of Tenancy Agreement** The Landlord and the Tenant mutually agree that everything contained herein shall extend to and be binding on the respective heirs, executors, administrators, and successors of each party hereto. The contents shall be read with all grammatical and gender changes necessary. All covenants contained shall be deemed joint and several.
- 19. Warranty, Etc.** It is agreed that there is no representation, warranty collateral agreement or condition affecting this tenancy agreement or the Rented Premises or supported hereby other than as expressed herein.

PROCEDURES AT TERMINATION OF THIS TENANCY AGREEMENT

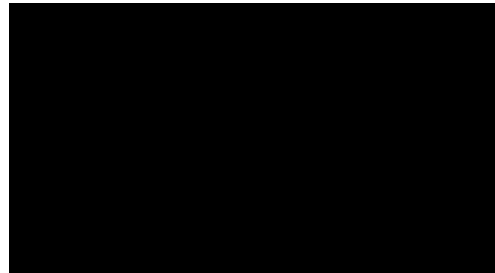
- 20. Alleged Breach of Agreement** Except as otherwise provided in this tenancy agreement, the Landlord and Tenant mutually covenant and agree that if either party shall claim the other to be in breach of this Lease by violation or non-performance of provisos of this Lease, the Tenants shall not withhold any expenses due to any authority and neither party shall resort to retaliatory breach of covenant. The party so claiming shall give written notice of such claim to the offending party and extend a reasonable time to remedy the alleged breach, provided that, if the alleged breach shall not have been remedied within a reasonable period, the party making such claim shall have the right to terminate this occupancy agreement.
- 21. Notice to Vacate** **The Tenant shall give not less than 60 days notice in writing prior to the termination of this tenancy agreement, of the Tenant's intention to vacate the Rented Premises** stating the date the notice was given to the Landlord, all the Tenant's proper names, the address of the Rented Premises, the date of termination of the tenancy, and the signature of all the Tenant(s). It is in the Tenant's interest to do this properly to avoid further liability for rent. (*RTA S. 43, 44, 47*).
- 22. Conditions on Vacating** The Tenant agrees that the Rented Premises shall be left fit for immediate occupancy by a new tenant, clean, undamaged and with all Tenant's furniture and refuse removed. The Tenant agrees to an inspection the week prior to vacating and upon completion of the tenancy.
- 23. Cleaning** Without limiting the generality of the foregoing, the Tenant shall in particular:
(a) clean all floors, walls, and kitchen and bathroom fixtures;
(b) leave the stove, refrigerator, and any other appliance in immaculate condition, inside and out;
(c) clean and defrost the refrigerator, but leave it running;
(d) properly dispose of all garbage and remove all the Tenant's furnishings from the premises.

GENERAL

- 24. Exhibit A is attached to this tenancy agreement and form an integral part thereof.

- 25. The Tenant acknowledges having received the required Section 11 of the RTA information which is attached hereto as Exhibit A.

IN WITNESS WHEREOF the parties hereto have executed this tenancy agreement. SIGNED AND DELIVERED
at



NP SOLAR PROPERTIES INC.

Per: _____

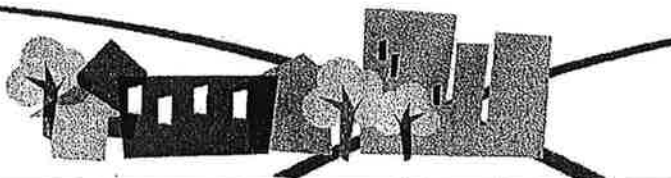
Per: _____

I/We have authority to bind the Corporation

EXHIBIT A
SECTION 11 OF THE RTA INFORMATION



Landlord
and
Tenant Board



Information for New Tenants

Landlords must provide this information to new tenants on or before the date the tenancy begins.

The Law

Most residential tenancies are covered by the *Residential Tenancies Act* (the Act). This law:

- gives landlords and tenants specific rights and responsibilities,
- provides rules for increasing the rent and for evicting a tenant, and
- creates the Landlord and Tenant Board (the Board).

The role of the Landlord and Tenant Board is to:

- inform landlords and tenants about their rights and responsibilities under the Act, and
- resolve disputes between landlords and tenants through **mediation** or **adjudication**, or by providing information.

Tenant Rights and Responsibilities

You have the right to:

- **security of tenancy** - You can continue to live in your rental unit until you give your landlord proper notice that you intend to move out, you and your landlord agree that you can move, or your landlord gives you a notice to end your tenancy for a reason allowed by the Act.

Important: If your landlord gives you a notice to end your tenancy, you do not have to move out. Your landlord must apply to the Board to get an order to evict you and you will have the right to go to a hearing and explain why your tenancy should not end.

- **privacy** - Your landlord can only enter your rental unit for the reasons allowed by the Act. In most cases, before entering your unit, your landlord must give you 24 hours written notice. There are some exceptions, however, such as in the case of an emergency or if you agree to allow the landlord to enter.

You are responsible for:

- **paying your rent** on time.
- **keeping your unit clean**, up to the standard that most people would consider ordinary or normal cleanliness.
- **repairing any damage** to the rental property caused by you or your guests - whether on purpose or by not being careful enough.

You are not allowed to:

- **change the locking system** on a door that gives entry to your rental unit unless you get your landlord's permission.

This form has been approved by the Landlord and Tenant Board for the purpose of section 11 of the *Residential Tenancies Act*. Ce document renferme des renseignements importants à l'intention des nouveaux locataires et est disponible en français. Pour obtenir la version française, vous pouvez communiquer avec la Commission au 416-645-8080 ou sans frais au 1-888-332-3234.

Landlord Rights and Responsibilities

Your landlord has the right to:

- **collect a rent deposit** – It cannot be more than one month's rent, or if rent is paid weekly, one week's rent. This deposit must be used as the rent payment for the last month or week of your tenancy. It cannot be used for any other reason, such as to pay for damages. A landlord must pay interest on the deposit every year.
- **increase the rent** – There are special rules that limit how often your landlord can increase the rent and by how much. In most cases, a landlord can increase the rent only once a year by the guideline that is set by the Minister of Municipal Affairs and Housing. A landlord must give a tenant at least 90 days notice in writing of any rent increase and this notice must be on the proper form. **Exceptions:** New units, non-profit and public housing units, residences at schools, colleges and universities, and certain other accommodation are not covered by all the rent rules.

Your landlord is responsible for:

- **keeping the rental property in a good state of repair** and obeying health, safety and maintenance standards.
- **providing you with a copy of your written tenancy agreement** within 21 days after the day you signed it and gave it to your landlord. If your tenancy agreement is not in writing, your landlord must give you written notice of their legal name and address within 21 days after your tenancy begins.

Your landlord is not allowed to:

- **shut off or deliberately interfere with the supply of a vital service** (heat, electricity, fuel, gas, or hot or cold water), care service or food that your landlord must provide under your tenancy agreement. However, your landlord is allowed to shut-off services temporarily if this is necessary to make repairs.
- **take your personal property** if you don't pay your rent and you are still living in your rental unit.
- **lock you out of your rental unit** unless your landlord has an eviction order from the Board and the Sheriff comes to your rental unit to enforce it.
- **insist that you pay your rent by post-dated cheque or automatic debit.** These ways of paying your rent can be suggested, but you cannot be refused a rental unit or evicted for refusing to give them.

For More Information

Contact the Landlord and Tenant Board

This brochure provides you with some general information about the rights and responsibilities of landlords and tenants. For more detailed information about your rights and responsibilities or how to resolve a dispute with your landlord, you may:

- visit the Landlord and Tenant Board's website at www.LTB.gov.on.ca or the Landlord and Tenant Board office in your area.
- call the Board at (416) 645-8080 or toll-free at 1-888-332-3234. You can get information from these numbers 24 hours a day. You can talk to a Customer Service Representative, Monday to Friday, from 8:30 a.m. to 5:00 p.m.



As Owner

- and -

Northland Power Inc.

As Buyer

OPTION AGREEMENT



TABLE OF CONTENTS

1.	INTERPRETATION:	1
2.	OPTION:.....	4
3.	PURCHASE PRICE:	4
4.	EXERCISE DATE:.....	4
5.	EXERCISE OF THE OPTION:.....	5
6.	TERMINATION:.....	5
7.	ACCESS:	5
8.	DUE DILIGENCE AND ENCUMBRANCES:	6
9.	REPRESENTATIONS AND WARRANTIES OF OWNERS:	9
10.	REPRESENTATIONS AND WARRANTIES OF THE BUYER:	11
11.	REMEDiation OF THE OPTION LANDS:.....	12
12.	CO-OPERATION BY OWNER:.....	13
13.	PURCHASE AGREEMENT TERMS AND CONDITIONS:	13
14.	CONFIDENTIALITY:	17
15.	REAL ESTATE COMMISSIONS:	18
16.	RUN WITH LANDS:	18
17.	REGISTRATION:	18
18.	LAND TRANSFER TAX:.....	18
19.	PLANNING ACT:	19
20.	FURTHER ASSURANCE:	19
21.	SURVIVAL:	19
22.	NOTICE:.....	19
23.	TIME OF THE ESSENCE:	20
24.	ASSIGNMENT:.....	20
25.	PAYMENTS:.....	20
26.	ENTIRE AGREEMENT:.....	20
27.	LAWS:	20
28.	AGREEMENTS AS COVENANTS:	20
29.	BUSINESS DAY:.....	20
30.	DISPUTE RESOLUTION:.....	21
31.	ACTING REASONABLY:	21
32.	OPERATION OF THE PROPERTY:	21
33.	RECIPROCAL INDEMNITY:.....	21
34.	COUNTERPARTS:.....	22
	SCHEDULE A LEGAL DESCRIPTION OF PROPERTY	23
	SCHEDULE B PERMITTED ENCUMBRANCES.....	24
	SCHEDULE C LEASE AGREEMENT PRINCIPLES	25

THIS OPTION AGREEMENT made as of the [REDACTED] between [REDACTED] [REDACTED] (collectively, the “**Owner**”) and Northland Power Inc. (the “**Buyer**”).

RECITALS:

- A. The Owner owns the Property.
- B. Pursuant to the terms and conditions set out herein the Owner will grant to the Buyer an option to purchase the Property.

NOW THEREFORE THIS OPTION AGREEMENT WITNESSETH THAT in consideration of the Option Payments and the other mutual covenants and agreements herein and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto hereby covenant and agree as follows:

1. INTERPRETATION:

Unless otherwise specified in this Option Agreement, the terms defined in this Section 1 shall have, for all purposes of this Option Agreement, the following meanings, unless the context expressly or by necessary implication otherwise requires:

“**Anniversary Date**” means an anniversary date of the Effective Date.

“**Applicable Laws**” means, with respect to any person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such person, property, transaction, event or other matter.

“**Approvals**” means all severance consent, official plan amendments, zoning approvals, environmental approvals, conservation authority approvals, road closures and any other Governmental Authority approvals and permits, other than building permits, all of which shall be final and unappealable.

“**Business Day**” means a day other than a Saturday, Sunday or statutory holiday in Ontario.

“**CCAA**” means the *Companies Creditors Arrangement Act* (Ontario) as amended, supplemented or replaced from time to time.

“**Closing Date**” has the meaning attributed to it in Section 13.

“**Closing Documents**” has the meaning attributed to it in Section 13.

“**Confidential Information**” has the meaning attributed to it in Section 14.

“**Credit**” has the meaning attributed to it in Section 11(b)(ii).

“**Defaulting Party**” has the meaning attributed to it in Section 33.

“**Deliveries**” has the meaning attributed to it in Section 9(v).

“Due Diligence” has the meaning attributed to it in Section 8.

“Due Diligence Date” has the meaning attributed to it in Section 8.

“Effective Date” means the date this Option Agreement is fully executed and delivered by the Owner and Buyer.

“Entering Parties” has the meaning attributed to it in Section 7.

“Environmental Claim” means, with respect to any person, any action, cause of action, investigation, suit, proceeding, judgment, award, fine, penalty, assessment or written notice or claim by any person or entity alleging potential liability (including, without limitation, potential liability for investigatory costs, clean-up costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from: (i) the presence, discharge, migration or release into the environment, of any Hazardous Substance at any location, whether or not owned or operated by such person; (ii) the generation, handling, use, treatment, recycling, storage, disposal or transport of any Hazardous Substance; or (iii) any violation of Environmental Laws.

“Environmental Consultant” means an arm’s length third party consultant and/or advisor with expertise in the area of environmental remediation in accordance with Environmental Laws retained by the Owner and/or Buyer as applicable in connection with this Option Agreement.

“Environmental Laws” means any laws including written policies and guidelines and directives, administrative rulings or interpretations, that are in effect and applicable to the Owner on the Closing Date, as well as the common law and any judicial or administrative order, consent decree or judgment that is in effect and applicable to the Owner on the Closing Date, that relates to pollution or the protection of the environment, including, without limitation, the *Canadian Environmental Protection Act* (Canada), the *Pest Control Products Act* (Canada), the *Transportation of Dangerous Goods Act* (Canada), the *Environmental Protection Act* (Ontario), the *Environmental Assessment Act* (Ontario), the *Ontario Water Resources Act* (Ontario) and the *Occupational Health & Safety Act* (Ontario), and the regulations and guidelines promulgated pursuant thereto or issued by any Governmental Authority in respect thereof, and equivalent or similar local and provincial ordinances and statutory programs and the regulations and guidelines promulgated pursuant thereto.

“Estimate” has the meaning attributed to it in Section 11(b)(i).

“Exercise Date” means the date the Buyer exercises the Option in accordance with the terms of the Option Agreement.

“First Nations” means any first nations and/or indigenous and/or aboriginal person(s), tribe(s) and/or band(s) of Canada.

“First Nations Claims” means land claims, demands, disputes, grievances, and/or any other disagreements of any kind, or any administrative, judicial, quasi judicial or other proceeding or litigation relating thereto by or on behalf of any First Nations.

“First Nations Information” means material information relating to the Property and/or the Owner or its affiliates in connection with any First Nations including without limitation relationships and/or agreements with First Nations and any discussions and/or agreements with any Governmental Authority regarding First Nations.

“Future Lender” has the meaning attributed to it in Section 8.

“Future Purchaser” has the meaning attributed to it in Section 8.

“Governmental Authority” means any municipal, regional, provincial or federal department, commission, board, bureau, branch, agency, regulating authority or other authority whatsoever having or purporting to have jurisdiction over the Property, and **“Governmental Authorities”** has a corresponding meaning.

“Hazardous Substance” means any contaminant, pollutant, dangerous substance, potentially dangerous substance, noxious material, explosive material, radioactive material, urea formaldehyde foam insulation, asbestos, PCB’s and any other substances or materials declared or defined to be hazardous, toxic, a contaminant or a pollutant to any Applicable Laws which will materially restrict the ability of the Buyer to develop the Property.

“Initiating Party” has the meaning attributed to it in Section 30.

“Losses” means all loss, costs, expense, claims, actions, damage and liability of every nature and kind (including those in connection with bodily injury (including death), personal injury or damage to property).

“Non Defaulting Party” has the meaning attributed to it in Section 33.

“Objection Response” has the meaning attributed to it in Section 8.

“Objections” has the meaning attributed to it in Section 8.

“Option” has the meaning attributed to it in Section 2.

“Option Agreement” means this Option Agreement, including all Schedules to this Option Agreement, as amended, supplemented, restated and replaced from time to time in accordance with its provisions.

“Option Expiry Date” has the meaning attributed to it in Section 4.

“Option Payment 1” has the meaning attributed to it in Section 2.

“Option Payments” has the meaning attributed to it in Section 2.

“Option Period” has the meaning attributed to it in Section 4.

“Permitted Encumbrances” means the permitted encumbrances identified in Schedule B.

“Property” means those lands and premises legally described in Schedule A.

“**Purchase Agreement**” has the meaning attributed to it in Section 5.

“**Purchase Price**” has the meaning attributed to it in Section 3.

“**Remediation**” has the meaning attributed to it in Section 11.

“**Responding Party**” has the meaning attributed to it in Section 30.

“**Studies**” has the meaning attributed to it in Section 7.

2. OPTION:

- (a) In consideration of the payment by the Buyer to the Owner of [REDACTED] payable on the Effective Date (“**Option Payment 1**”) and [REDACTED] payable on each Anniversary Date (collectively, the “**Option Payments**”), the Owner hereby grants to the Buyer the exclusive option, irrevocable during the Option Period, to purchase the Property, upon the terms and conditions set out in this Option Agreement (the “**Option**”).
- (b) The Buyer hereby confirms that the each Option Payment is non-refundable except where the purchase of the Property by the Buyer is unable to close due to the Owner’s default or misrepresentation under this Option Agreement or the Purchase Agreement and / or a defect in the Owner’s title to the Property.
- (c) If this Option Agreement is terminated as set out in Section 6, Section 8, or by reason of a default or misrepresentation by the Owner, the Buyer shall not be required to pay the Owner any Option Payment that is payable hereunder, but not yet due.

3. PURCHASE PRICE:

The purchase price (the “**Purchase Price**”) for the Property shall be [REDACTED].

4. EXERCISE DATE:

The Option may be exercised by the Buyer at any time from the Effective Date up to 5:59 p.m. on the date which is the 5th anniversary of the Effective Date (the “**Option Expiry Date**”) and the period from the Effective Date to the Option Expiry Date shall hereinafter be referred to as the “**Option Period**”) upon notice to the Owner in accordance with Section 22 below. If the Buyer does not exercise the Option on or before the Option Expiry Date, this Option Agreement and everything herein contained shall be null, void and of no further force and effect and the Owner may retain the Option Payments that have been paid to the date of such termination.

5. EXERCISE OF THE OPTION:

Upon exercise of the Option by the Buyer the Owner and the Buyer shall be deemed to have entered into a purchase and sale agreement on the terms and conditions as set out in Section 13 (the "**Purchase Agreement**").

6. TERMINATION:

At any time prior to the Exercise Date, the Buyer, in its sole and absolute discretion, may terminate this Option Agreement upon delivery of written notice to the Owner in which event the Buyer shall have no further obligation to make any Option Payments.

7. ACCESS:

- (a) Subject to terms of this Section 6, the Owner agrees to grant the Buyer and its respective officers, employees, agents, contractors, sub-contractors, consultants, workers and permittees or any of them (the "**Entering Parties**") access on, over, along, upon, across, through and under the Property at any reasonable time after the Effective Date, to conduct at its sole cost and expense, environmental audits, soil tests, engineering studies and such other feasibility studies (collectively the "**Studies**") as the Buyer deems necessary in its absolute discretion to evaluate the condition of the Property. The foregoing right of access shall remain in effect during the currency of this Option Agreement and if applicable the Purchase Agreement.
- (b) The Owner acknowledges that the Studies may involve the drilling of holes or similar investigations. The Buyer agrees that the Entering Parties will not create any potential dangers or hazards to anyone coming onto the Property and otherwise to return so far as reasonably possible the Property to its original condition in the event the transactions contemplated by this Option Agreement are not successfully completed.
- (c) Access by the Buyer is permitted only on and subject to the following terms:
 - (i) Access by the Entering Parties and all Studies conducted by or on behalf of such parties will be at the sole cost, risk and expense of the Buyer.
 - (ii) The Buyer shall repair all damage to the Property caused by it or the Entering Parties at the Buyer's own expense.
 - (iii) The Buyer will and does hereby indemnify and save the Owner harmless from all Losses that the Owner may suffer as a result of any act or omission of the Buyer or anyone acting on its behalf or attributable to access of the Property or the performance of the Studies by the Buyer or the Entering Parties or anyone acting for or on its behalf or anyone for whom it is responsible at law except to the extent that such Losses are caused by the negligence or wilful misconduct of the Owner or anyone from whom it is responsible at law.

- (iv) The Owner shall, at all times prior to the Closing Date, retain care, management and control of the Property including during any period where the Buyer and/or or the Entering Parties access the Property.
- (v) The Buyer will at all times ensure that:
 - (1) to the extent there is an impact on the Property as a result of the Entering Parties accessing and carrying out its Studies, the Property will be maintained in a clean and orderly condition to the extent that is reasonable in the circumstances;
 - (2) any existing improvements, structures, utilities and equipment on the Property or adjacent thereto are in no way damaged or adversely effected except where and to the extent previously agreed to in writing by the Owner;
 - (3) Studies are performed in accordance with good engineering and environmental practice and to the standards of safety required by Applicable Law; and
 - (4) it uses commercially reasonable efforts to ensure that the Studies do not interfere with or otherwise adversely affect the Owner's use and enjoyment of the Property or access thereto or the use, enjoyment and access by anyone having lawful permission to use the Property to the extent such use and enjoyment by the Owner or others having lawful permission to access the Property are made known to the Buyer in writing prior to undertaking any such Studies.
- (vi) Except as required by law or where otherwise agreed to in writing by the parties, the Buyer will not request inspections by Governmental Authorities. If in the commercially reasonable opinion of the Owner, but without assuming any obligation to do so, the Owner consider any Studies being conducted on the Property by or on behalf of the Buyer to be unsafe or damaging, the Owner may require the Buyer to temporarily cease to perform such Studies and the Buyer shall promptly comply with any commercially reasonable requirements of the Owner to remedy such unsafe or damaging activity, at the Buyer's expense and only after such remedy shall the Buyer proceed again with such Studies.

8. DUE DILIGENCE AND ENCUMBRANCES:

- (a) On or before the 90th day following the Effective Date (the "**Due Diligence Date**"), the Buyer shall have satisfied itself with respect to the results of whatever searches the Buyer, in its sole, absolute and subjective discretion, deems advisable with respect to the Property including, without limitation, title to the Property, any legal, physical, operational, financial or other matter in connection with the Property including, without limitation, any Deliveries, and the environmental

Buyers Initials Sellers Initials



status of the Property (the “**Due Diligence**”). In the event that the Buyer is not satisfied with the results of its Due Diligence in its sole, absolute and subjective discretion, the Buyer may by written notice to the Owner on or before 5:00 p.m. on the Due Diligence Date, elect to terminate this Option Agreement, following which the Buyer shall return Option Payment 1 to the Buyer without interest and without any cost, set-off or compensation, which return of said Option Payment 1 to the Buyer by the Owner will be accepted by the Buyer and acknowledged in writing as full satisfaction of any and all claims under or related to this Option Agreement.

- (b) The Buyer shall have until the Due Diligence Date to investigate title to the Property and to submit valid written objections to title to the Owner (the “**Objections**”). Mortgages, judgments, taxes, mechanic’s liens, and similar monetary liens shall be deemed not to be Objections hereunder, however, the Owner shall, at its expense, remove or cause their removal on or before the Closing Date. Notice of this Option Agreement shall not be deemed to be an Objection hereunder. Permitted Encumbrances shall not be deemed to be Objections provided that the Owner shall obtain third party compliance confirmations as requested by the Buyer. The Buyer’s failure to so notify the Owner in writing of any Objection shall constitute an acceptance of the Owner’s title to the Property.
- (c) The Owner shall have 30 days from receipt of the Objections to complete the matters set forth in the Objections and comply with Section 8(g) at the Owner’s own cost and expense. If the Owner is unwilling or unable to satisfy any Objection, the Owner shall so notify the Buyer (the “**Objection Response**”).
- (d) On or before the expiry of 10 days following receipt by the Buyer of the Objection Response, the Buyer shall by written notice to the Owner elect to terminate this Option Agreement, or accept the Property on Closing Date subject to any Objection without any abatement in the Purchase Price.
- (e) In the event the Buyer elects to terminate this Option Agreement pursuant to Section 8(d), the Owner shall return Option Payment 1 to the Buyer without interest, and without any cost, set-off or compensation, which return of Option Payment 1 to the Buyer by the Owner will be accepted by the Buyer and acknowledged in writing as full satisfaction of any and all claims under or related to this Option Agreement.
- (f) The Owner shall not mortgage, charge, pledge, assign or otherwise encumber or dispose of the Property or any interest therein during the Option Period, save and except for a bona fide third party financing secured by the Property and so long as prior to such financing the Owner obtains an agreement from the respective lender(s), mortgagee(s) or secured party(s) (collectively the “**Future Lender**”) in favour of the Buyer, in form and content reasonably satisfactory to the Buyer, wherein the Future Lender agrees to:

- (i) be bound by this Option Agreement (including without limitation the granting of the Option), to the extent the Future Lender is in possession of, or succeeds to the ownership of, the Property;
 - (ii) bind successors of the Future Lender;
 - (iii) subordinate and postpone its interest in the Property to this Agreement; and
 - (iv) discharge its security against the Property on the Closing Date upon the payment of the lesser of:
 - (1) the amounts outstanding under its security, or
 - (2) the balance of the Purchase Price.
- (g) If there are any existing debentures, mortgages, charges, or trust deeds registered against the Property, the Owner shall either arrange for the discharge of same from the Property prior to the Effective Date or obtain an agreement of such secured party in favour of the Buyer, in form and content reasonably satisfactory to the Buyer, wherein such secured party agrees to:
- (i) be bound by this Option Agreement (including without limitation the granting of the Option), to the extent it is in possession of, or succeeds to the ownership of, the Property;
 - (ii) bind successors of the secured party;
 - (iii) subordinate and postpone its interest in the Property to this Option Agreement; and
 - (iv) discharge its security against the Property on the Closing Date upon the payment of the lesser of:
 - (1) the amounts outstanding under its security, or
 - (2) the balance of the Purchase Price.

Without limiting the foregoing the Owner and Buyer acknowledge that the following charges are currently registered against title to the Property:

- (h) The Owner shall not sell, lease, grant purchase or lease options and or rights of first refusal to purchaser and lease, and/or otherwise dispose of the Property or any interest therein, during the Option Period, save and except for a bona fide third party sale of the Property, and then only so long as prior to such sale the Owner obtains an agreement from the purchaser (the "**Future Purchaser**") in favour of the Buyer, in form and content reasonably satisfactory to the Buyer, wherein the Future Purchaser agrees to:

- (i) be bound by this Option Agreement (including, without limitation, the sale of the Property, and the provision respecting Future Lenders) effective on the closing of the Future Purchaser's purchase of the Property;
- (ii) bind successors of the Future Purchaser; and
- (iii) subordinate and postpone its interest in the Property to this Option Agreement.

9. REPRESENTATIONS AND WARRANTIES OF OWNERS:

The Owner represents and warrants that:

- (a) the Owner has the necessary authority, power and capacity to own the Property;
- (b) the Owner has the necessary authority, power and capacity to enter into this Option Agreement and the documents and transactions contemplated herein and deliver this Option Agreement and the documents and transactions contemplated herein on the terms and conditions herein contained;
- (c) this Option Agreement and the obligations of the Owner hereunder and the documents and transactions contemplated herein, all constitute legal, valid and binding obligations of the Owner enforceable against the Owner in accordance with their terms;
- (d) the Owner is not a non-resident of Canada within the meaning of section 116 of the *Income Tax Act* (Canada);
- (e) there are no consents necessary for the transfer, assignment and conveyance of the Property in accordance with this Option Agreement and the Purchase Agreement;
- (f) there is no existing litigation, judicial or administrative action, statutory proceeding, judgment or order, and the Owner has not received notice of any of the foregoing, that are pending that involve the Property or could affect the ownership or use of the Property;
- (g) save and except for this Option Agreement, there are no options or other rights to purchase rights of first refusal, or rights of first offer with respect to the Property or any part thereof nor shall the Owner grant any such options or rights during the duration of this Option Agreement;
- (h) the Owner is not in default under any of the Permitted Encumbrances;
- (i) save and except as disclosed in Section 11, the Property is in compliance with all Environmental Laws and does not contain any Hazardous Substances, contaminants or any hazardous or toxic wastes or substances, nor do any conditions exist at, in or under the Property which could permit the issuance of any Environmental Claim, order or give rise to any other liability thereunder

concerning protection or impairment of air, land, surface water or ground water or any other Environmental Laws;

- (j) as disclosed by registered title, the Owner has not entered into, nor is the Owner aware of, any unregistered agreements, contracts or covenants with any Governmental Authority relating to any rezoning, development, servicing, severance or subdivision of the Property;
- (k) the Owner has not committed an act of bankruptcy, nor is it an insolvent person (as such term is defined by the *Bankruptcy and Insolvency Act*) and no petition or receiving order has been filed against the Owner, and no proceedings for a compromise with or proposal to the Owner's creditors or for the winding-up, liquidation or other dissolution of the Owner has been instituted by or against the Owner under any Applicable Laws;
- (l) subject to Section 8, the Property is not subject, nor to the Owner's knowledge will it be subject in the future, to any security, encumbrance, claim, demand or other rights in favour of any third party creditor of the Owner or its respective predecessors or affiliates, in connection with any prior, current or pending CCAA proceeding;
- (m) the Property is not subject to, nor is the Owner aware of any current or pending, First Nation Claims;
- (n) all oil and gas leases, license and other rights relating to extraction of oil at the Property have expired and/or are abandoned and on the Closing Date no instruments relating to same will be registered on title to the Property;
- (o) neither the Property nor any part thereof has been expropriated and the Owner has not received written notice of any contemplated expropriation proceedings affecting the Property or any part of the Property;
- (p) the Property is used in material compliance with all Applicable Laws, development agreements and the Permitted Encumbrances;
- (q) there are no work orders outstanding against the Property, and no notices of non-compliance have been received from any fire department, building department, engineering department, air pollution branch, hydro authority, health department, or any Governmental Authority that may have authority over the Property;
- (r) there are no outstanding arrears for taxes of any nature or any other expense, charge or fee in respect of the Property other than those that will be paid or adjusted and cleared on or before the Closing Date;
- (s) there are no encroachments, easements, rights-of-way, restrictive covenants, leases, licenses, contracts or other encumbrances whatsoever running with the Property or affecting the title to the Property, other than Permitted Encumbrances;

- (t) the Owner is not currently engaged in negotiations or talks of any kind with any person relating to the disposition or development of the Property other than as provided for in Section 8(h) and it will not enter into any such negotiations or talks until this Option Agreement expires or is terminated;
- (u) the Owner has good and marketable title in fee simple to the Property subject only to the Permitted Encumbrances;
- (v) the Owner has delivered to the Buyer all title documents, appraisals, environmental reports, soil tests, geological surveys, land surveys, information regarding First Nation Claims and First Nation Agreements, and all other documents and information relevant and/or relating to the Property within the Owner's possession or control (the "Deliveries");
- (w) the value of the Property as reflected as less than \$50 million Canadian dollars on the balance sheet of the Owner and all the transactions contemplated in the Option Agreement and Purchase Agreement are not subject to approval under the *Competition Act*;
- (x) on the Closing Date, the Buyer shall have no liability or obligations with respect to employees of the Owner or its manager (if applicable) at the Property none of whom shall become or be deemed to be employees of the Buyer on the Closing Date; and
- (y) the Owner has not engaged any real estate agent or broker to represent it respecting the Option Agreement, the Purchase Agreement or the transactions contemplated therein.

If the Owner has actual knowledge or information at any time following the Effective Date of matters then existing which affect the representations and warranties contained herein, the Owner will immediately communicate such information to the Buyer by way of a notice specifically referring to the representation and warranty where applicable. Without limiting the foregoing, if any Deliveries not previously delivered to the Buyer become in the possession and control of the Owner following the Effective Date, the Owner shall forthwith deliver same to the Buyer.

10. REPRESENTATIONS AND WARRANTIES OF THE BUYER:

The Buyer represents and warrants that:

- (a) it has the necessary authority, power and capacity to enter into this Option Agreement and the documents and transactions contemplated herein and deliver this Option Agreement and the documents and transactions contemplated herein on the terms and conditions herein contained;
- (b) this Option Agreement and the obligations of the Buyer hereunder and the documents and transactions contemplated herein all constitute legal, valid and

binding obligations of the Buyer enforceable against the Buyer in accordance with their terms; and

- (c) the Buyer has not engaged any real estate agent or broker to represent it respecting the Option Agreement, the Purchase Agreement, or the transactions contemplated therein.

11. REMEDIATION OF THE OPTION LANDS:

- (a) If the Option has been exercised by the Buyer, the Owner shall prior to the Closing Date, at its sole cost and expense, in a good and workman like manner, in accordance with Environmental Laws, remediate (the "**Remediation**") the Property to applicable, Ministry of the Environment generic standards for an [agricultural] use property as set in Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the *Environmental Protection Act*, March 9, 2004 as amended, supplemented, modified or replaced from time to time, in accordance with a remediation plan to be prepared by the Buyer's Environmental Consultants acting on a commercially reasonable basis.
- (b) If in the opinion of the Owner's Environmental Consultant, acting on a commercially reasonable basis, it is not commercially practical to complete the Remediation prior to the Closing Date the following shall apply:
 - (i) the Buyer's Environmental Consultant shall estimate, acting on a commercially reasonable basis, the cost of the Remediation (the "**Estimate**");
 - (ii) on the Closing Date, the Buyer shall receive a credit on the statement of adjustments in an amount equal to the Estimate (the "**Credit**");
 - (iii) the Buyer shall be required to complete the Remediation in the same manner as the Owner were required to complete the Remediation pursuant to Section 11(a);
 - (iv) upon completion of the Remediation and the determination of the final costs associated with same, the parties hereto will re-adjust the Credit with the intent that:
 - (1) the Owner is responsible for the all costs and expenses associated with the Remediation, including costs and expenses which exceed the amount of the Credit; and
 - (2) the Buyer is not entitled to retain any amount from the Credit in excess of the total costs expended to complete the Remediation.
- (c) This Section 11 shall not merge on, and shall survive, the closing of, the purchase of the Property until such time as the Remediation has been completed.

12. CO-OPERATION BY OWNER:

- (a) The Owner shall provide all necessary and commercially reasonable co-operation, consents and confirmations to the Buyer in order to allow the Buyer, at its sole cost and expense to:
 - (i) obtain all necessary federal, provincial and local licences, consents and approvals including, executing applications for re-zoning or site plan, development or other agreements;
 - (ii) conduct an environmental assessment if required;
 - (iii) have access to the appropriate personnel of the Owner and its affiliates to discuss their respective relationships (if any) with any First Nations; and
 - (iv) obtain the Approvals.
- (b) The Buyer shall provide an appropriate indemnification for any Losses incurred by the Owner as a result of the executing of any consents, applications and/or other agreements in connection with the Owner's co-operation in this Section 12.
- (c) The Owner shall not, directly or indirectly, intervene against, object to, oppose or interfere with the Buyer's efforts with respect to the Property including the Approvals and any proposed development of the Property.

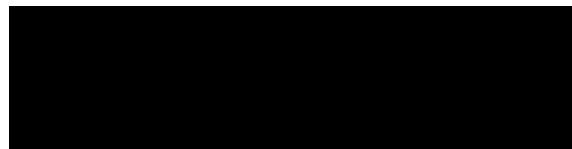
13. PURCHASE AGREEMENT TERMS AND CONDITIONS:

In the event of a sale to the Buyer, the following shall apply:

- (a) The closing ("**Closing**") of any sale shall be held at the office of the Buyer's solicitors at 10:00 a.m. (local time) on the first Business Day following the 60th day after the Exercise Date, or such earlier or later date as may be mutually agreed upon by the parties to the transaction (such date being hereinafter referred to as the "**Closing Date**"). If the applicable Land Registry Office is not open for business on the Closing Date, the Closing Date shall be deemed to be on the next day on which it is open for business.
- (b) On the Closing Date, the Owner shall deliver to the Buyer a transfer deed of land of the Property containing the requisite *Planning Act* (Ontario) compliance statements, duly completed, in duplicate, and in registrable form, together with such customary instruments and documents for similar transactions (to be reasonably satisfactory to counsel for the Buyer and the Owner acting on a commercially reasonable basis) as may be necessary or desirable to give effect to the sale and transfer of the Property (collectively the "**Closing Documents**"). In addition, on the Closing Date, the Buyer, as landlord, and the Owner, as tenant, shall enter into a lease agreement upon the terms and principles set forth in Schedule C, and such other terms and conditions as may be required by the Buyer. The transfer documents shall be legally sufficient to convey the Property to the

Buyer. Failing agreement of the terms of the closing documents, the terms thereof will be determined by mediation in accordance with Section 30 of the Option Agreement with the arbitrators being lawyers with at least 10 years experience in negotiating similar documents for both buyers and sellers.

- (c) The balance of the Purchase Price for the Property shall be paid to or to the order of the Owner on the Closing Date subject to adjustment on Closing for any municipal property taxes, charges and other impositions normally the subject of adjustment between buyers and sellers for the purchase of similar property to the Property in Ontario.
- (d) The Owner shall either provide the Buyer with evidence reasonably satisfactory to the Buyer that the Owner is not then a non-resident of Canada within the meaning of the *Income Tax Act* (Canada), as modified and re-enacted from time to time, or provide the Buyer with a certificate pursuant to subsection 116(2) of such Act, with a certificate limit in an amount not less than the Purchase Price; provided that, if such evidence or certificate is not forthcoming, the Buyer shall be entitled to make the payment of tax required under Section 116 of such Act or the comparable provisions of such Act, as then constituted, and to deduct such payment from the Purchase Price.
- (e) The Buyer shall be responsible for the payment of all reasonable legal costs and expenses incurred by the Owner in connection with the preparation of any documents or other registrations required to be completed in response to the Objections including the preparation and delivery of the Objection Response and the preparation, negotiation and execution of the Closing Documents following the Exercise Date.
- (f) Any tender of documents or money may be made upon the Buyer or the Owner or its respective solicitors on the Closing Date. Money may be tendered by wire transfer, bank draft or certified cheque, in each case drawn upon or wired by a Schedule I Canadian chartered bank.
- (g) The Buyer covenants and agrees that it will be on the Closing a registrant under the *Excise Tax Act* (the "ETA"), if required at such time to be a registrant. The Buyer hereby undertakes to file returns and remit on a timely basis any GST owing on the transfer of the Property to the extent required by the ETA and shall indemnify and hold the Owner harmless from any liability of the Owner under the ETA because of a breach of the obligations of the Buyer hereunder, if the Buyer is required to pay GST.
- (h) If the Owner is not represented at the Closing or is represented but fails for any reason whatsoever to produce and deliver all of the Closing Documents it is required to so produce and deliver, and provided the Buyer produces and delivers all of the Closing Documents it is required to so produce and deliver, then, the Purchase Price may be deposited by the Buyer in a special account at a branch of the bank used by the Buyer in the name of the Owner. Subject to the foregoing, such deposit shall constitute valid and effective payment of the Purchase Price to the Owner even though the Owner has, in breach of this Option Agreement, voluntarily encumbered or disposed of any of its interest and notwithstanding the fact that a conveyance or conveyances or assignment or assignments for any of



the Property may have been delivered in breach of this Option Agreement. If the Purchase Price is deposited as aforesaid then, from and after the date of such deposit, and even though the Closing Documents have not been delivered to the Buyer, and provided the Buyer has produced and delivered to the Owner all Closing Documents so required, the purchase of the Property shall be deemed to have been fully completed and all right, title, benefit and interest, both at law and in equity, in and to the Property shall be conclusively deemed to have been transferred and assigned to and become vested in the Buyer and all right, title, benefit and interest, both in law and in equity of the Owner, or of any transferee, assignee or any other person having any interest, legal or equitable, therein or thereto shall cease and determine, provided, however, that the Owner shall be entitled to receive the Purchase Price so deposited, without interest, upon delivery to the Buyer of the all of the Closing Documents required to be delivered by the Owner.

- (i) If an Owner does not produce all necessary Closing Documents at the Closing, the Owner hereby irrevocably constitute and appoint the Buyer (and Borden Lander Gervais LLP solely for the purpose registering on the Teraview system by electronic registration any Closing Documents required to be so registered including but not limited to a transfer deed of land for the Property) as its true and lawful attorney-in-fact and agent, in the name of and on behalf of the Owner to execute and deliver in the name of the Owner all such assignments, transfers, deeds or instruments as may be necessary to effectively transfer and assign the Property to the Buyer. Such appointment and power of attorney, being coupled with an interest, shall not be revoked by the dissolution, winding-up, bankruptcy or insolvency of the Owner and the Owner hereby ratifies and confirms and agrees to ratify and confirm all that the Buyer (and Borden Lander Gervais LLP as applicable) may lawfully do or cause to be done by virtue of the provisions hereof. The Owner hereby irrevocably consents to the transfer of the Property made pursuant to the provisions of this Section.
- (j) The Buyer is entitled to direct the Owner to convey title to the interest in the Property to an affiliate or nominee of the Buyer.
- (k) It is a condition of Closing that all matters of payment, execution and delivery of Closing Documents by each party to the other, the registration of the appropriate documents in the appropriate offices of public record as herein provided, and the fulfillment of all other conditions of Closing, shall be deemed to be concurrent requirements and it is specifically agreed that nothing will be completed at the Closing until everything required as a condition precedent at the Closing has been paid, executed, delivered and satisfied (unless waived by the party for whose benefit the condition exists). Upon such completion and satisfaction or waiver of all conditions set forth in this sub-section, the documents and monies shall be released from escrow and the Closing shall be deemed to have been completed on the Closing Date. Interest on the Purchase Price from the Closing Date until the release from escrow shall be paid to the Owner and no additional interest or other compensation shall be owing by the Buyer on the Purchase Price.

Notwithstanding anything to the contrary herein contained, in the event the Buyer obtains title insurance (including gap insurance), all Closing Documents and money shall not be held in escrow pending registration as herein contemplated but shall be immediately released to the Owner, provided it shall remain obligated to transfer title to the Buyer free and clear of all encumbrances, except Permitted Encumbrances.

- (l) If any agreement that is to be assigned to the Buyer at the Closing cannot be assigned without the consent of a third party and such consent is not obtained by the Closing, the Owner shall hold such agreements in trust for the Buyer, provided that the Buyer indemnifies the Owner in respect of all obligations thereunder for the period after the Closing Date.
- (m) The Owner's title to the Property shall, on the Closing Date, be good and marketable in fee simple subject only to the Permitted Encumbrances, provided the Owner is in compliance thereunder.
- (n) On the Closing Date each of the Owner and Buyer shall deliver a certificate to the other whereby such party confirms that all their respective representations and warranties in Section 9 and Section 10 of the Option Agreement are true and accurate in all material respects as of the Closing Date and such representations and warranties shall not merge on the completion of transactions contemplated in the Purchase Agreement and shall survive for a period of 12 months following the Closing Date. The provision of the Deliveries to the Buyer, or any of the Buyer's right of inspection, access or examination in the Option Agreement and/or the Purchase Agreement shall not affect, lessen, reduce or mitigate any of the representations, warranties and covenants of the Owner contained in the Purchase Agreement.
- (o) Time shall in all respects be of the essence hereof provided that the time for the doing or completing of any matter referred to herein may be extended or abridged by an agreement, in writing, executed by the Buyer and the Owner.
- (p) The obligations of each party to complete the transactions constituted by the Purchase Agreement shall be subject to the following conditions:
 - (i) Conditions in favour of the Buyer:
 - (1) all of the terms, covenants and conditions of the Purchase Agreement and Option Agreement to be complied with or performed by the Owner shall have been complied with or performed in all material respects at the times contemplated in such agreements;
 - (2) by the Closing Date, the representations or warranties of the Owner in the certificate to be delivered pursuant to Section 13(n) shall be true and accurate in all material respects.

- (3) by the Closing Date, the Owner shall have obtained and delivered to the Buyer all third party approvals, consents and releases and documentation, if any, which are necessary in connection with the sale of the Property and transactions contemplated hereby.
 - (ii) Conditions in favour of the Owner:
 - (1) all of the terms, covenants and conditions of the Purchase Agreement and Option Agreement to be complied with or performed by the Buyer shall have been complied with or performed in all material respects at the times contemplated in such Agreements, including without limitation obtaining the Severance Consents; and
 - (2) on the Closing Date, the representations or warranties of the Buyer in the certificate to be delivered pursuant to this 13(n) shall be true and accurate in all material respects.
- (q) The conditions set forth in section 13(p)(i) are for the benefit of the Buyer, and may be waived in whole or in part by the Buyer by notice to the Owner on or before the applicable date referred to above. The conditions set forth in section 13(p)(ii) are for the benefit of the Owner, and may be waived in whole or in part by the Owner by notice to the Buyer on or before the applicable date referred to above.
- (r) In the event any condition set forth in Section 13(p)(i) and Section 13(p)(ii) is not satisfied or waived as therein provided on or before the applicable date referred to in Section 13(p), the Purchase Agreement shall be terminated, null and void and of no further force or effect whatsoever, unless the reason for such failure of condition is a default by a party hereunder. If by 5:00 p.m. Toronto time on the applicable date referred to in Section 13(p)(i) and Section 13(p)(ii), the party having the benefit of the condition has not given notice to the other that a condition has not been satisfied or has been satisfied or has been waived, such condition shall be deemed not to have been satisfied or waived.
- (s) On the Closing Date, vacant possession of the Property shall be given to the Buyer, subject only to the Permitted Encumbrances.

14. CONFIDENTIALITY:

The Buyer and its consultants, agents, advisors and solicitors shall keep confidential all information, documentation and records obtained from the Owner or its consultants, agents, advisors, solicitors or lenders with respect to the Property, as well as any information arising out of the Buyer's access to the Owner's records and the Property and its due diligence with respect thereto (collectively, the "**Confidential Information**"). The Buyer shall not use any Confidential Information for any purposes not related to its proposed purchase of the Property. Nothing herein contained shall restrict or prohibit the Buyer from disclosing Confidential Information to its consultants, agents, advisors, solicitors, and lenders as long as such parties

agree to keep such Confidential Information confidential or the Owner receives such other assurances which are acceptable to it. The Confidential Information referred to in this Section shall not include:

- (a) public information or information in the public domain at the time of receipt by the Buyer or its consultants, agents, advisors or solicitors;
- (b) information which becomes public through no fault or act of the Buyer or its consultants, agents, advisors, solicitors or lenders;
- (c) information in the possession of the Buyer not provided by the Owner or its consultants, agents, advisors and solicitors;
- (d) information required to be disclosed by law; or
- (e) information received in good faith from a third party lawfully in possess of the information and not in breach of any confidentiality obligations.

If the purchase and sale of the Property is not completed for any reason, the Buyer shall promptly return to the Owner all Confidential Information (other than the Buyer's notes and due diligence materials) including all copies, and shall destroy all of the Buyer's notes and due diligence materials containing Confidential Information related to the Property.

15. REAL ESTATE COMMISSIONS:

Each of the Owner and the Buyer shall be responsible for their own real estate commissions, if any.

16. RUN WITH LANDS:

The burden and benefit of this Option Agreement shall run with the Property, and the works and undertaking of the Buyer; and shall be binding upon and enure to the benefit of the Owner and its respective administrators, successors and assigns.

17. REGISTRATION:

The Owner hereby covenants and agrees that the Buyer may, at its sole option and cost, register a notice of this Option Agreement on title to the Property, and the Owner hereby covenants and agrees to execute, at no further cost or condition to the Buyer, such further and other instruments and documents as may reasonably be required by the Buyer to effect registration of this Option Agreement or notice thereof on title to the Property.

18. LAND TRANSFER TAX:

The Buyer shall be responsible for the land transfer tax, goods and services tax, and registration fees payable in connection with this Option Agreement and the purchase and sale of the Property pursuant to the Purchase Agreement constituted upon the exercise by the Buyer of the Option herein granted.

19. PLANNING ACT:

This Option Agreement and the transfer contemplated hereunder shall both be subject to the condition that the provisions of the *Planning Act*, (Ontario) as amended are complied with.

20. FURTHER ASSURANCE:

Each of the Owner and the Buyer agree that they shall and will from time-to-time and at all times do all such further acts and execute all such further documents and provide all such assurances as shall be reasonably required by the other to fully perform and carry out the terms of this Option Agreement and the Purchase Agreement.

21. SURVIVAL:

The representations, warranties, covenants and agreements contained in this Option Agreement shall survive exercise of the Option and shall continue to bind the Buyer and Owner as purchaser and vendor respectively under the Purchase Agreement and shall be deemed to be incorporated into the Purchase Agreement.

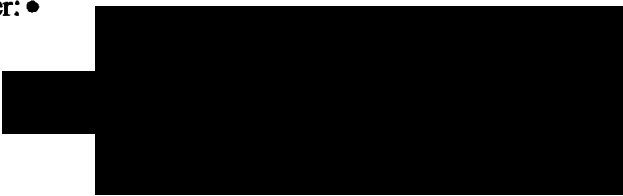
22. NOTICE:

Any notice, statement, document or other communications required to be given to any party pursuant to the provisions of this Option Agreement, shall be sufficiently given if such notice, statement or document or other communication is in writing and delivered to such other party addressed as follows:

To the Buyer: •

Northland Power Inc.
30 St. Clair Avenue West
17th Floor
M4V 3A1
Attention: Mr. John Brace
President and CEO•

To the Owner: •



or to such other address as may be given to the other in writing from time to time. Any such notice, statement, document or other communication shall, if delivered prior to 4:30 p.m. (Toronto time) on a Business Day, be deemed to have been received by the other party on the same day on which it is delivered and if delivered at any other time or by any other permitted means of delivery, be deemed to have been received by the other party on the next following Business Day.

23. TIME OF THE ESSENCE:

Time shall be of the essence of this Option Agreement and the Purchase Agreement.

24. ASSIGNMENT:

The Buyer may assign this Option Agreement and the Purchase Agreement to any person, firm, partnership, corporation or other legal entity designated by the Buyer in its absolute discretion, provided such assignee agrees to be bound by the terms of this Option Agreement. This Option Agreement and the Purchase Agreement may be assigned by the Owner only in accordance with Section 8.

25. PAYMENTS:

All Option Payments and/or any other amounts to be paid by the Buyer to the Owner pursuant to this Agreement shall be made for value on the day such amount is due and, if such day is not a Business Day, on the Business Day next following, by cheque delivered to the Owner by the Buyer. Notwithstanding the foregoing, if an Option Payment and/or any other amounts payable hereunder are not paid by the Buyer within the time period specified for such payment(s) in this Option Agreement, the Buyer shall be deemed not to be in default of this Option Agreement and should be deemed not to have forfeited the Option unless such payments are not made within 3 Business Days following receipt of notice from the Owner confirming that such payment(s) were not paid in a timely manner.

26. ENTIRE AGREEMENT:

This Option Agreement, including the attachments, constitutes the entire agreement between Buyer and Owners and supersede all prior agreements, understandings, negotiations and discussions with respect thereto and there is no representation, warranty, collateral agreement or condition affecting this Option Agreement or the Property or supported hereby other than as expressed herein in writing.

27. LAWS:

This Option Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

28. AGREEMENTS AS COVENANTS:

Each agreement and obligation of any of the parties in this Option Agreement and the Purchase Agreement, even though not expressed as a covenant, is considered for all purposes to be a covenant.

29. BUSINESS DAY:

Where a payment, delivery, action, obligation, and/or covenant to be performed under the Option Agreement and/or the Purchase Agreement is required to be made and/or undertaken on a day which is not a Business Day and, as a result, such payment and/or undertaking cannot be

complied with on such day, then such payment and/or undertaking shall be required to be complied with on the first Business Day following such non Business Day.

30. DISPUTE RESOLUTION:

In the event of any dispute between the parties hereto with respect to any provisions of this Option Agreement, or with respect to anything arising hereunder, the matter in dispute shall be submitted to arbitration if a party hereto (the "**Initiating Party**") notifies the other of its intention to resort to arbitration and includes with such notice the name of its nominee as arbitrator. Within 7 Business Days after delivery of such notice, the other party ("**Responding Party**") shall notify the Initiating Party of a second arbitrator appointed by it, failing which the arbitrator appointed by the Initiating Party shall act as the sole arbitrator. If the Responding Party appoints an arbitrator as aforesaid, the two arbitrators so appointed shall, within 7 Business Days of the appointment of the last of them appointed, choose a third arbitrator, and if they fail to agree on such choice, then the Initiating Party shall be entitled to make application to court under the *Ontario Arbitrations Act 1991* for the appointment of a third arbitrator. The three arbitrators or single arbitrator appointed or chosen as aforesaid, shall forthwith proceed to arbitrate the dispute between the parties hereto and shall, within 15 days, or so soon thereafter as may be practicable, render a decision in writing and shall cause such decision to be thereupon served upon the parties hereto. If there are 3 arbitrators, the decision of a majority of them shall govern. The arbitration decision shall be final and binding on both parties and not subject to appeal. The cost of any arbitration shall be borne equally by the parties hereto, except as the arbitration decision may otherwise determine.

31. ACTING REASONABLY:

The parties will act reasonably in connection with any consents, approvals, provisions or any other exercise of discretion under this Option Agreement and/or the Purchase Agreement.

32. OPERATION OF THE PROPERTY:

From the Effective Date until the Closing Date or the earlier termination of this Option Agreement, the Owner shall operate the Property in accordance with sound business and management practices as would a prudent owner of comparable property. During the Option Period the Property shall only be used for purposes consistent with the Owner's use as of the Effective Date.

33. RECIPROCAL INDEMNITY:

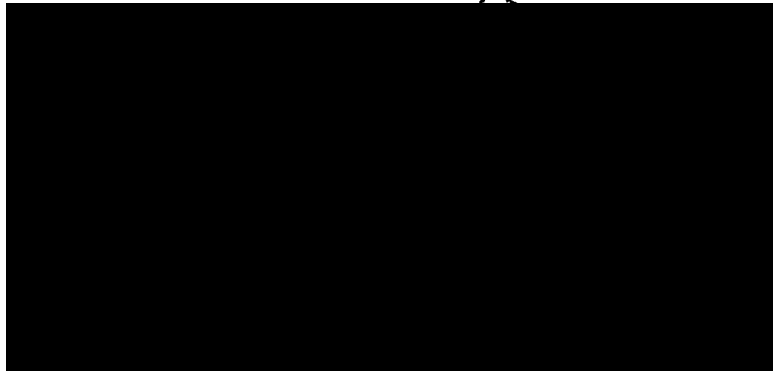
The Owner shall indemnify and save harmless the Buyer and the Buyer shall save harmless the Owner against any and all Losses arising from or out of the occupancy or use by the such party (the "**Defaulting Party**") of all or part of the Property or occasioned wholly or in part by a default by the Defaulting Party of its obligations under this Agreement, or by any act or omission of the such party, its officers, employees, agents, contractors, invitees, licensees or by any person permitted by the Defaulting Party to be on the Property or due to or arising out of any breach by such party of this Agreement, or in the case of the Owner arising from or out of the occupancy or use of the Property by it or any party other than the Buyer. If the party to this Option Agreement which is not the Defaulting Party (the "**Non Defaulting Party**") shall,

without fault on its part, be made a party to any litigation commenced by or against the Defaulting Party then the Defaulting Party shall protect, indemnify and hold the Non Defaulting Party harmless in connection with such litigation. The Non Defaulting Party may at its option participate in any litigation or settlement discussions relating to the foregoing, or any other matter for which the Defaulting Party is required to indemnify the Non Defaulting Party under this Agreement. This Indemnity shall survive the termination of this Option Agreement.

34. COUNTERPARTS:

This Option Agreement may be executed in any number of counterparts or by electronic means of communication, each of which when executed and delivered shall be deemed to be an original hereof and fully binding upon the signatory thereto, and all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Owner and Buyer have executed this Option Agreement as of the Effective Date.



NORTHLAND POWER INC.

Per: _____

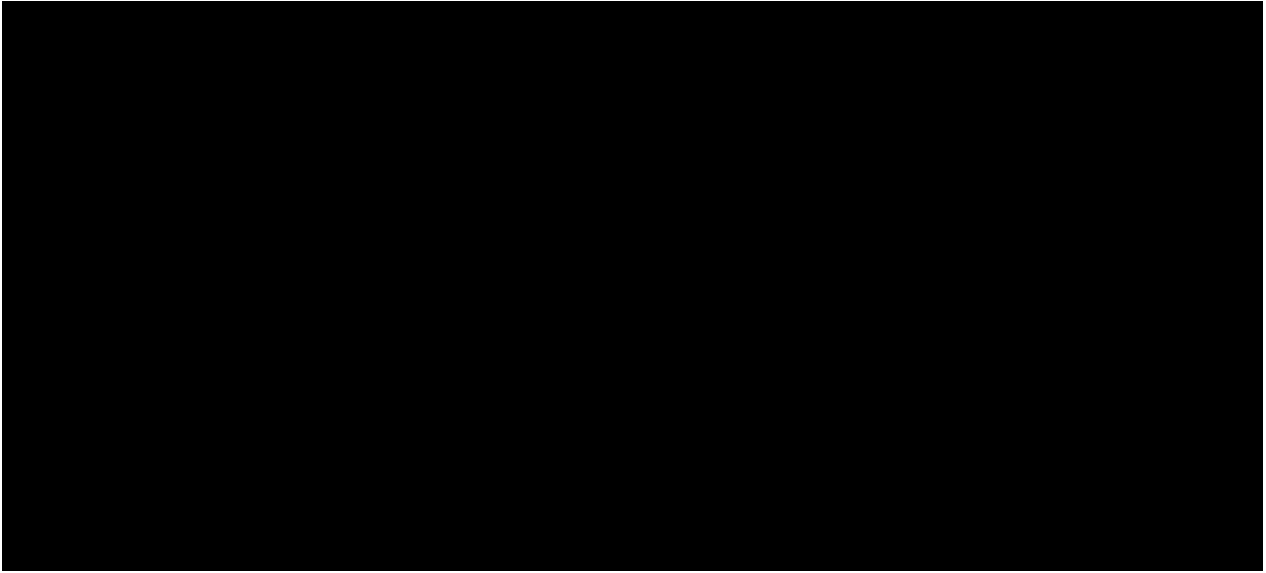
Name: John Brace

Title: President and CEO

I have the authority to bind the Corporation

SCHEDULE A

LEGAL DESCRIPTION OF PROPERTY




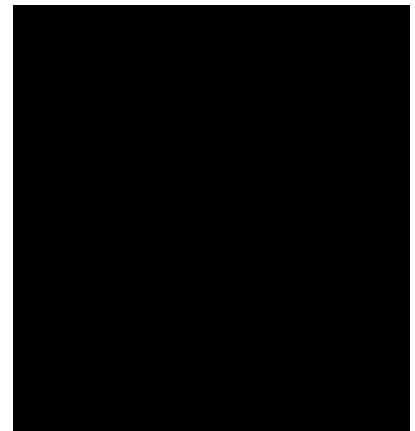
SCHEDULE B

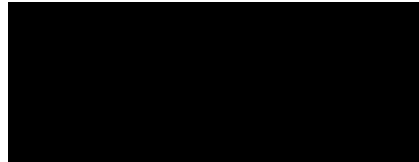
PERMITTED ENCUMBRANCES

SCHEDULE C

LEASE AGREEMENT PRINCIPLES

1. **Demised Premises:** Existing residence on the Property only, with a right of ingress and egress along the existing driveway, as may be relocated by the landlord from time to time.
2. **Rent:** 
3. **Maintenance and Repairs:** The tenant will be responsible for all maintenance and repairs of the demised premises, and the landlord shall have the right to inspect the demised premises in accordance with applicable laws. For greater certainty, the tenant's repair and maintenance obligations shall include the existing water facilities on the Property. The tenant shall also be responsible for clearing snow from the driveway as required by the tenant from time to time.
4. **Property Taxes:** The landlord will be responsible for property taxes.
5. **Property Insurance:** The tenant will be responsible for obtaining content insurance and will provide evidence of such insurance to the Landlord from time to time.
6. **Water and Utilities:** The Tenant will be responsible for and provide evidence to the Landlord from time to time regarding payment of all municipal water charges, if any. The tenant will be responsible for the payment of all utility charges of any nature or kind.
7. **No Sublease or Assignment:** The tenant will not sublease or assign the lease agreement without the consent of the landlord.
8. **Sale of Property:** In the event that the Owner conveys all or any portion of the Property on or prior to the Closing Date, the terms and provisions of the Option Agreement regarding the grant of a lease to the Owner on the Closing Date shall be null and void and of no further force and effect.





As Owner

- and -

NORTHLAND POWER INC.

As Buyer

OPTION AGREEMENT



TABLE OF CONTENTS

1.	INTERPRETATION:	1
2.	OPTION:.....	4
3.	PURCHASE PRICE:	5
4.	EXERCISE DATE:.....	5
5.	EXERCISE OF THE OPTION:.....	5
6.	TERMINATION:.....	5
7.	ACCESS:	5
8.	DUE DILIGENCE AND ENCUMBRANCES:	7
9.	REPRESENTATIONS AND WARRANTIES OF OWNERS:	9
10.	REPRESENTATIONS AND WARRANTIES OF THE BUYER:	12
11.	REMEDIATION OF THE OPTION LANDS:.....	12
12.	CO-OPERATION BY OWNER:.....	13
13.	PLANNING ACT:.....	13
14.	PURCHASE AGREEMENT TERMS AND CONDITIONS:	14
15.	CONFIDENTIALITY:	18
16.	REAL ESTATE COMMISSIONS:	19
17.	RUN WITH LANDS:	19
18.	REGISTRATION:	19
19.	LAND TRANSFER TAX:.....	19
20.	FURTHER ASSURANCE:	19
21.	SURVIVAL:	19
22.	NOTICE:.....	20
23.	TIME OF THE ESSENCE:	20
24.	ASSIGNMENT:.....	20
25.	PAYMENTS:.....	20
26.	ENTIRE AGREEMENT:.....	21
27.	LAWS:	21
28.	AGREEMENTS AS COVENANTS:	21
29.	BUSINESS DAY:.....	21
30.	DISPUTE RESOLUTION:.....	21
31.	ACTING REASONABLY:	22
32.	OPERATION OF THE OPTION LANDS:.....	22
33.	RECIPROCAL INDEMNITY:.....	22
34.	OWNER'S LEGAL COSTS AND EXPENSES	22
35.	COUNTERPARTS:	22
	SCHEDULE A LEGAL DESCRIPTION OF PROPERTY	24
	SCHEDULE B PERMITTED ENCUMBRANCES.....	25
	SCHEDULE C OPTION LANDS	26

THIS OPTION AGREEMENT made as of the [REDACTED] between [REDACTED] [REDACTED] (collectively the “Owner”) and **NORTHLAND POWER INC.** (the “Buyer”).

RECITALS:

- A. The Owner owns the Property.
- B. Pursuant to the terms and conditions set out in this Option Agreement, the Owner will grant to the Buyer an option to purchase the Option Lands.

NOW THEREFORE, in consideration of the Option Payments and the other mutual covenants and agreements in this Option Agreement and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the parties covenant and agree as follows:

1. INTERPRETATION:

Unless otherwise specified in this Option Agreement, the terms defined in this Section 1 shall have, for all purposes of this Option Agreement, the following meanings, unless the context expressly or by necessary implication otherwise requires:

“**Adjacent Lands**” means the remainder of the Property after excluding the Option Lands.

“**Anniversary Date**” means an anniversary date of the Effective Date.

“**Applicable Laws**” means, with respect to any person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such person, property, transaction, event or other matter.

“**Approvals**” means all official plan amendments, zoning approvals, environmental approvals, conservation authority approvals, road closures and any other Governmental Authority approvals and permits, other than building permits, all of which shall be final and unappealable. For greater certainty, Approvals do not include Severance Consent.

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday in Ontario.

“**CCAA**” means the *Companies Creditors Arrangement Act* (Ontario) as amended, supplemented or replaced from time to time.

“**Closing Date**” has the meaning attributed to it in Section 13.

“**Closing Documents**” has the meaning attributed to it in Section 13.

“**Confidential Information**” has the meaning attributed to it in Section 15.

“**Credit**” has the meaning attributed to it in Section ~~10~~ 11. [REDACTED]

“**Defaulting Party**” has the meaning attributed to it in Section 33.

“**Deliveries**” has the meaning attributed to it in Section 9(v).

“**Due Diligence**” has the meaning attributed to it in Section 8.

“**Due Diligence Date**” has the meaning attributed to it in Section 8.

“**Effective Date**” means the date this Option Agreement is fully executed and delivered by the Owner and Buyer.

“**Entering Parties**” has the meaning attributed to it in Section 7.

“**Environmental Claim**” means, with respect to any person, any action, cause of action, investigation, suit, proceeding, judgment, award, fine, penalty, assessment or written notice or claim by any person or entity alleging potential liability (including, without limitation, potential liability for investigatory costs, clean-up costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from: (i) the presence, discharge, migration or release into the environment, of any Hazardous Substance at any location, whether or not owned or operated by such person; (ii) the generation, handling, use, treatment, recycling, storage, disposal or transport of any Hazardous Substance; or (iii) any violation of Environmental Laws.

“**Environmental Consultant**” means an arm’s length third party consultant and/or advisor with expertise in the area of environmental remediation in accordance with Environmental Laws retained by the Owner and/or Buyer as applicable in connection with this Option Agreement.

“**Environmental Laws**” means any laws including written policies and guidelines and directives, administrative rulings or interpretations, that are in effect and applicable to the Owner on the Closing Date, as well as the common law and any judicial or administrative order, consent decree or judgment that is in effect and applicable to the Owner on the Closing Date, that relates to pollution or the protection of the environment, including, without limitation, the *Canadian Environmental Protection Act* (Canada), the *Pest Control Products Act* (Canada), the *Transportation of Dangerous Goods Act* (Canada), the *Environmental Protection Act* (Ontario), the *Environmental Assessment Act* (Ontario), the *Ontario Water Resources Act* (Ontario) and the *Occupational Health & Safety Act* (Ontario), and the regulations and guidelines promulgated pursuant thereto or issued by any Governmental Authority in respect thereof, and equivalent or similar local and provincial ordinances and statutory programs and the regulations and guidelines promulgated pursuant thereto.

“**Estimate**” has the meaning attributed to it in Section 11(b)(i).

“**Exercise Date**” means the date the Buyer exercises the Option in accordance with the terms of the Option Agreement.

“**First Nations**” means any first nations and/or indigenous and/or aboriginal person(s), tribe(s) and/or band(s) of Canada.

“First Nations Claims” means land claims, demands, disputes, grievances, and/or any other disagreements of any kind, or any administrative, judicial, quasi-judicial or other proceeding or litigation relating thereto by or on behalf of any First Nations.

“First Nations Information” means material information relating to the Option Lands and/or the Owner or its affiliates in connection with any First Nations including, without limitation, relationships and/or agreements with First Nations and any discussions and/or agreements with any Governmental Authority regarding First Nations.

“Future Lender” has the meaning attributed to it in Section 8.

“Future Purchaser” has the meaning attributed to it in Section 8.

“Governmental Authority” means any municipal, regional, provincial or federal department, commission, board, bureau, branch, agency, regulating authority or other authority whatsoever having or purporting to have jurisdiction over the Option Lands, and **“Governmental Authorities”** has a corresponding meaning.

“Hazardous Substance” means any contaminant, pollutant, dangerous substance, potentially dangerous substance, noxious material, explosive material, radioactive material, urea formaldehyde foam insulation, asbestos, PCB’s and any other substances or materials declared or defined to be hazardous, toxic, a contaminant or a pollutant to any Applicable Laws which will materially restrict the ability of the Buyer to develop the Option Lands.

“Initiating Party” has the meaning attributed to it in Section 30.

“Losses” means all loss, costs, expense, claims, actions, damage and liability of every nature and kind (including those in connection with bodily injury (including death), personal injury or damage to property).

“Non Defaulting Party” has the meaning attributed to it in Section 33.

“Objection Response” has the meaning attributed to it in Section 8.

“Objections” has the meaning attributed to it in Section 8.

“Option” has the meaning attributed to it in Section 2.

“Option Agreement” means this Option Agreement, including all Schedules to this Option Agreement, as amended, supplemented, restated and replaced from time to time in accordance with the provisions of this Option Agreement.

“Option Expiry Date” has the meaning attributed to it in Section 4.

“Option Lands” means those lands and premises identified on the sketch attached to this Option Agreement as Schedule C.

“Option Payment 1” has the meaning attributed to it in Section 2.

“**Option Payments**” has the meaning attributed to it in Section 2.

“**Option Period**” has the meaning attributed to it in Section 4.

“**Parties**” means collectively, the Owner and the Buyer, and “**Party**” means either of them.

“**Permitted Encumbrances**” means the permitted encumbrances identified in Schedule B.

“**Property**” means the lands and premises legally described in Schedule A.

“**Purchase Agreement**” has the meaning attributed to it in Section 5.

“**Purchase Price**” has the meaning attributed to it in Section 3.

“**Remediation**” has the meaning attributed to it in Section 11.

“**Responding Party**” has the meaning attributed to it in Section 30.

“**Severance Consent**” has the meaning attributed to it in Section 13.

“**Studies**” has the meaning attributed to it in Section 7.

“**Survey**” means a reference plan of survey prepared by and under the seal of an Ontario Land Surveyor setting out the boundaries and dimensions of the Option Lands, any encroachments over the Option Lands, the location of any easements, rights-of-way or other rights or restrictions registered on title which affect the Option Lands, together with the surveyor’s certificate of acreage of the Option Lands specified to the nearest thousandth.

2. **OPTION:**

- (a) In consideration of the payment by the Buyer to the Owner of ██████ payable on the Effective Date (“**Option Payment 1**”) and ██████ payable on each Anniversary Date (collectively, the “**Option Payments**”), the Owner hereby grants to the Buyer the exclusive option, irrevocable during the Option Period, to purchase the Option Lands, upon the terms and conditions set out in this Option Agreement (the “**Option**”).
- (b) The Buyer hereby confirms that the each Option Payment is non-refundable except where the purchase of the Option Lands by the Buyer is unable to close due to the Owner’s default or misrepresentation under this Option Agreement or the Purchase Agreement and / or a defect in the Owner’s title to the Option Lands.
- (c) If this Option Agreement is terminated as set out in Section 6, Section 8, or by reason of a default or misrepresentation by the Owner, the Buyer shall not be required to pay the Owner any Option Payment that is payable pursuant to this Option Agreement, but not yet due.

3. PURCHASE PRICE:

The purchase price (the "**Purchase Price**") for the Option Lands shall be [REDACTED] per acre of land as certified by a qualified Ontario Land Surveyor.

4. EXERCISE DATE:

The Option may be exercised by the Buyer at any time from the Effective Date up to 5:59 p.m. on the date which is the [REDACTED] anniversary of the Effective Date (the "**Option Expiry Date**") and the period from the Effective Date to the Option Expiry Date shall be referred to in this Option Agreement as the "**Option Period**") upon notice to the Owner in accordance with Section 22. If the Buyer does not exercise the Option on or before the Option Expiry Date, this Option Agreement shall be null, void and of no further force and effect, and the Owner may retain the Option Payments that have been paid to the date of such termination.

5. EXERCISE OF THE OPTION:

Upon exercise of the Option by the Buyer, the Owner and the Buyer shall be deemed to have entered into a purchase and sale agreement on the terms and conditions as set out in Section 13 (the "**Purchase Agreement**").

6. TERMINATION:

At any time prior to the Exercise Date, the Buyer, in its sole and absolute discretion, may terminate this Option Agreement upon delivery of written notice to the Owner in which event the Buyer shall have no further obligation to make any Option Payments.

7. ACCESS:

- (a) Subject to terms of this Section 6, the Owner agrees to grant the Buyer and its respective officers, employees, agents, contractors, sub-contractors, consultants, workers and permittees or any of them (the "**Entering Parties**") access on, over, along, upon, across, through and under the Option Lands at any reasonable time after the Effective Date, to conduct at the Buyer's sole cost and expense, environmental audits, soil tests, engineering studies and such other feasibility studies (collectively the "**Studies**") as the Buyer deems necessary in its absolute discretion to evaluate the condition of the Option Lands. The foregoing right of access shall remain in effect during the currency of this Option Agreement and if applicable, the Purchase Agreement.
- (b) The Owner acknowledges that the Studies may involve the drilling of holes or similar investigations. The Buyer agrees that the Entering Parties will not create any potential dangers or hazards to anyone coming onto the Option Lands and otherwise to return so far as reasonably possible the Option Lands to its original condition in the event the transactions contemplated by this Option Agreement are not successfully completed.
- (c) The Owner consents to the Entering Parties (with or without all plant, machinery, materials, supplies, vehicles and equipment) exiting, passing and repassing in, on, over, along, upon, across, through and under the Adjacent Lands, at any reasonable time after

the Effective Date during the currency of this Option Agreement and if applicable the Purchase Agreement for the purposes of obtaining access to the Option Lands to conduct the Studies. The Buyer covenants that it will take all reasonable care in utilizing such access and will restore the Adjacent Lands to its prior condition so far as reasonably possible following such inspections and tests.

- (d) Access by the Buyer is permitted only on and subject to the following terms:
- (i) Access by the Entering Parties and all Studies conducted by or on behalf of such parties will be at the sole cost, risk and expense of the Buyer.
 - (ii) The Buyer shall repair all damage to the Option Lands caused by it or the Entering Parties at the Buyer's own expense.
 - (iii) The Buyer will and does hereby indemnify and save the Owner harmless from all Losses that the Owner may suffer as a result of any act or omission of the Buyer or anyone acting on its behalf or attributable to access of the Option Lands or the performance of the Studies by the Buyer or the Entering Parties or anyone acting for or on its behalf or anyone for whom it is responsible at law except to the extent that such Losses are caused by the negligence or wilful misconduct of the Owner or anyone from whom it is responsible at law.
 - (iv) The Owner shall, at all times prior to the Closing Date, retain care, management and control of the Option Lands including during any period where the Buyer and/or or the Entering Parties access the Option Lands.
 - (v) The Buyer will at all times ensure that:
 - (1) to the extent there is an impact on the Option Lands as a result of the Entering Parties accessing and carrying out its Studies, the Option Lands will be maintained in a clean and orderly condition to the extent that is reasonable in the circumstances;
 - (2) any existing improvements, structures, utilities and equipment on the Option Lands are in no way damaged or adversely effected except where and to the extent previously agreed to in writing by the Owner;
 - (3) Studies are performed in accordance with good engineering and environmental practice and to the standards of safety required by Applicable Law; and
 - (4) it uses commercially reasonable efforts to ensure that the Studies do not interfere with or otherwise adversely affect the Owner's use and enjoyment of the Option Lands or access thereto or the use, enjoyment and access by anyone having lawful permission to use the Option Lands to the extent such use and enjoyment by the Owner or others having lawful permission to access the Option Lands are made known to the Buyer in writing prior to undertaking any such Studies.

- (vi) Except as required by law or where otherwise agreed to in writing by the parties, the Buyer will not request inspections by Governmental Authorities. If, in the commercially reasonable opinion of the Owner, but without assuming any obligation to do so, the Owner considers any Studies being conducted on the Option Lands by or on behalf of the Buyer to be unsafe or damaging, the Owner may require the Buyer to temporarily cease to perform such Studies and the Buyer shall promptly comply with any commercially reasonable requirements of the Owner to remedy such unsafe or damaging activity, at the Buyer's expense and only after such remedy shall the Buyer proceed again with such Studies.

8. DUE DILIGENCE AND ENCUMBRANCES:

- (a) On or before the 90th day following the Effective Date (the “**Due Diligence Date**”), the Buyer shall have satisfied itself with respect to the results of whatever searches the Buyer, in its sole, absolute and subjective discretion, deems advisable with respect to the Option Lands including, without limitation, title to the Option Lands, any legal, physical, operational, financial or other matter in connection with the Option Lands including, without limitation, any Deliveries, and the environmental status of the Option Lands (the “**Due Diligence**”). In the event that the Buyer is not satisfied with the results of its Due Diligence in its sole, absolute and subjective discretion, the Buyer may by written notice to the Owner on or before 5:00 p.m. on the Due Diligence Date, elect to terminate this Option Agreement, following which the Buyer shall return Option Payment 1 to the Buyer without interest and without any cost, set-off or compensation, which return of said Option Payment 1 to the Buyer by the Owner will be accepted by the Buyer and acknowledged in writing as full satisfaction of any and all claims under or related to this Option Agreement.
- (b) The Buyer shall have until the Due Diligence Date to investigate title to the Option Lands and to submit valid written objections to title to the Owner (the “**Objections**”). Mortgages, judgments, taxes, mechanic's liens, and similar monetary liens shall be deemed not to be Objections hereunder, however, the Owner shall, at its expense, remove or cause their removal on or before the Closing Date. Notice of this Option Agreement shall not be deemed to be an Objection hereunder. Permitted Encumbrances shall not be deemed to be Objections provided that the Owner shall obtain third party compliance confirmations as requested by the Buyer. The Buyer's failure to so notify the Owner in writing of any Objection shall constitute an acceptance of the Owner's title to the Option Lands.
- (c) The Owner shall have 30 days from receipt of the Objections to complete the matters set forth in the Objections and comply with Section 8(g). If the Owner is unwilling or unable to satisfy any Objection, the Owner shall so notify the Buyer (the “**Objection Response**”). The Owner shall provide the Buyer with evidence reasonably required to demonstrate the Owner's completion of the matters set forth in the Objections and compliance with the matters referred to in Section 8(g) within 30 days from receipt of the Objections.

- (d) On or before the expiry of 10 days following receipt by the Buyer of the Objection Response, the Buyer shall by written notice to the Owner elect to terminate this Option Agreement, or accept the Option Lands on Closing Date subject to any Objection without any abatement in the Purchase Price.
- (e) In the event the Buyer elects to terminate this Option Agreement pursuant to Section 8(d), the Owner shall return Option Payment 1 to the Buyer without interest, and without any cost, set-off or compensation, which return of Option Payment 1 to the Buyer by the Owner will be accepted by the Buyer and acknowledged in writing as full satisfaction of any and all claims under or related to this Option Agreement.
- (f) The Owner shall not mortgage, charge, pledge, assign or otherwise encumber or dispose of the Option Lands or any interest in the Option Lands during the Option Period, save and except for a bona fide third party financing secured by the Option Lands and so long as prior to such financing the Owner obtains an agreement from the respective lender(s), mortgagee(s) or secured party(s) (collectively the “**Future Lender**”) in favour of the Buyer, in form and content reasonably satisfactory to the Buyer, wherein the Future Lender agrees to:
 - (i) be bound by this Option Agreement (including without limitation the granting of the Option), to the extent the Future Lender is in possession of, or succeeds to the ownership of, the Option Lands;
 - (ii) bind successors of the Future Lender;
 - (iii) subordinate and postpone its interest in the Option Lands to this Agreement; and
 - (iv) discharge its security against the Option Lands on the Closing Date upon the payment of the lesser of:
 - (1) the amounts outstanding under its security, or
 - (2) the balance of the Purchase Price.
- (g) If there are any existing debentures, mortgages, charges, or trust deeds registered against the Option Lands, the Owner shall either arrange for the discharge of same from the Option Lands prior to the Effective Date or obtain an agreement of such secured party in favour of the Buyer, in form and content reasonably satisfactory to the Buyer, wherein such secured party agrees to:
 - (i) be bound by this Option Agreement (including without limitation the granting of the Option), to the extent it is in possession of, or succeeds to the ownership of, the Option Lands;
 - (ii) bind successors of the secured party;
 - (iii) subordinate and postpone its interest in the Option Lands to this Option Agreement; and

- (iv) discharge its security against the Option Lands on the Closing Date upon the payment of the lesser of:
 - (1) the amounts outstanding under its security, or
 - (2) the balance of the Purchase Price.

Without limiting the foregoing the Owner and Buyer acknowledge that the following charges are currently registered against title to the Option Lands:

- (h) The Owner shall not sell, lease, grant purchase or lease options and or rights of first refusal to purchaser and lease, and/or otherwise dispose of the Option Lands or any interest therein, during the Option Period, save and except for a bona fide third party sale of the Option Lands, and then only so long as prior to such sale the Owner obtains an agreement from the purchaser (the "**Future Purchaser**") in favour of the Buyer, in form and content reasonably satisfactory to the Buyer, wherein the Future Purchaser agrees to:
 - (i) be bound by this Option Agreement (including, without limitation, the sale of the Option Lands, and the provision respecting Future Lenders) effective on the closing of the Future Purchaser's purchase of the Option Lands;
 - (ii) bind successors of the Future Purchaser; and
 - (iii) subordinate and postpone its interest in the Option Lands to this Option Agreement.

9. REPRESENTATIONS AND WARRANTIES OF OWNERS:

The Owner represents and warrants that:

- (a) the Owner has the necessary authority, power and capacity to own the Option Lands;
- (b) the Owner has the necessary authority, power and capacity to enter into this Option Agreement and the documents and transactions contemplated herein and deliver this Option Agreement and the documents and transactions contemplated herein on the terms and conditions herein contained;
- (c) this Option Agreement and the obligations of the Owner hereunder and the documents and transactions contemplated herein, all constitute legal, valid and binding obligations of the Owner enforceable against the Owner in accordance with their terms;
- (d) the Owner is not a non-resident of Canada within the meaning of section 116 of the *Income Tax Act* (Canada);
- (e) there are no consents necessary for the transfer, assignment and conveyance of the Option Lands in accordance with this Option Agreement and the Purchase Agreement;

- (f) there is no existing litigation, judicial or administrative action, statutory proceeding, judgment or order, and the Owner has not received notice of any of the foregoing, that are pending that involve the Option Lands or could affect the ownership or use of the Option Lands;
- (g) save and except for this Option Agreement, there are no options or other rights to purchase rights of first refusal, or rights of first offer with respect to the Option Lands or any part thereof nor shall the Owner grant any such options or rights during the duration of this Option Agreement;
- (h) the Owner is not in default under any of the Permitted Encumbrances;
- (i) save and except as disclosed in Section 11, the Option Lands are in compliance with all Environmental Laws and does not contain any Hazardous Substances, contaminants or any hazardous or toxic wastes or substances, nor do any conditions exist at, in or under the Option Lands which could permit the issuance of any Environmental Claim, order or give rise to any other liability thereunder concerning protection or impairment of air, land, surface water or ground water or any other Environmental Laws;
- (j) as disclosed by registered title, the Owner has not entered into, nor is the Owner aware of, any unregistered agreements, contracts or covenants with any Governmental Authority relating to any rezoning, development, servicing, severance or subdivision of the Option Lands;
- (k) the Owner has not committed an act of bankruptcy, nor is it an insolvent person (as such term is defined by the *Bankruptcy and Insolvency Act*) and no petition or receiving order has been filed against the Owner, and no proceedings for a compromise with or proposal to the Owner's creditors or for the winding-up, liquidation or other dissolution of the Owner has been instituted by or against the Owner under any Applicable Laws;
- (l) subject to Section 8, the Option Lands are not subject, nor to the Owner's knowledge will it be subject in the future, to any security, encumbrance, claim, demand or other rights in favour of any third party creditor of the Owner or its respective predecessors or affiliates, in connection with any prior, current or pending CCAA proceeding;
- (m) the Option Lands are not subject to, nor is the Owner aware of any current or pending, First Nation Claims;
- (n) all oil and gas leases, license and other rights relating to extraction of oil at the Option Lands have expired and/or are abandoned and on the Closing Date no instruments relating to same will be registered on title to the Option Lands;
- (o) neither the Option Lands nor any part thereof has been expropriated and the Owner has not received written notice of any contemplated expropriation proceedings affecting the Option Lands or any part of the Option Lands;
- (p) the Option Lands are used in material compliance with all Applicable Laws, development agreements and the Permitted Encumbrances;

- (q) there are no work orders outstanding against the Option Lands, and no notices of non-compliance have been received from any fire department, building department, engineering department, air pollution branch, hydro authority, health department, or any Governmental Authority that may have authority over the Option Lands;
- (r) there are no outstanding arrears for taxes of any nature or any other expense, charge or fee in respect of the Option Lands other than those that will be paid or adjusted and cleared on or before the Closing Date;
- (s) there are no encroachments, easements, rights-of-way, restrictive covenants, leases, licenses, contracts or other encumbrances whatsoever running with the Option Lands or affecting the title to the Option Lands, other than Permitted Encumbrances;
- (t) the Owner is not currently engaged in negotiations or talks of any kind with any person relating to the disposition or development of the Option Lands other than as provided for in Section 8(h) and it will not enter into any such negotiations or talks until this Option Agreement expires or is terminated;
- (u) the Owner has good and marketable title in fee simple to the Option Lands subject only to the Permitted Encumbrances;
- (v) the Owner has delivered to the Buyer all title documents, appraisals, environmental reports, soil tests, geological surveys, land surveys, information regarding First Nation Claims and First Nation Agreements, and all other documents and information relevant and/or relating to the Option Lands within the Owner's possession or control (the "**Deliveries**");
- (w) the value of the Option Lands as reflected as less than \$50 million Canadian dollars on the balance sheet of the Owner and all the transactions contemplated in the Option Agreement and Purchase Agreement are not subject to approval under the *Competition Act*;
- (x) on the Closing Date, the Buyer shall have no liability or obligations with respect to employees of the Owner or its manager (if applicable) at the Option Lands none of whom shall become or be deemed to be employees of the Buyer on the Closing Date; and
- (y) the Owner has not engaged any real estate agent or broker to represent it respecting the Option Agreement, the Purchase Agreement or the transactions contemplated therein.

If the Owner has actual knowledge or information at any time following the Effective Date of matters then existing which affect the representations and warranties contained herein, the Owner will immediately communicate such information to the Buyer by way of a notice specifically referring to the representation and warranty where applicable. Without limiting the foregoing, if any Deliveries not previously delivered to the Buyer become in the possession and control of the Owner following the Effective Date, the Owner shall forthwith deliver same to the Buyer.

10. REPRESENTATIONS AND WARRANTIES OF THE BUYER:

The Buyer represents and warrants that:

- (a) it has the necessary authority, power and capacity to enter into this Option Agreement and the documents and transactions contemplated herein and deliver this Option Agreement and the documents and transactions contemplated herein on the terms and conditions herein contained;
- (b) this Option Agreement and the obligations of the Buyer hereunder and the documents and transactions contemplated herein all constitute legal, valid and binding obligations of the Buyer enforceable against the Buyer in accordance with their terms; and
- (c) the Buyer has not engaged any real estate agent or broker to represent it respecting the Option Agreement, the Purchase Agreement, or the transactions contemplated therein.

11. REMEDIATION OF THE OPTION LANDS:

- (a) If the Option has been exercised by the Buyer, the Owner shall prior to the Closing Date, at its sole cost and expense, in a good and workman like manner, in accordance with Environmental Laws, remediate (the “**Remediation**”) the Option Lands to applicable, Ministry of the Environment generic standards for an agricultural use property as set in Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the *Environmental Protection Act*, March 9, 2004 as amended, supplemented, modified or replaced from time to time, in accordance with a remediation plan to be prepared by the Buyer’s Environmental Consultants acting on a commercially reasonable basis.
- (b) If in the opinion of the Owner’s Environmental Consultant, acting on a commercially reasonable basis, it is not commercially practical to complete the Remediation prior to the Closing Date the following shall apply:
 - (i) the Buyer’s Environmental Consultant shall estimate, acting on a commercially reasonable basis, the cost of the Remediation (the “**Estimate**”);
 - (ii) on the Closing Date, the Buyer shall receive a credit on the statement of adjustments in an amount equal to the Estimate (the “**Credit**”);
 - (iii) the Buyer shall be required to complete the Remediation in the same manner as the Owner were required to complete the Remediation pursuant to Section 11(a);
 - (iv) upon completion of the Remediation and the determination of the final costs associated with same, the parties hereto will re-adjust the Credit with the intent that:
 - (1) the Owner is responsible for the all costs and expenses associated with the Remediation, including costs and expenses which exceed the amount of the Credit; and

- (2) the Buyer is not entitled to retain any amount from the Credit in excess of the total costs expended to complete the Remediation.
- (c) This Section 11 shall not merge on, and shall survive, the closing of, the purchase of the Option Lands until such time as the Remediation has been completed.

12. CO-OPERATION BY OWNER:

- (a) The Owner shall provide all necessary and commercially reasonable co-operation, consents and confirmations to the Buyer in order to allow the Buyer, at its sole cost and expense to:
 - (i) obtain all necessary federal, provincial and local licences, consents and approvals including, executing applications for re-zoning or site plan, development or other agreements;
 - (ii) conduct an environmental assessment if required;
 - (iii) have access to the appropriate personnel of the Owner and its affiliates to discuss their respective relationships (if any) with any First Nations;
 - (iv) obtain the Approvals; and
 - (v) the Severance Consent.
- (b) The Buyer shall provide an appropriate indemnification for any Losses incurred by the Owner as a result of the executing of any consents, applications and/or other agreements in connection with the Owner's co-operation in this Section 12.
- (c) The Owner shall not, directly or indirectly, intervene against, object to, oppose or interfere with the Buyer's efforts with respect to the Option Lands including the Approvals, Severance Consent and any proposed development of the Option Lands.

13. PLANNING ACT:

- (a) This Option Agreement is subject to the condition that the provisions of the *Planning Act* (Ontario) as amended, are complied with.
- (b) If the purchase and sale of the Option Lands requires any severance or other consent under any subdivision control legislation, any applicable filing fees, legal costs and other fees related to obtaining such required severances or other consent shall be paid by the Buyer at its sole cost and expense (the "**Severance Consent**").
- (c) The Buyer shall arrange at its expense for a Survey to be prepared and a draft thereof delivered to the Owner for its approval. The area of the Option Lands on the Survey may be less but not greater than the area of the Option Lands as identified in Schedule C. Provided that the Buyer has first exercised the Option, the Survey, as approved by the Owner, shall be registered by the Buyer at its expense, prior to the Closing Date.

- (d) Any conditions imposed by any Governmental Authority with respect to the Severance Consent shall be acceptable to the Buyer, acting reasonably. Any condition imposed by any Governmental Authority with respect to the Severance Consent shall be acceptable to the Owner acting reasonably.
- (e) Any conditions to any Severance Consent, with the exception of payment of property taxes but excluding any additional costs incurred as a result of the Severance Consent or this Option Agreement shall be satisfied by the Buyer, at its expense, on or before the Closing Date. The Severance Consent shall be final and binding and not subject to appeal (or if an appeal has been commenced, such appeal shall have been finally determined to the satisfaction of the Buyer).
- (f) In the event that the Owner determines that any conditions imposed pursuant to a Severance Consent other than those for which the Buyer is responsible hereunder are unacceptable to the Owner, the Owner shall provide a written notice to Buyer advising of same within 30 Business Days of receipt of a copy of any notice of decision regarding a Severance consent that the Buyer indicates in writing that it is satisfied with and does not intend to appeal. If the Owner has not responded to such written notice within such 30 Business Days period, it shall be deemed to have accepted such conditions. In the event that the Owner gives notice that any one or more conditions imposed pursuant to the Severance Consent is unacceptable, then the Owner and Buyer shall meet within 15 Business Days to attempt to resolve such matter. The Owner and Buyer shall each act reasonably and in good faith in resolving such matter. The Buyer may elect to appeal any Severance Consent in order to address the issue(s) raised by the Owner in any notice to the Buyer regarding any condition imposed.
- (g) The Owner shall cooperate with the Buyer and execute the necessary documents required to sever the Option Lands, provided that such Severance Consent shall only be effected on Closing. The Buyer shall have the right to appeal at its sole cost and expense any Severance Consent.

14. PURCHASE AGREEMENT TERMS AND CONDITIONS:

In the event of a sale to the Buyer, the following shall apply:

- (a) The closing (“**Closing**”) of any sale shall be held at the office of the Buyer’s solicitors at 10:00 a.m. (local time) on the first Business Day following the 60th day after the Exercise Date, or such earlier or later date as may be mutually agreed upon by the parties to the transaction (such date being hereinafter referred to as the “**Closing Date**”). If the applicable Land Registry Office is not open for business on the Closing Date, the Closing Date shall be deemed to be on the next day on which it is open for business.
- (b) On the Closing Date, the Owner shall deliver to the Buyer a transfer deed of land of the Option Lands in a form suitable for registration, together with such customary instruments and documents for similar transactions (to be reasonably satisfactory to counsel for the Buyer and the Owner acting on a commercially reasonable basis) as may be necessary or desirable to give effect to the sale and transfer of the Option Lands

(collectively the “**Closing Documents**”). The transfer documents shall be legally sufficient to convey the Option Lands to the Buyer. Failing agreement of the terms of the closing documents, the terms thereof will be determined by mediation in accordance with Section 30 of the Option Agreement with the arbitrators being lawyers with at least 10 years experience in negotiating similar documents for both buyers and sellers.

- (c) The balance of the Purchase Price for the Option Lands shall be paid to or to the order of the Owner on the Closing Date subject to adjustment on Closing for any municipal property taxes, charges and other impositions normally the subject of adjustment between buyers and sellers for the purchase of similar property to the Option Lands in Ontario.
- (d) The Owner shall either provide the Buyer with evidence reasonably satisfactory to the Buyer that the Owner is not then a non-resident of Canada within the meaning of the *Income Tax Act* (Canada), as modified and re-enacted from time to time, or provide the Buyer with a certificate pursuant to subsection 116(2) of such Act, with a certificate limit in an amount not less than the Purchase Price; provided that, if such evidence or certificate is not forthcoming, the Buyer shall be entitled to make the payment of tax required under Section 116 of such Act or the comparable provisions of such Act, as then constituted, and to deduct such payment from the Purchase Price.
- (e) Any tender of documents or money may be made upon the Buyer or the Owner or its respective solicitors on the Closing Date. Money may be tendered by wire transfer, bank draft or certified cheque, in each case drawn upon or wired by a Schedule I Canadian chartered bank.
- (f) The Buyer covenants and agrees that it will be on the Closing a registrant under the *Excise Tax Act* (the “ETA”), if required at such time to be a registrant. The Buyer hereby undertakes to file returns and remit on a timely basis any GST owing on the transfer of the Option Lands to the extent required by the ETA and shall indemnify and hold the Owner harmless from any liability of the Owner under the ETA because of a breach of the obligations of the Buyer hereunder, if the Buyer is required to pay GST.
- (g) If the Owner is not represented at the Closing or is represented but fails for any reason whatsoever to produce and deliver all of the Closing Documents it is required to so produce and deliver, and provided the Buyer produces and delivers all of the Closing Documents it is required to so produce and deliver, then, the Purchase Price may be deposited by the Buyer in a special account at a branch of the bank used by the Buyer in the name of the Owner. Subject to the foregoing, such deposit shall constitute valid and effective payment of the Purchase Price to the Owner even though the Owner has, in breach of this Option Agreement, voluntarily encumbered or disposed of any of its interest and notwithstanding the fact that a conveyance or conveyances or assignment or assignments for any of the Option Lands may have been delivered in breach of this Option Agreement. If the Purchase Price is deposited as aforesaid then, from and after the date of such deposit, and even though the Closing Documents have not been delivered to the Buyer, and provided the Buyer has produced and delivered to the Owner all Closing Documents so required, the purchase of the Option Lands shall be deemed to have been fully completed and all right, title, benefit and interest, both at law and in

equity, in and to the Option Lands shall be conclusively deemed to have been transferred and assigned to and become vested in the Buyer and all right, title, benefit and interest, both in law and in equity of the Owner, or of any transferee, assignee or any other person having any interest, legal or equitable, therein or thereto shall cease and determine, provided, however, that the Owner shall be entitled to receive the Purchase Price so deposited, without interest, upon delivery to the Buyer of the all of the Closing Documents required to be delivered by the Owner.

- (h) If an Owner does not produce all necessary Closing Documents at the Closing, the Owner hereby irrevocably constitute and appoint the Buyer (and Borden Lander Gervais LLP solely for the purpose registering on the Teraview system by electronic registration any Closing Documents required to be so registered including but not limited to a transfer deed of land for the Option Lands) as its true and lawful attorney-in-fact and agent, in the name of and on behalf of the Owner to execute and deliver in the name of the Owner all such assignments, transfers, deeds or instruments as may be necessary to effectively transfer and assign the Option Lands to the Buyer. Such appointment and power of attorney, being coupled with an interest, shall not be revoked by the dissolution, winding-up, bankruptcy or insolvency of the Owner and the Owner hereby ratifies and confirms and agrees to ratify and confirm all that the Buyer (and Borden Lander Gervais LLP as applicable) may lawfully do or cause to be done by virtue of the provisions hereof. The Owner hereby irrevocably consents to the transfer of the Option Lands made pursuant to the provisions of this Section.
- (i) The Buyer is entitled to direct the Owner to convey title to the interest in the Option Lands to an affiliate or nominee of the Buyer.
- (j) It is a condition of Closing that all matters of payment, execution and delivery of Closing Documents by each party to the other, the registration of the appropriate documents in the appropriate offices of public record as herein provided, and the fulfillment of all other conditions of Closing, shall be deemed to be concurrent requirements and it is specifically agreed that nothing will be completed at the Closing until everything required as a condition precedent at the Closing has been paid, executed, delivered and satisfied (unless waived by the party for whose benefit the condition exists). Upon such completion and satisfaction or waiver of all conditions set forth in this sub-section, the documents and monies shall be released from escrow and the Closing shall be deemed to have been completed on the Closing Date. Interest on the Purchase Price from the Closing Date until the release from escrow shall be paid to the Owner and no additional interest or other compensation shall be owing by the Buyer on the Purchase Price. Notwithstanding anything to the contrary herein contained, in the event the Buyer obtains title insurance (including gap insurance), all Closing Documents and money shall not be held in escrow pending registration as herein contemplated but shall be immediately released to the Owner, provided it shall remain obligated to transfer title to the Buyer free and clear of all encumbrances, except Permitted Encumbrances.
- (k) If any agreement that is to be assigned to the Buyer at the Closing cannot be assigned without the consent of a third party and such consent is not obtained by the Closing, the Owner shall hold such agreements in trust for the Buyer, provided that the Buyer

indemnifies the Owner in respect of all obligations thereunder for the period after the Closing Date.

- (l) The Owner's title to the Option Lands shall, on the Closing Date, be good and marketable in fee simple subject only to the Permitted Encumbrances, provided the Owner is in compliance thereunder.
- (m) On the Closing Date each of the Owner and Buyer shall deliver a certificate to the other whereby such party confirms that all their respective representations and warranties in Section 9 and Section 10 of the Option Agreement are true and accurate in all material respects as of the Closing Date and such representations and warranties shall not merge on the completion of transactions contemplated in the Purchase Agreement and shall survive for a period of 12 months following the Closing Date. The provision of the Deliveries to the Buyer, or any of the Buyer's right of inspection, access or examination in the Option Agreement and/or the Purchase Agreement shall not affect, lessen, reduce or mitigate any of the representations, warranties and covenants of the Owner contained in the Purchase Agreement.
- (n) Time shall in all respects be of the essence hereof provided that the time for the doing or completing of any matter referred to herein may be extended or abridged by an agreement, in writing, executed by the Buyer and the Owner.
- (o) The obligations of each party to complete the transactions constituted by the Purchase Agreement shall be subject to the following conditions:
 - (i) Conditions in favour of the Buyer:
 - (1) all of the terms, covenants and conditions of the Purchase Agreement and Option Agreement to be complied with or performed by the Owner shall have been complied with or performed in all material respects at the times contemplated in such agreements;
 - (2) by the Closing Date, the representations or warranties of the Owner in the certificate to be delivered pursuant to Section 14(m) shall be true and accurate in all material respects.
 - (3) by the Closing Date, the Owner shall have obtained and delivered to the Buyer all third party approvals, consents and releases and documentation, if any, which are necessary in connection with the sale of the Option Lands and transactions contemplated hereby.
 - (ii) Conditions in favour of the Owner:
 - (1) all of the terms, covenants and conditions of the Purchase Agreement and Option Agreement to be complied with or performed by the Buyer shall have been complied with or performed in all material respects at the times contemplated in such Agreements, including without limitation obtaining the Severance Consents; and

- (2) on the Closing Date, the representations or warranties of the Buyer in the certificate to be delivered pursuant to Section 14(m) shall be true and accurate in all material respects.
- (p) The conditions set forth in Section 14(o)(i) are for the benefit of the Buyer, and may be waived in whole or in part by the Buyer by notice to the Owner on or before the applicable date referred to above. The conditions set forth in section 14(o)(ii) are for the benefit of the Owner, and may be waived in whole or in part by the Owner by notice to the Buyer on or before the applicable date referred to above.
- (q) In the event any condition set forth in Section 14(o)(i) and Section 14(o)(ii) is not satisfied or waived as therein provided on or before the applicable date referred to in Section 14(o), the Purchase Agreement shall be terminated, null and void and of no further force or effect whatsoever, unless the reason for such failure of condition is a default by a party hereunder. If by 5:00 p.m. Toronto time on the applicable date referred to in Section 14(o)(i) and Section 14(o)(ii), the party having the benefit of the condition has not given notice to the other that a condition has not been satisfied or has been satisfied or has been waived, such condition shall be deemed not to have been satisfied or waived.
- (r) On the Closing Date, vacant possession of the Option Lands shall be given to the Buyer, subject only to the Permitted Encumbrances.

15. CONFIDENTIALITY:

The Buyer and its consultants, agents, advisors and solicitors shall keep confidential all information, documentation and records obtained from the Owner or its consultants, agents, advisors, solicitors or lenders with respect to the Option Lands, as well as any information arising out of the Buyer's access to the Owner's records and the Option Lands and its due diligence with respect thereto (collectively, the "**Confidential Information**"). The Buyer shall not use any Confidential Information for any purposes not related to its proposed purchase of the Option Lands. Nothing herein contained shall restrict or prohibit the Buyer from disclosing Confidential Information to its consultants, agents, advisors, solicitors, and lenders as long as such parties agree to keep such Confidential Information confidential or the Owner receives such other assurances which are acceptable to it. The Confidential Information referred to in this Section shall not include:

- (a) public information or information in the public domain at the time of receipt by the Buyer or its consultants, agents, advisors or solicitors;
- (b) information which becomes public through no fault or act of the Buyer or its consultants, agents, advisors, solicitors or lenders;
- (c) information in the possession of the Buyer not provided by the Owner or its consultants, agents, advisors and solicitors;
- (d) information required to be disclosed by law; or

- (e) information received in good faith from a third party lawfully in possess of the information and not in breach of any confidentiality obligations.

If the purchase and sale of the Option Lands is not completed for any reason, the Buyer shall promptly return to the Owner all Confidential Information (other than the Buyer's notes and due diligence materials) including all copies, and shall destroy all of the Buyer's notes and due diligence materials containing Confidential Information related to the Option Lands.

16. REAL ESTATE COMMISSIONS:

Each of the Owner and the Buyer shall be responsible for their own real estate commissions, if any.

17. RUN WITH LANDS:

The burden and benefit of this Option Agreement shall run with the Option Lands, and the works and undertaking of the Buyer; and shall be binding upon and enure to the benefit of the Owner and its respective administrators, successors and assigns.

18. REGISTRATION:

The Owner hereby covenants and agrees that the Buyer may, at its sole option and cost, register a notice of this Option Agreement on title to the Option Lands, and the Owner hereby covenants and agrees to execute, at no further cost or condition to the Buyer, such further and other instruments and documents as may reasonably be required by the Buyer to effect registration of this Option Agreement or notice thereof on title to the Option Lands.

19. LAND TRANSFER TAX:

The Buyer shall be responsible for the land transfer tax, goods and services tax, and registration fees payable in connection with this Option Agreement and the purchase and sale of the Option Lands pursuant to the Purchase Agreement constituted upon the exercise by the Buyer of the Option herein granted.

20. FURTHER ASSURANCE:

Each of the Owner and the Buyer agree that they shall and will from time-to-time and at all times do all such further acts and execute all such further documents and provide all such assurances as shall be reasonably required by the other to fully perform and carry out the terms of this Option Agreement and the Purchase Agreement.

21. SURVIVAL:

The representations, warranties, covenants and agreements contained in this Option Agreement shall survive exercise of the Option and shall continue to bind the Buyer and Owner as purchaser and vendor respectively under the Purchase Agreement and shall be deemed to be incorporated into the Purchase Agreement.

22. NOTICE:

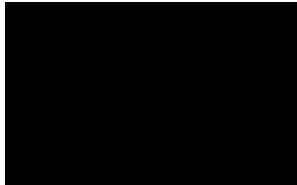
Any notice, statement, document or other communications required to be given to any party pursuant to the provisions of this Option Agreement, shall be sufficiently given if such notice, statement or document or other communication is in writing and delivered to such other party addressed as follows:

To the Buyer:

Northland Power Inc.
17th Floor, 30 St. Clair Avenue West
Toronto, Ontario
M4V 3A1

Attention: Mr. John Brace

To the Owner:



or to such other address as may be given to the other in writing from time to time. Any such notice, statement, document or other communication shall, if delivered prior to 4:30 p.m. (Toronto time) on a Business Day, be deemed to have been received by the other party on the same day on which it is delivered and if delivered at any other time, be deemed to have been received by the other party on the next following Business Day after the date of actual receipt of delivery.

23. TIME OF THE ESSENCE:

Time shall be of the essence of this Option Agreement and the Purchase Agreement.

24. ASSIGNMENT:

The Buyer may assign this Option Agreement and the Purchase Agreement to any person, firm, partnership, corporation or other legal entity designated by the Buyer in its absolute discretion, provided such assignee agrees to be bound by the terms of this Option Agreement. This Option Agreement and the Purchase Agreement may be assigned by the Owner only in accordance with Section 8.

25. PAYMENTS:

All Option Payments and/or any other amounts to be paid by the Buyer to the Owner pursuant to this Agreement shall be made for value on the day such amount is due and, if such day is not a Business Day, on the Business Day next following, by cheque delivered to the Owner by the Buyer. Notwithstanding the foregoing, if an Option Payment and/or any other amounts payable hereunder are not paid by the Buyer within the time period specified for such

payment(s) in this Option Agreement, the Buyer shall be deemed not to be in default of this Option Agreement and should be deemed not to have forfeited the Option unless such payments are not made within 3 Business Days following receipt of notice from the Owner confirming that such payment(s) were not paid in a timely manner.

26. ENTIRE AGREEMENT:

This Option Agreement, including the attachments, constitutes the entire agreement between Buyer and Owners and supersede all prior agreements, understandings, negotiations and discussions with respect thereto and there is no representation, warranty, collateral agreement or condition affecting this Option Agreement or the Option Lands or supported hereby other than as expressed herein in writing.

27. LAWS:

This Option Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

28. AGREEMENTS AS COVENANTS:

Each agreement and obligation of any of the parties in this Option Agreement and the Purchase Agreement, even though not expressed as a covenant, is considered for all purposes to be a covenant.

29. BUSINESS DAY:

Where a payment, delivery, action, obligation, and/or covenant to be performed under the Option Agreement and/or the Purchase Agreement is required to be made and/or undertaken on a day which is not a Business Day and, as a result, such payment and/or undertaking cannot be complied with on such day, then such payment and/or undertaking shall be required to be complied with on the first Business Day following such non Business Day.

30. DISPUTE RESOLUTION:

In the event of any dispute between the parties hereto with respect to any provisions of this Option Agreement, or with respect to anything arising hereunder, the matter in dispute shall be submitted to arbitration if a party hereto (the "**Initiating Party**") notifies the other of its intention to resort to arbitration and includes with such notice the name of its nominee as arbitrator. Within 7 Business Days after delivery of such notice, the other party ("**Responding Party**") shall notify the Initiating Party of a second arbitrator appointed by it, failing which the arbitrator appointed by the Initiating Party shall act as the sole arbitrator. If the Responding Party appoints an arbitrator as aforesaid, the two arbitrators so appointed shall, within 7 Business Days of the appointment of the last of them appointed, choose a third arbitrator, and if they fail to agree on such choice, then the Initiating Party shall be entitled to make application to court under the *Ontario Arbitrations Act* 1991 for the appointment of a third arbitrator. The three arbitrators or single arbitrator appointed or chosen as aforesaid, shall forthwith proceed to arbitrate the dispute between the parties hereto and shall, within 15 days, or so soon thereafter as may be practicable, render a decision in writing and shall cause such decision to be thereupon

served upon the parties hereto. If there are 3 arbitrators, the decision of a majority of them shall govern. The arbitration decision shall be final and binding on both parties and not subject to appeal. The cost of any arbitration shall be borne equally by the parties hereto, except as the arbitration decision may otherwise determine.

31. ACTING REASONABLY:

The parties will act reasonably in connection with any consents, approvals, provisions or any other exercise of discretion under this Option Agreement and/or the Purchase Agreement.

32. OPERATION OF THE OPTION LANDS:

From the Effective Date until the Closing Date or the earlier termination of this Option Agreement, the Owner shall operate the Option Lands in accordance with sound business and management practice as would a prudent owner of comparable property. During the Option Period the Option Lands shall only be used for purposes consistent with the Owner's use as of the Effective Date.

33. RECIPROCAL INDEMNITY:

The Owner shall indemnify and save harmless the Buyer and the Buyer shall save harmless the Owner against any and all Losses arising from or out of the occupancy or use by the such party (the "**Defaulting Party**") of all or part of the Option Lands or occasioned wholly or in part by a default by the Defaulting Party of its obligations under this Agreement, or by any act or omission of the such party, its officers, employees, agents, contractors, invitees, licensees or by any person permitted by the Defaulting Party to be on the Option Lands or due to or arising out of any breach by such party of this Agreement, or in the case of the Owner arising from or out of the occupancy or use of the Option Lands by it or any party other than the Buyer. If the party to this Option Agreement which is not the Defaulting Party (the "**Non Defaulting Party**") shall, without fault on its part, be made a party to any litigation commenced by or against the Defaulting Party then the Defaulting Party shall protect, indemnify and hold the Non Defaulting Party harmless in connection with such litigation. The Non Defaulting Party may at its option participate in any litigation or settlement discussions relating to the foregoing, or any other matter for which the Defaulting Party is required to indemnify the Non Defaulting Party under this Agreement. This Indemnity shall survive the termination of this Option Agreement.

34. OWNER'S LEGAL COSTS AND EXPENSES

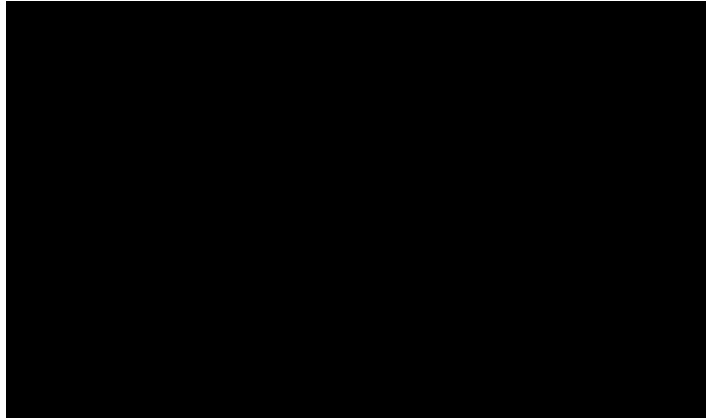
The Buyer shall be responsible for the payment of all reasonable legal costs and expenses incurred by the Owner in connection with the preparation of any documents or other registrations required to be completed in response to the Objections including the preparation and delivery of the Objection Response and the preparation, negotiation and execution of the Closing Documents following the Exercise Date.

35. COUNTERPARTS:

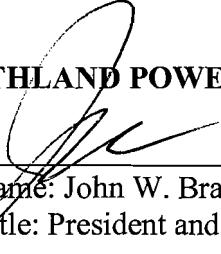
This Option Agreement may be executed in any number of counterparts or by electronic means of communication, each of which when executed and delivered shall be deemed to be an

original hereof and fully binding upon the signatory thereto, and all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the Owner and Buyer have executed this Option Agreement as of the Effective Date.



NORTHLAND POWER INC.

Per:  _____

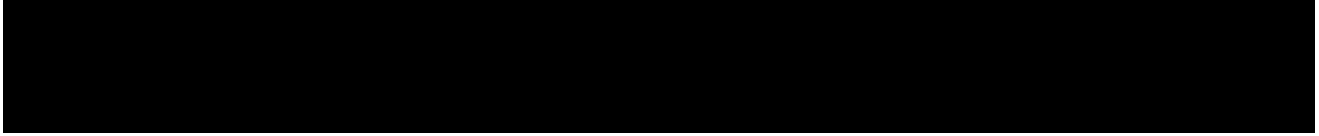
Name: John W. Brace

Title: President and CEO

I/We have the authority to bind the Corporation

SCHEDULE A

LEGAL DESCRIPTION OF PROPERTY

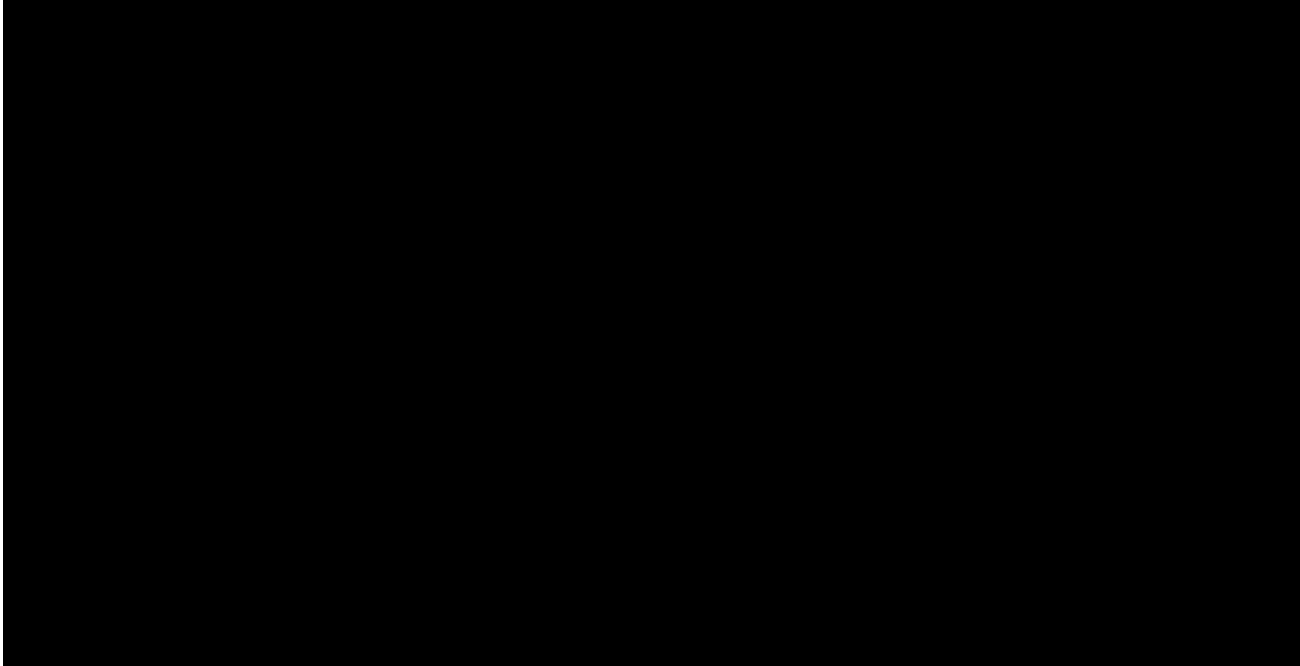


SCHEDULE B

PERMITTED ENCUMBRANCES

SCHEDULE C

OPTION LANDS



THIS ROAD USER AGREEMENT made this ____ day of _____, [REDACTED] between,

[REDACTED]
[REDACTED]
hereinafter referred to as the “**Corporation**”

OF THE FIRST PART

- AND -

NORTHLAND POWER INC. [REDACTED]

hereinafter referred to as the “**Electric Power Producer**”

OF THE SECOND PART

WHEREAS the Electric Power Producer desires the right to use certain portions of the allowances for roads which are under the jurisdiction of the Corporation for the purpose of conducting Electric Power by Electrical Interconnections from solar panels located (or to be located) in the jurisdiction of the Corporation upon the terms and conditions hereinafter set forth;

AND WHEREAS the Corporation has agreed to grant to the Electric Power Producer the rights described in paragraph 2 of this Agreement for the period described in paragraph 3 of this Agreement upon the terms and conditions set out in this Agreement;

NOW THEREFORE IN CONSIDERATION of the undertakings and agreement hereinafter expressed and upon the terms hereinafter set forth, the Corporation and Electric Power Producer mutually covenant and agree as follows:

1. In this Agreement:

- (a) “**Affiliate(s)**” means, with respect to any Person, any other Person which directly or indirectly controls or is controlled by or is under direct or indirect common control with the Person or any other Person which is directly or indirectly controlled by an entity which controls the Person;
- (b) “**Applicable Law**” means, in respect of any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, treaties, judgements and decrees and all present or future applicable published directives, rules, policy statements and orders of any Public Authority and all applicable orders and decrees of courts and arbitrators of like application to the extent, in each case, that the same are legally binding;
- (c) “**Corporation**” means The [REDACTED] and its successors;
- (d) “**Drainage Superintendent**” means the most senior individual employed by the Corporation with responsibility for drainage matters on Highways within the

Municipality or such other person as may from time to time be designated by the Council of the Corporation.

- (e) **“Electric Power”** means electrical energy, produced from the solar panels located in the located in the jurisdiction of the Corporation and more particularly located on the drawing attached to this Agreement as Schedule “A” or such other solar panels located in the jurisdiction of the Corporation as may in the future be owned or operated by the Electric Power Producer;
- (f) **“Electrical Interconnections”** means such free-standing poles (for greater certainty, no poles shall have guy wires), electrical interconnections, electric conductors, transformers and other equipment situate in the Municipality as the Electric Power Producer may from time to time require or deem desirable for the conduction of Electric Power, along or across the Highways; and **“Electrical Interconnection”** means any one of such.
- (g) **“Highways”** means those common and public Highways located in the Corporation of the Town of Cochrane, some of which are shown on Schedule “A” to this Agreement, and shall include not only the traveled portion of such highway, but also ditches, driveways, sidewalks, and sodded or other areas forming part of the road allowance and shall also include unopened road allowances now or at any time during the term hereof under the jurisdiction of the Corporation;
- (h) **“Municipality”** means and includes the territorial limits under and subject to the jurisdiction of the Corporation as of the date when this Agreement takes effect;
- (i) **“Person”** means an individual, corporation, partnership, joint venture, association, trust, pension fund, union, governmental agency, board, tribunal, the Corporation commission or department and the heirs, beneficiaries, executors, legal representatives or administrators of an individual;
- (j) **“Public Authority”** means any governmental, regional, municipal or local body having authority over the Corporation, the Electric Power Producer, any other relevant Person, Electric Power, the Electrical Interconnections or the Highways;
- (k) **“Public Works Superintendent”** means the most senior individual employed by the Corporation with responsibility for Highways within the Municipality or such other person as may from time to time be designated by the Council of the Corporation.

2. Pursuant to the *Electricity Act, 1998*, the Electric Power Producer and its successors, assigns, wholly owned subsidiaries, agents, licensees, employees and contractors shall have the right subject to the terms and conditions of this Agreement including Section 6, to enter upon the Highways to the extent that any Highway remains under the jurisdiction of the Corporation to construct, maintain, replace, remove, operate, patrol, inspect, alter, reconstruct, relocate, enlarge and repair Electrical Interconnections for the conduction of Electric Power, to carry out certain work with respect to any Electrical Interconnection

required in order to comply with Applicable Law or required by any Public Authority and to clear the Highways of all obstructions that would interfere with the use of the Electrical Interconnections.

3. The terms and conditions of this Agreement shall continue and remain in force commencing as of the date shown on page 1 of this Agreement so long as (i) following construction thereof, the Electrical Interconnections are in actual use for the conduction of Electric Power (the parties agree that “actual use” shall include any periods where use is temporarily interrupted for any reason whatsoever); and (ii) respecting any particular Highway, so long as such Highway remains under the jurisdiction of the Corporation. For greater certainty, the terms and conditions of this Agreement shall be in force during the pre-construction and construction of the Electrical Interconnections.
4. The Corporation represents that:
 - (a) it is not aware of any Person having any claim or interest in the Highways or any part thereof adverse to or inconsistent with its registered title thereto and is certain that none exists; and
 - (b) the possession and occupation of the Highways by the Corporation has been undisturbed throughout by any action, suit or other proceedings or adverse possession or otherwise on the part of any Person whomsoever and during such possession and occupation, no payment has ever been made or acknowledgement of title given by the Corporation, or, so far as the Corporation is aware, by anyone else, to any person in respect of any right, title, interest or claim upon the Highways.

The Corporation shall defend its title to the Highways against any Person claiming any interest adverse to the Corporation in the Highways during the term of this Agreement, save and except where such adverse interest arises as a result of the act, omission, negligence or wilful misconduct of the Electric Power Producer or those for whom it is in law responsible, in which case the Electric Power Producer shall reimburse the Corporation for any costs, incurred by the Corporation in defending its title.

5. The consent, permission and authority hereby given and granted shall be subject to the right of free use of all Highways and road allowances by all persons entitled to it, and subject to the right of the owners of the property adjoining the Highways of full access to and from the Highways and other road allowances and of constructing crossing and approaches from their properties, and subject to the rights and privileges that the Corporation may grant to other persons on the Highways and other road allowances, all of which rights are expressly reserved, provided that the Corporation shall ensure that such other persons comply with Ontario provincial standards including, without limitation, the Canadian Standards Association (CSA) standards and the Corporation’s own standards. The Electric Power Producer acknowledges that the winter and year-round maintenance of the Highways is, and will continue to be limited and that the Corporation does not provide twenty-four (24) hour snow clearance on any of the Highways, or any snow clearance at all on some Highways (including, without limitation,

unopened road allowances). The Electric Power Producer agrees that the Corporation shall not in any way be responsible for plowing or maintaining any of the Highways to a condition to permit the Electric Power Producer's operations hereunder. In the event that the Electric Power Producer chooses to provide, and the Corporation chooses to permit, winter maintenance of a Highway that the Corporation would not otherwise maintain during the winter season, the Electric Power Producer shall ensure that it maintains the Highway to a standard that will ensure public safety at all times and to the satisfaction of the Corporation. Without limiting any other provision of this Agreement, the Electric Power Producer shall save harmless and indemnify the Corporation, its servants, officers, councillors and agents from all demands, losses, damages, costs, charges and expenses which may be claimed or recovered against the Corporation by any person or persons as a result of the Electric Power Producer's maintenance of any Highway for the winter season under the terms of this Agreement.

6. Save as hereinafter provided, the consent, permission and authority hereby given and granted to the Electric Power Producer to enter upon the Highways shall be at all times subject to the approval of the Public Works Superintendent, not to be unreasonably withheld or delayed. All work done under this Agreement is subject to the approval (which approval shall not be unreasonably withheld or delayed) and direction of the Public Works Superintendent who has full power and authority, in connection with the approval of the Corporation, to give directions and orders that he/she considers in the best interest of the Corporation in connection with the matters approved by the Corporation and the Electric Power Producer will follow the directions and orders that the Public Works Superintendent gives. Notwithstanding the foregoing, the Electric Power Producer shall have the right to carry out routine installation, maintenance, field testing and connections work without the approval of the Public Works Superintendent.
7. Before commencing any work, the Electric Power Producer will deposit with the Public Works Superintendent a plan, drawn to scale, showing the Highways where the work is proposed and the location, including height of the Electrical Interconnections or part thereof, together with specifications relating to the proposed Electrical Interconnections or part thereof. For the purposes of this paragraph, works of the Electric Power Producer include not only original installations, but also any and all repair or relocation work or additions to or replacements of any part of the Electrical Interconnections.
8. The Public Works Superintendent shall, at the Electric Power Producer's sole cost and expense (including, without limitation, administrative, legal, surveying or engineering costs reasonably incurred by the Corporation), review the plans and specifications submitted by the Electric Power Producer and may not approve the work or may approve the work with such, if any, modifications to the plans and specifications and upon such terms and conditions as he/she considers in the best interest of the Corporation, acting reasonably and without undue delay. No work, including any excavation, opening or other work which may disturb or interfere with any road or highway or its traveled surface, shall be undertaken by the Electric Power Producer until the plans and specifications therefor have been approved in writing by the Public Works Superintendent and then the work shall be undertaken and completed in accordance with the approved plans and specifications with such modifications, if any, as may have been

made by the Public Works Superintendent and in accordance with any terms and conditions that may have been included by the Public Works Superintendent. For the purposes of paragraphs 6, 7 and 8 of this Agreement, in the circumstances that the work of the Electric Power Producer interferes with or may interfere with a municipal drain, the Drainage Superintendent or other person responsible for drainage matters appointed by the proper authority under the Drainage Act with respect to such municipal drain, shall have the same rights as the Public Works Superintendent to receive, review and consider the plans and specifications submitted by the Electric Power Producer and to deny approval of the work or to approve the work with such, if any, modifications to the plans and specifications and upon such terms and conditions as he/she, the Drainage Superintendent or other person responsible for drainage matters, considers will best preserve effective operation and maintenance of the municipal drain and the Drainage Superintendent shall have the full power and authority, in connection with the approval of the Corporation, to give directions and orders that he / she considers in the best interest of the Corporation.

9. The construction, installation, maintenance and repair of the Electrical Interconnections shall be the full and entire responsibility of the Electric Power Producer, and the approval or non-approval or the modification or the imposition of any terms and conditions in connection with the granting of approval shall not relieve the Electric Power Producer of responsibility for any errors or omissions or from the Electric Power Producer's obligation to construct, install, maintain and repair the Electrical Interconnections in a good and complete manner and in accordance with sound and safe engineering practice.
10. Notwithstanding any provisions of this Agreement, in the event of any emergency involving the Electrical Interconnections, the Electric Power Producer shall notify the responsible emergency services designated by the Corporation immediately upon becoming aware of the situation and shall do all that is necessary and desirable to control the emergency, including such line repair and other work in and to the Electrical Interconnections or the Highways as may be required for the purpose. As soon as it is convenient after the emergency is discovered, the Electric Power Producer shall advise the Corporation by telephone and shall keep him advised throughout the emergency. The Electric Power Producer shall reimburse the Corporation for any and all costs incurred in connection with the emergency and shall indemnify and hold harmless the Corporation, its servants, officers, councillors and agents from all demands, losses, damages, costs, charges and expenses which may be claimed or recovered against the Corporation by any person or persons as a result of the work performed by the Electric Power Producer to deal with such emergency. Forthwith after it has become necessary for the Electric Power Producer to exercise its emergency powers under this paragraph, the Electric Power Producer shall make a written report to the Public Works Superintendent of what work was done and the further work to be undertaken, if any, and seek the approval of the Public Works Superintendent for the further work as contemplated in the preceding paragraphs.
11. Notwithstanding any other provisions of this Agreement, the Corporation and the Electrical Power Producer agree that in the event that the failure to carry out work (which has not been approved within a reasonable time by the Public Works Superintendent or

the Drainage Superintendent, as the case may be) would affect or interrupt the operations of the Electrical Power Producer, the Electrical Interconnections or the power transmission grid to which the Electrical Interconnections connect or in the event that the Electrical Power Producer is required to carry out certain work by Applicable Law or by a Public Authority but which work has not been approved within a reasonable time by the Public Works Superintendent or the Drainage Superintendent, as the case may be, the Electric Power Producer shall not be obliged to obtain the prior approval of the Public Works Superintendent or the Drainage Superintendent, as the case may be, for such work and entry upon the Highways to complete such work, although the Electric Power Producer shall (except in the case of an emergency where no prior notice shall be required), prior to commencing such work, the Public Works Superintendent or the Drainage Superintendent, as the case may be, provide ten (10) days' written notice prior to any such work and entry upon the Highways in order to complete such work. In the event the Electric Power Producer commences such work, the Electric Power Producer shall indemnify and hold harmless the Corporation, its servants, officers, councillors and agents from all demands, losses, damages, costs, charges and expenses which may be claimed or recovered against the Corporation by any person or persons as a result thereof, save and except to the extent due to the negligence or wilful misconduct of the Corporation or those for whom the Corporation is responsible in law.

12. The Electric Power Producer shall restore, to the satisfaction of the Public Works Superintendent, in accordance with standard practices and requirements for Highways in Northern Ontario, all Highways which it may interfere with in the course of constructing, repairing or removing the Electrical Interconnections, and shall make good any settling or subsidence thereafter caused by such construction interference. Such restoration shall be to the same condition, as nearly as may be possible, as was in existence of the Highway when the excavation or interference commenced. If the Electric Power Producer fails at any time to do any work required by this paragraph within a reasonable time the Corporation may do or may cause such work to be done and the Electric Power Producer shall on demand pay any account therefor as certified by the Public Works Superintendent in accordance with standard practices and requirements for Highways in Northern Ontario. The Corporation may elect to undertake such restoration of the Highways, in which case the Electric Power Producer shall reimburse the Corporation for all of the direct costs of so doing as certified by the Public Works Superintendent in accordance with standard practices and requirements for Highways in Northern Ontario; but if the Corporation does not choose to carry out the restoration, it shall be completed by the Electric Power Producer at the Electric Power Producer's sole expense. Notwithstanding the foregoing, the Electric Power Producer shall not be required to carry out and shall not be responsible for any costs associated with any maintenance, repairs or restoration of the Highways or any other road allowances other than as set out in this Agreement nor shall the Electric Power Producer be required to restore or replace any crops located on the Highways or any other road allowances which it may interfere with in the course of constructing, repairing or removing the Electrical Interconnections or be responsible for any costs relating to such restoration or replacement of crops.
13. In the placing, maintaining, operating and repairing of the Electrical Interconnections or any part thereof, the Electric Power Producer will use care and diligence to ensure that

there will be no unnecessary interference with any Highway or any other municipal works or improvements. If any additional municipal works or improvements are made necessary by reason of any work done or omitted to be done by the Electric Power Producer, such work will be constructed and maintained by the Electric Power Producer at its own expense.

14. The Electric Power Producer will indemnify and save harmless the Corporation from and against all claims, liability, loss, costs, damages or other expenses of every kind that the Corporation may incur or suffer as a consequence of personal injury, including death, and property damage arising out of or in any way incurred or suffered in connection with the construction, maintenance, operation or repair of the Electrical Interconnections or any part thereof, or in relation to any right granted to the Electric Power Producer under this Agreement, except to the extent that such liability: (i) is contributed to, caused by, results from or is attributable to the wilful or negligent acts or omissions of the Corporation, anyone directly or indirectly employed by them or anyone for whose acts the Corporation may be liable; or (ii) relates to any crops located on the Highways or any other road allowances.
15. The Electric Power Producer shall deliver to the Corporation evidence of insurance with any insurance company satisfactory to the Corporation, insuring to the extent insurable on reasonable commercial terms and subject to usual exclusions and reasonable deductibles, for the joint benefit of the Electric Power Producer and the Corporation as additional insured, against all claims, liability, loss, costs, damages or other expenses of every kind that the Corporation may incur or suffer as a consequence of personal injury, including death, and property damage arising out of or in any way incurred or suffered in connection with the construction, maintenance, operation or repair of the Electrical Interconnections or any part thereof, which insurance shall provide coverage with limits of liability which shall not be less than [REDACTED] at the commencement of the term hereof or such greater amount as may be specified hereafter by the Corporation having regard for inflation; and the Electric Power Producer shall upon request satisfy the Corporation, from time to time, that the premiums for such insurance have been paid and that such insurance is in full force and effect. The Corporation shall have the right to reassess its insurance obligations and coverage at [REDACTED] intervals and may require the Electric Power Producer assume such costs, if any, for conducting such review, and any costs incurred by the Corporation, if any, in relation to the insurance coverage.
16. If either party is prevented from carrying out its obligations under this Agreement by reason of any cause beyond its control, such party shall be relieved from such obligations while such disability continues; provided however, that this paragraph shall not relieve the Electric Power Producer of any of its obligations to indemnify and insure the Corporation as contemplated in the preceding paragraph, and provided further that nothing herein shall require either party to settle any labor or similar dispute unless it is in the best interests of such party to do so.
17. The Corporation agrees, in the event of closing of any Highway, or any part of the Highway, to give the Electric Power Producer reasonable notice of such closing and to provide the Electric Power Producer, at no cost to the Electric Power Producer and prior

to the closure of the applicable Highway, with easements, in registrable form, over that part of the Highway closed sufficient to allow the Electric Power Producer to preserve any part of the Electrical Interconnections in its then existing location, and to enter upon the closed highway to maintain and repair such part of the Electrical Interconnections on the terms and conditions set out in this Agreement.

18. If the Corporation, in pursuance of its statutory powers, decides to alter the construction of any highway (including the Highways) or of any municipal works or improvements, or to construct, lay down, or establish any municipal works or improvements, and if the location of any part of the Electrical Interconnections interferes with the location of construction of such alteration, work or improvement, then upon receipt of reasonable notice in writing from the Corporation specifying the point where such part of the Electrical Interconnections interferes with the plans of the Corporation, the Electric Power Producer shall, at the cost and expense of the Corporation, alter or relocate such part of the Electrical Interconnections at the point specified to a location owned by the Corporation as designated by the Public Works Superintendent within a reasonable period of time.
19. The Electric Power Producer may elect to permanently discontinue the use of ("abandon") any part of the Electrical Interconnections on at least sixty (60) days prior written notice of such abandonment to the Corporation specifying the part of the Electrical Interconnections to be abandoned and the date when the abandonment will occur.
20. If during the term of this Agreement, the Electric Power Producer abandons any part or all of the Electrical Interconnections, or in the event of the termination or expiry of the Agreement, in which event the Electric Power Producer will be deemed to have abandoned all of the Electrical Interconnections, the Electric Power Producer shall have the right to remove such part of its Electrical Interconnections as have been abandoned, but if the Electric Power Producer does not remove such of the Electrical Interconnections as have been abandoned, the Electric Power Producer shall deactivate such parts of the abandoned Electrical Interconnections in the Municipality as are not so removed. If the Electric Power Producer should not remove all or some parts of the abandoned Electrical Interconnections but shall have deactivated same and the Corporation has not required the Electric Power Producer, at the Electric Power Producer's cost, to remove such Electrical Interconnections within [REDACTED] of such deactivation, the provisions of paragraph 21 shall continue to apply to the relocation or removal of such abandoned parts of the Electrical Interconnections as are not so removed, if the location of any such abandoned part interferes with the location of any construction, alteration, work or improvement undertaken by the Corporation; alternatively, at the option of the Corporation, the Corporation may remove and dispose of so much of the abandoned and deactivated part of the Electrical Interconnections as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, expense or damages occasioned thereby. For greater certainty, the Corporation shall have no right to remove and dispose of any abandoned part of the Electrical Interconnections which have not been deactivated. Wherever removal of the Electrical Interconnections is undertaken pursuant to this Agreement, the Electric Power

Producer shall take all reasonable steps as are necessary to restore all lands and property of the Corporation to the condition, or as near as possible to the condition of the lands prior to the installation of the Electrical Interconnections.

21. This Agreement and the respective rights and obligations hereunto of the parties hereto are hereby declared to be subject to the provisions of all regulating statutes and regulations and to the provisions of all municipal by-laws, and to all orders and regulations made thereunder and from time to time remaining in effect. For greater certainty, the parties hereto acknowledge and agree that so long as the Electric Power Producer is a transmitter or distributor pursuant to section 41(8) of the Ontario *Electricity Act, 1998*, the Electric Power Producer shall not be charged any fees for the rights granted hereunder, save and except the imposition of fees or charges to recover the Corporation's reasonable costs for issuing permits as described in section 10 of O. Reg. 584/06, and in section 8 of the Agreement and for those costs, including legal expenses, incurred by the Corporation with respect to the preparation and finalization of this Agreement.
22. All notices, communications and requests for approval which may be or are required to be given by either party to the other herein shall be in writing and shall be given by delivery by courier or by facsimile addressed or sent as set out below or to such other address or facsimile number as may from time to time be the subject of a notice:

To the Corporation:

██

●

Attention:

Facsimile:

To the Electric Power Producer:

Northland Power Inc.
30 St. Clair Avenue
Suite 1700
Toronto, ON M4V 3A1

Attention: John Brace, President

Facsimile: 416 962-6266

Any notice, if delivered by courier, shall be deemed to have been validly and effectively given and received on the date of such delivery and if sent by facsimile with confirmation

of transmission, shall be deemed to have been validly and effectively given and received on the day it was received, whether or not such day is not a business day.

23. The Electric Power Producer may not assign any part of this Agreement without the written approval of the Corporation, which may not be unreasonably withheld or delayed. Notwithstanding the foregoing, the Electric Power Producer may assign any part of this Agreement without the prior approval of the Corporation to the following:

- (a) any Affiliate of the Electric Power Producer; or
- (b) any entity succeeding to the business and assets of the Electric Power Producer, whether by way of merger, amalgamation or consolidation; or
- (c) any entity (a "Secured Party") holding security, whether by way of a mortgage, charge or other encumbrance of this Agreement or the Electrical Interconnections or any part of the Electrical Interconnections or by any other arrangement under which this Agreement or the Electrical Interconnections become security, for any indebtedness or other obligation;

(the above entities being hereinafter referred to as the "Permitted Transferees"). The Electric Power Producer shall provide the Corporation with written notice of the assignment to a Permitted Transferee within thirty days of the occurrence of such assignment. Any assignment by the Electric Power Producer of any part of its interest in this Agreement is subject to the requirement that on or before the making of such assignment, the assignee (including a Permitted Transferee) shall agree in writing with the Corporation (and in a form acceptable to the assignee and the Corporation, both acting reasonably) to observe and perform all the obligations of the Electric Power Producer under this Agreement; provided however that in the case of an assignment to and assumption by a Secured Party, the Secured Party shall only agree to be bound by this Agreement in the event of a foreclosure or entry into possession of the Electrical Interconnections and then only while the Secured Party is in possession of or the owner of the Electrical Interconnections. Upon the assignment of the Agreement in accordance with the terms of this Agreement (other than to a Secured Party), the Electric Power Producer shall be released from all or such assigned portion of its obligations under this Agreement. The Corporation acknowledges that a change in control of the Electric Power Producer shall not be considered an assignment by the Electric Power Producer of this Agreement or of any of the Electric Power Producer's rights and obligations under this Agreement.

24. In addition to its obligations under Section 20 of this Agreement, the Corporation shall only have the right to assign, transfer or dispose all or any part of its interest under this Agreement in conjunction with an assignment, transfer or other disposition of its interest in all or any part of the Highways which are subject to this Agreement, in which case the Corporation shall provide the Electric Power Producer with written notice of any such assignment, transfer or other disposition within thirty days of its occurrence and any such assignment, transfer or disposition by the Corporation is subject to the requirement that on or before the making of such assignment, transfer or disposition, the assignee shall

agree in writing with the Electric Power Producer (and in a form acceptable to the assignee and the Electric Power Producer, both acting reasonably) to observe and perform all the obligations of the Corporation under this Agreement.

- 25. This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

IN WITNESS WHEREOF the parties hereto had duly executed these presents with effect from the day first above written.

[Redacted signature]

Per: _____

Name:

Title:

Per: _____

Name:

Title:

I/We have authority to bind the Corporation.

NORTHLAND POWER INC. [Redacted signature]

Per: _____

Name:

Title:

Per: _____

Name:

Title:

I/We have authority to bind the Corporation.

SCHEDULE "A"

Location of Solar Panels and Electrical Interconnections



**Ministry of
Transportation**



Encroachment Permit

EC-2012-53C-20

ISSUED

Northland Power Inc.
30 St. Clair Ave. West
Toronto, Ontario, M4V 3A1

NOT CONTROLLED ACCESS

TO CONSTRUCT, MAINTAIN AND OPERATE HEREUNDER DESCRIBED:

to cross Highway 668 from east to west at Con 8 & 9 with an underground 115 kV transmission line. This is required to connect (4) 10 MW solar power plants to Hydro One's line

PERMIT CONDITIONS:

(a) See conditions at back of permit and Appendix "A" attached. (b) Service line must be buried at a minimum depth of 1.2m below road surface, 1.0m below bottom of ditch, and 0.75m in all other areas. (c) Should boring equipment get stuck, equipment must be abandoned. (d) Northland Power Inc. will be responsible for any heaving or settlement caused by the directional bore. (e) Traffic safety measures must be taken in accordance with the Ontario Traffic Manual Book 7 Temporary Conditions. (f) Any damage to right-of-way must be reinstated to Ministry satisfaction.

LOT: 1/28 **CON.:** 8/9 **PT/BLK:**

PLAN:

ETR.:

GEOGRAPHIC TOWNSHIP: Clute , Calder

MUNICIPALITY: Clute, Calder Township

HWY.: 668

COUNTY/DIST/REG.: District of Cochrane

FEE: \$ 520.00

DIA. & LENGTH OF PLANT: 200.00 mm X 0.0300 Km

EXPIRY DATE: December 16, 2022

THIS PERMIT IS ISSUED UNDER THE AUTHORITY VESTED IN THE MINISTER BY THE PUBLIC TRANSPORTATION AND HIGHWAY IMPROVEMENT ACT AND THE REGULATIONS PURSUANT THERETO AND IS SUBJECT TO THE CONDITIONS ON THE BACK HEREOF, INCLUDING ANY AGREEMENT APPLICABLE TO THE ENCROACHMENT AUTHORIZED BY THIS PERMIT

DATED AT: Cochrane

ON: December 17, 2012

Head, Corridor Management Section

Encroachment Permit Conditions

This permit is subject to the following conditions and any supplementary conditions established by the Ministry

1. In addition to the conditions of this permit, the owner must meet all of the requirements of the local municipality and any other agency having jurisdiction.
2. All work related to the encroachment for which this permit is issued must be commenced within 6 months of the date that the permit is issued or the permit shall be void and cancelled by the Ministry.
3. All work related to the installation authorized by this permit shall be carried out in accordance with the approved plans, specifications and agreements and subject to the approval of the Ministry. The owner must bear all expense related thereto.
4. Where the Ministry requires the relocation or alteration of a facility included in the *Public Service Works on Highways Act*, the Ministry will share the cost of such relocation or alteration in accordance with the Act.
5. Vegetation on the right-of-way must not be cut or trimmed without the written permission of the Ministry. Any cutting or trimming permitted must only be done under the supervision of the Ministry or its authorized agent at the expense of the owner.
6. The holder of this permit must give the Ministry 48 hours notice prior to the commencement of construction.
7. The holder of this permit agrees to protect all survey markers and monuments in the vicinity of the work and agrees to replace all markers and monuments if damaged.
8. The owner is responsible for the construction, marking and maintenance of any detours required and for maintaining safety measures for the protection of the public during the construction of any works in respect of this encroachment.
9. The location, design and specifications of an approved encroachment may not be changed without the approval of the Ministry.
10. The owner of an encroachment shall maintain the works in accordance with the requirements of the Ministry.
11. During construction of the encroachment the owner shall ensure that the operation of the highway is not interfered with and that the right-of-way remains free of debris, earth or other material.
12. If there is an expiry date named on this permit and a further term is required, an application for renewal of the permit shall be made to the Ministry before the expiry date of this permit. An extension of the expiry date may be approved, approved with additional conditions or denied by the Ministry.
13. If this permit expires and is not renewed, all works constructed, maintained or operated under this permit, if the Ministry so requests, shall be removed at no cost to the Ministry and the highway shall be left in as good a condition as it was before the said works were installed or constructed. If at the end of six months after the expiry of this permit, the said works have not been removed, they shall become the property of the Ministry as damage for trespass after expiration of this permit.
14. The owner at its own expense, at any time on the receipt of 60 days notice, shall suspend operations, remove, alter or relocate any or all of the works of an encroachment as may be required by the Ministry; or the Ministry may on 60 days notice remove the works.
15. This permit may be cancelled at any time for breach of the regulations or conditions of this permit or for such other reasons as the Ministry at its sole discretion deems proper.
16. If during the life of this permit any Acts are passed or regulations adopted which affect the rights herein granted, the said Acts and regulations shall be applicable to this permit from the date on which they come into force.
17. The owner holds harmless the Ministry for all damages and liabilities caused as a result of the works undertaken pursuant to this permit.
18. The Ministry may charge an annual fee which may be adjusted from time to time for the encroachment authorized herein.

Ministry of Transportation

Operational Services -- Cochrane
Northeastern Region
74, 2nd Street, P.O. Box 5000
Cochrane, ON P0L 1C0
Tel.: (705) 272-7534
Fax.: (705) 272-6448

Ministère des Transports

Services Opérationnel -- Cochrane
Région du Nord-Est
74, 2^{ème} rue, C.P. 5000
Cochrane, ON P0L 1C0
Tél.: (705) 272-7534
Télééc.: (705) 272-6448



December 20, 2012

Northland Power Inc.
30 St. Clair Ave. West
Toronto, ON
M4V 3A1

Dear Sir or Madam:

Re: Encroachment Permit EC-2012-53C-20

Please find attached Encroachment Permit No. **EC-2012-53C-20**, issued in accordance with the Public Transportation and Highway Improvement Act, R.S.O. 1990, Chapter P.50.

Please note that a copy of this permit and conditions must be on the construction site at all times. Also, please instruct your Contractor and/or staff to familiarise himself/herself with the conditions of the Permit and adhere to them.

Before commencing construction, two days prior notification is required in order to have a Ministry Inspector on site.

Sincerely,

A handwritten signature in blue ink that reads "Sandy Knight".

Sandy Knight
Corridor Management Officer

SK/sl

APPENDIX "A" – ENCROACHMENT PERMIT #EC-2012-53C-20
Conditions for Encroachment Permits and Utility Installations
On or Under a King's Highway

THIS APPENDIX "A" FORMS PART OF THE CONDITIONS OF YOUR PERMIT. THESE ARE GENERAL CONDITIONS ONLY. PLEASE NOTE ANY SPECIFIC INSTRUCTIONS AND/OR CONDITIONS ON THE FRONT OF YOUR PERMIT.

1. No excavation is permitted within ten (10') feet (3.0 m) of edge of pavement or back of curb.
2. Utilities must be buried at a minimum depth of forty-eight inches (48" – 1.2 m) below road surface and forty inches (40" – 1.0 m) below the bottom of a highway ditch, thirty (30" – 0.75 m) in all other areas. Fibre optics cable to be buried at forty-eight (48" – 1.2 m) in all cases.
3. No open cutting will be allowed for highway crossings without prior approval.
4. No excavating of the highway roadbed will be allowed for the purpose of recovering a boring device or underground piercing tool.
5. No torpedoes will be allowed within the Ministry Right-of-Way.
6. Highway shoulders which are disturbed as a result of an installation, will be restored by the Applicant with material as specified by the Ministry, at the Applicant's expense, and to the satisfaction of the Ministry.
7. Pavement surfaces, which become damaged as a result of an installation, will be repaired by the Applicant as specified by the Ministry, at the Applicant's expense, and to the satisfaction of the Ministry.
8. The Highway Right-of-Way shall be restored to a condition acceptable to this Ministry by the Applicant upon completion of the installation, or as soon as possible.
9. The Applicant is responsible for all damages to any existing utilities and/or encroachments during the installation. The Applicant is advised to contact the owner(s) of such, for location prior to commencing work.
10. The Applicant and their contractor(s) are responsible for all safety precautions and shall assume all liability for accidents. Traffic safety measures must be taken in accordance with the Ontario Traffic Manual Book 7 Temporary Conditions.
11. **The Applicant shall give the Patrol Supervisor, Doug Berlinghoff at 705-272-4838, Fax: 705-272-6138, two (2) working days notice PRIOR to commencing any work**, and shall also inspect the site on completion with the Patrol Supervisor. If the Applicant is unable to contact the Patrol Supervisor, the District/Area office responsible for issuing the permit must be contacted two (2) working days PRIOR to any work commencing. Contact Sandy Knight at Tel: (705) 272-7534, Fax (705) 272-6448.
12. The Applicant shall give the Ministry's District/Area office written notice of completion of work, and of any changes made during construction.
13. Work must be started within six (6) months of date permit is issued, or the permit becomes null and void.
14. The Applicant and their contractor(s) shall comply with the Occupational Health and Safety Act and all relevant statutes.
15. It will be the Applicant's responsibility to clean up, in a timely fashion, any mud or debris that is tracked onto the highway. Failure to respond to a clean-up request within 24 hours will result in the Ministry performing the work and the Applicant invoiced accordingly.

NOTE: APPLICANT IS RESPONSIBLE FOR ENSURING CONTRACTOR IS MADE AWARE OF ALL CONDITIONS AND IS PROVIDED WITH A COPY OF THE PERMIT AND ALL CONDITIONS.

OFFICIAL RECEIPT

LOCATION: Cochrane Area Office, 74 Second Street, Cochrane, P0L 1C0

DATE: December 17, 2012

RECEIVED FROM: Northland Power Inc.

ADDRESS: 30 St. Clair Ave. West

Toronto, Ontario, M4V 3A1

COMMENTS:

CASH CH, UNMARKED CHEQUE UC, CERTIFIED CHEQUE CC, CREDIT CARD CD

	PARTICULARS	PAYMENT	AMOUNT RECEIVED
	PRIV EC-2012-53C-00000020		520 00

Totals: 520.00

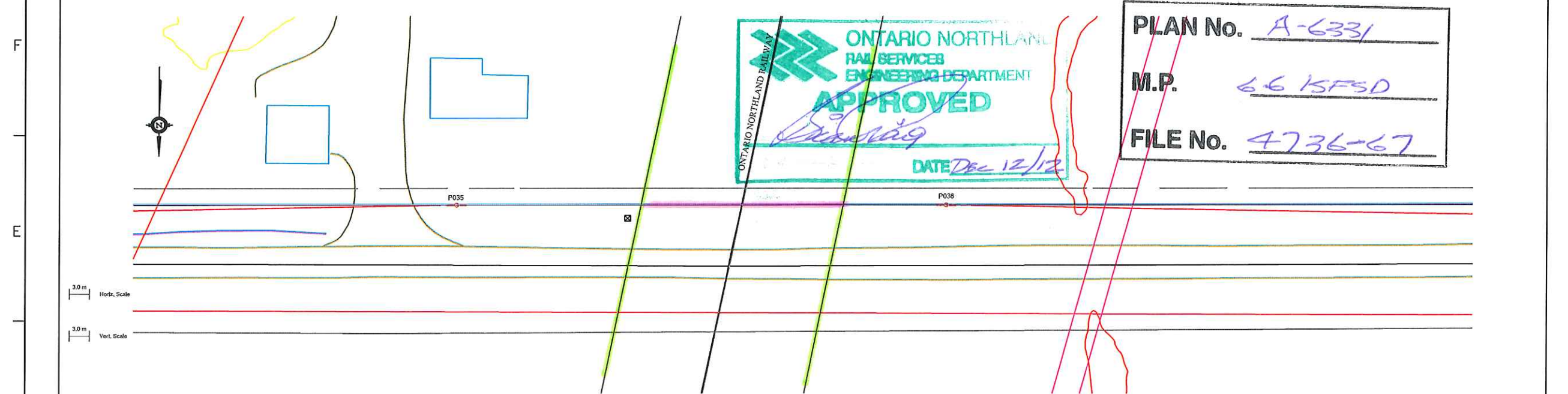
RECEIVED BY

RECEIPT NO: 53C-84467



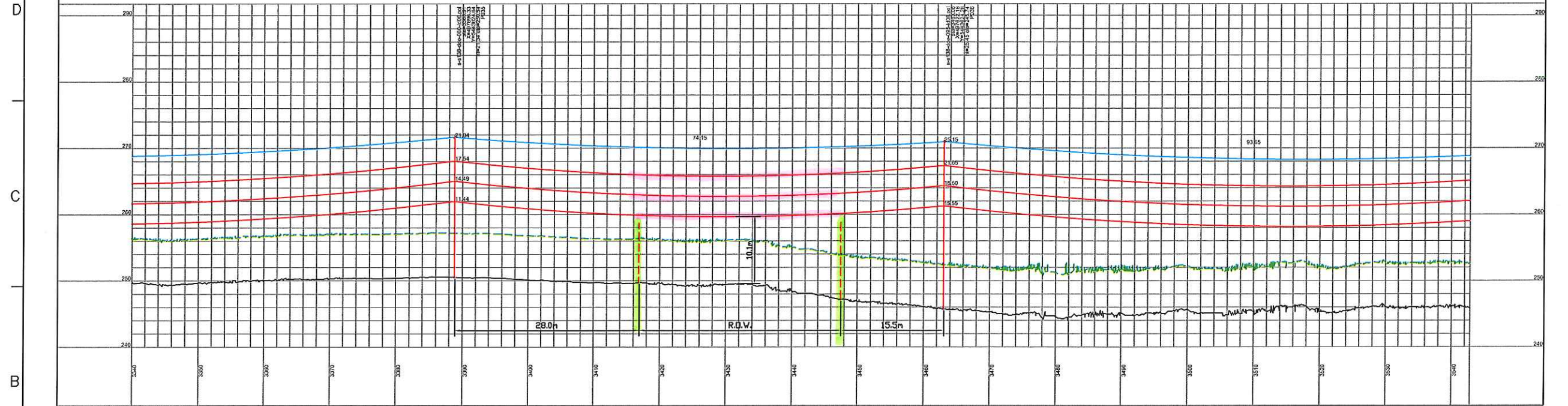


PLS-CADD Drawing



PLAN No. A-6331
 M.P. 66 KFS0
 FILE No. 4736-67

3.0 m
 Horiz. Scale
 3.0 m
 Vert. Scale



PLAN & PROFILE LEGEND:
 115kV LINE CONDUCTOR (336MCM ACSR LINNET)
 OPGW
 GROUND CLEARANCE LINE

STRUCTURE DESCRIPTION LEGEND:
 PLS-POLE FILE IDENTIFICATION
 STA STATION CHAINAGE
 X UTM EASTING
 Y UTM NORTHING
 lit STRUCTURE HEIGHT ABOVE GROUND (M)
 ele GROUND ELEVATION (M)
 P034 STRUCTURE NO.

NOTES:
 1. GROUND CLEARANCE LINE SHOWN AT 6.6 M (FOR VEHICULAR TRAFFIC).
 2. GROUND CLEARANCE LINE SHOWN AT 9.0 M (FOR RAILWAY CROSSING)
 3. CONDUCTOR (336MCM ACSR LINNET) SAG AT 100°C.
 4. OPGW SAG AT 40°C.

REV	DATE	DESCRIPTION	DR	CHK	APP	APP	APP	ISS	DOMINY	APP	ISSUED FOR	REF	NUMBER	TITLE
B	11/12/12	CONCEPTUAL ISSUED							B	11/12/12	ISSUED FOR REVIEW			
A	20/11/12	CONCEPTUAL ISSUED							A	20/11/12	ISSUED FOR REVIEW			

STAMP/SEAL
 PROPRIETARY INFORMATION:
 THIS DRAWING IS THE PROPERTY OF CHIMAX INC.
 AND IS NOT TO BE LOANED OR REPRODUCED IN ANY WAY
 WITHOUT THE PERMISSION OF CHIMAX INC.

CLIENT PROJECT MGR.	DEPARTMENT MGR.	PROJECT MGR.	AREA	NORTHLAND POWER INC. COCHRANE SOLAR PROJECTS	CLIENT DWG. NO.
PROJECT PHASE					
PROJECT NO.	ACTIVITY NO.	BY	DOMINY	SUBJECT	
		DSH	EKWONG	09/11/12	ONTARIO NORTHLAND RAILWAY CROSSING SECTION SHEET 1
		DRN	M.HUANG	09/11/12	
		CHK			
SCALE	PACKAGE CODE	DRAWING NO.			
N.T.S.		1250-P010			
					REV. B



Chimax Inc.
 Engineering Company
 5050 Fourteenth Ave. East, Suite 506
 Markham, On., L3R 0A9
 Email: chimax@chimax.ca

Ministry of Natural Resources
Cochrane District

2-4 Highway 11 South
P.O. Box 730
Cochrane ON P0L 1C0

Telephone: 705-272-4365
Facsimile: 705-272-7183
Toll Free: 1-800-667-1940

Ministère des Richesses naturelles
District de Cochrane

2-4 route 11 sud
C.P. 730
Cochrane ON P0L 1C0

Téléphone : 705-272-4365
Télécopieur : 705-272-7183
Sans frais : 1-800-667-1940



January 24, 2013

Northland Power Solar Martin's Meadows L.P
30 St. Clair Ave W, 17th Floor
Toronto, ON M4V 3A1

Dear Mr. Miller:

SUBJECT: Northland Power- Cochrane – Hunta Solar Farms and Transmission Line

The Ontario Ministry of Natural Resources (MNR), Cochrane District understands that Northland Power Solar Empire L.P., Northland Power Solar Martin's Meadows L.P, Northland Power Solar Abitibi L.P. and Northland Power Solar Long Lake L.P. (the "Proponent") are developing (4) 10 MW solar farms in the Cochrane area, with an associated Transmission Line and Transmission Facilities.

We further understand that the proponent intends to connect the solar farms to a Hydro One transmission line located North of Hunta at the intersection of Highway 668 and Concession 8&9, by constructing a 115 kV transmission line.

We anticipate that the proponent will apply for permits and approvals where the lands are under the MNR's jurisdiction.

Once we receive the required information, we will commence our review as required under the Public Lands Act. If at the end of our review we consider that there are no significant outstanding concerns we will proceed to implement the project.

Upon approval of the permits and completion of the installation of the transmission line, we will issue tenure for the transmission line to the proponent.

If you have any questions or require further clarification, please contact Marc Boucher at 705-272-7196.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary Funnell".

Gary Funnell
Cochrane-Moosonee Area Supervisor
Cochrane District - OMNR

Ministry of Natural Resources
Cochrane District

2-4 Highway 11 South
P.O. Box 730
Cochrane ON P0L 1C0

Telephone: 705-272-4365
Facsimile: 705-272-7183
Toll Free: 1-800-667-1940

Ministère des Richesses naturelles
District de Cochrane

2-4 route 11 sud
C.P. 730
Cochrane ON P0L 1C0

Téléphone : 705-272-4365
Télécopieur : 705-272-7183
Sans frais : 1-800-667-1940



January 24, 2013

Northland Power Solar Abitibi L.P
30 St. Clair Ave W, 17th Floor
Toronto, ON
M4V 3A1

Dear Mr. Miller:

SUBJECT: Northland Power- Cochrane – Hunta Solar Farms and Transmission Line

The Ontario Ministry of Natural Resources (MNR), Cochrane District understands that Northland Power Solar Empire L.P., Northland Power Solar Martin's Meadows L.P., Northland Power Solar Abitibi L.P. and Northland Power Solar Long Lake L.P. (the "Proponent") are developing (4) 10 MW solar farms in the Cochrane area, with an associated Transmission Line and Transmission Facilities.

We further understand that the proponent intends to connect the solar farms to a Hydro One transmission line located North of Hunta at the intersection of Highway 668 and Concession 8&9, by constructing a 115 kV transmission line.

We anticipate that the proponent will apply for permits and approvals where the lands are under the MNR's jurisdiction.

Once we receive the required information, we will commence our review as required under the Public Lands Act. If at the end of our review we consider that there are no significant outstanding concerns we will proceed to implement the project.

Upon approval of the permits and completion of the installation of the transmission line, we will issue tenure for the transmission line to the proponent.

If you have any questions or require further clarification, please contact Marc Boucher at 705-272-7196.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary Funnell".

Gary Funnell
Cochrane-Moosonee Area Supervisor

Ministry of Natural Resources
Cochrane District

2-4 Highway 11 South
P.O. Box 730
Cochrane ON P0L 1C0

Telephone: 705-272-4365
Facsimile: 705-272-7183
Toll Free: 1-800-667-1940

Ministère des Richesses naturelles
District de Cochrane

2-4 route 11 sud
C.P. 730
Cochrane ON P0L 1C0

Téléphone : 705-272-4365
Télécopieur : 705-272-7183
Sans frais : 1-800-667-1940



January 24, 2013

Northland Power Solar Long Lake L.P
30 St. Clair Ave W, 17th Floor
Toronto, ON M4V 3A1

Dear Mr. Miller:

SUBJECT: Northland Power- Cochrane – Hunta Solar Farms and Transmission Line

The Ontario Ministry of Natural Resources (MNR), Cochrane District understands that Northland Power Solar Empire L.P., Northland Power Solar Martin's Meadows L.P., Northland Power Solar Abitibi L.P. and Northland Power Solar Long Lake L.P. (the "Proponent") are developing (4) 10 MW solar farms in the Cochrane area, with an associated Transmission Line and Transmission Facilities.

We further understand that the proponent intends to connect the solar farms to a Hydro One transmission line located North of Hunta at the intersection of Highway 668 and Concession 8&9, by constructing a 115 kV transmission line.

We anticipate that the proponent will apply for permits and approvals where the lands are under the MNR's jurisdiction.

Once we receive the required information, we will commence our review as under the Public Lands Act. If at the end of our review we consider that there are no significant outstanding concerns we will proceed to implement the project.

Upon approval of the permits and completion of the installation of the transmission line, we will issue tenure for the transmission line to the proponent.

If you have any questions or require further clarification, please contact Marc Boucher at 705-272-7196.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary Funnell".

Gary Funnell
Cochrane-Moosonee Area Supervisor
Cochrane District - OMNR

Ministry of Natural Resources
Cochrane District

2-4 Highway 11 South
P.O. Box 730
Cochrane ON P0L 1C0

Telephone: 705-272-4365
Facsimile: 705-272-7183
Toll Free: 1-800-667-1940

Ministère des Richesses naturelles
District de Cochrane

2-4 route 11 sud
C.P. 730
Cochrane ON P0L 1C0

Téléphone : 705-272-4365
Télécopieur : 705-272-7183
Sans frais : 1-800-667-1940



January 24, 2013

Northland Power Solar Empire L.P
30 St. Clair Ave W, 17th Floor
Toronto, ON M4V 3A1

Dear Mr. Miller:

SUBJECT: Northland Power- Cochrane – Hunta Solar Farms and Transmission Line

The Ontario Ministry of Natural Resources (MNR), Cochrane District understands that Northland Power Solar Empire L.P., Northland Power Solar Martin's Meadows L.P, Northland Power Solar Abitibi L.P. and Northland Power Solar Long Lake L.P. (the "Proponent") are developing (4) 10 MW solar farms in the Cochrane area, with an associated Transmission Line and Transmission Facilities.

We further understand that the proponent intends to connect the solar farms to a Hydro One transmission line located North of Hunta at the intersection of Highway 668 and Concession 8&9, by constructing a 115 kV transmission line.

We anticipate that the proponent will apply for permits and approvals where the lands are under the MNR's jurisdiction.

Once we receive the required information, we will commence our review as required under the Public Lands Act. If at the end of our review we consider that there are no significant outstanding concerns we will proceed to implement the project.

Upon approval of the permits and completion of the installation of the transmission line, we will issue tenure for the transmission line to the proponent.

If you have any questions or require further clarification, please contact Marc Boucher at 705-272-7196.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary Funnell".

Gary Funnell
Cochrane-Moosonee Area Supervisor
Cochrane District - OMNR