



PPP Canada

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March 30, 2016

Robert Lapham
Chief Administrative Officer
Capital Regional District
625 Fisgard Street, PO Box 1000
Victoria, BC, Canada, V8W 2S6

Dear Mr. Lapham:

RE: Extension of the Conditional Financial Agreement (CFA) for the Biosolids Energy Centre with the Capital Regional District (CRD)

Thank you for your letter dated March 24, 2016, regarding the CRD's Amendment No. 10 to the Core Area Liquid Waste Management Plan and the requested additional extension to the Conditional Financial Agreement (CFA) between the Capital Regional District (CRD) and PPP Canada Inc., made effective on July 1, 2011, for the Biosolids Energy Centre (Project).

We recognize the efforts and steps taken by the CRD to address the challenges encountered with respect to the site selection for the wastewater treatment plant. Based on the additional information provided, including the revised Proposed Work Plan Overlay (Plan), we are willing to grant your request to extend the CFA to allow you additional time to make progress in accordance with the Plan. Attached is an amendment to the CFA granting an extension of six (6) months.

Subsequent extensions of the CFA, beyond September 30, 2016, will be based on the CRD's ability to move forward with the selection of a site for the wastewater treatment plant and to make real progress with respect to the Plan. I would also like to reiterate that the CFA applies to the Project, as set out in the CFA. Significant changes to the Project would constitute a new project and would require a new application from the CRD. Furthermore, given the delay in achieving Key Projected Project Milestones in Schedule A of the CFA, there will likely be a need to refresh the Project Business Case in the future.

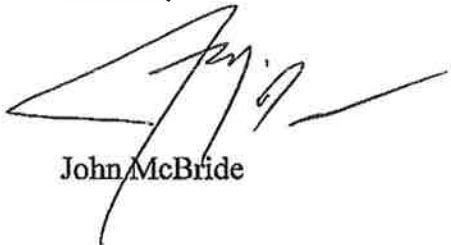
I appreciate the ongoing collaboration between our organizations and look forward to working with the CRD and the Province in moving forward with the common goal of achieving a successful Project.

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Canada

A copy of Amendment #2 is attached and shall serve as an amendment to the CFA once signed, in accordance with the CFA Amendment Clause. Please sign by March 31, 2016, and return to my attention. Thank you for your immediate consideration of this matter.

Sincerely,



John McBride

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AMENDMENT #2

BIOSOLIDS ENERGY CENTRE WITH CAPITAL REGIONAL DISTRICT ("CRD")
CONDITIONAL FINANCIAL AGREEMENT

BETWEEN:

PPP Canada Inc.

AND:

Capital Regional District

(hereinafter collectively referred to as the "Parties")

WHEREAS the Parties executed a Conditional Financial Agreement (the "Agreement") on the 16th day of July 2012;

AND WHEREAS the Parties amended the Agreement to extend the 'Closing', extend the 'Expiry Date' and update the 'Projected Dates for Project Milestones' ("Amendment 1") on the 27th day of March 2015;

AND WHEREAS the Parties now wish to further amend the Agreement to extend the 'Closing' and the 'Expiry Date' ("Amendment 2").

NOW THEREFORE, in consideration of the mutual covenants and subject to the terms and conditions hereinafter set forth, the Parties agree as follows:

ARTICLE 1 - DEFINITIONS AND INTERPRETATION

1.1 In this Amendment 2, unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Agreement.

ARTICLE 2 – AMENDMENTS

2.1 The Section of the Agreement titled "**Closing**" on page 5 of 16 is hereby deleted in its entirety and replaced with the following:

"The Eligible Recipient and PPP Canada agree to work in good faith to negotiate and enter into the Financial Agreement and complete the transactions contemplated by this Agreement by **September 30, 2016** or such later date as may be agreed in writing by PPP Canada and the Eligible Recipient."

2.2 The Section of the Agreement titled "**Expiry Date**" on page 5 of 16 is hereby deleted in its entirety and replaced with the following:



“If the Financial Agreement has not been entered into by September 30, 2016 this Agreement shall expire and the Support shall be revoked by PPP Canada without further notice or liability to the Eligible Recipient. The Eligible Recipient hereby acknowledges and agrees that PPP Canada shall not be liable to the Eligible Recipient for any damages arising out of the termination or revocation of this Agreement and hereby releases PPP Canada from any and all such claims.”

2.3 The Section of Schedule “A” titled Key Projected Project Milestones on page 8 of 16 is hereby deleted in its entirety.

ARTICLE 3 – EFFECTIVE DATE

3.1 This Amendment 2 shall be made effective upon signing by all the Parties (“Amendment 2 Effective Date”). If signed on different dates then the Amendment 2 Effective Date shall be the date of the last signature.

ARTICLE 4 - AFFIRMATION OF AGREEMENT

4.1 All other terms and conditions of the Agreement remain unamended.

ARTICLE 5 – COUNTERPART EXECUTION

5.1 This Amendment 2 may be signed in counterpart, and the signed copies will, when attached, constitute an original agreement. The Parties further agree that a faxed or emailed signature will be deemed to be and shall have the same effect as an original signature.

IN WITNESS WHEREOF this Amendment 2 has been executed by the duly authorized officers of the Parties as of the dates provided below.

PPP CANADA INC.:

Name: John McBride, CEO, PPP Canada

Signature:.....

Date:..... MARCH 24 2016 .



CAPITAL REGIONAL DISTRICT:

Name:..... ROBERT LAPHAM, CAO

Signature:..... 

Date:..... MARCH 30, 2016

