



FTI Consulting Canada
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Main: 416 649.8100
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April 30, 2015

To: All Known Creditors of Seacliff Energy Ltd.

Re: Seacliff Energy Ltd. (“Seacliff”) Private Receivership

On April 30, 2015, FTI Consulting Canada Inc. was appointed as receiver (“**Receiver**”) of all the assets, undertakings and properties of Seacliff pursuant to the terms of the Security Agreement between Caterpillar Financial Services Ltd. and Seacliff dated October 13, 2010 and the Appointment Letter dated April 30, 2015 (the “**Appointment Letter**”).

Enclosed is a copy of Form 87, the Receiver’s Notice and Statement provided in accordance with Subsections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (the “**Notice**”). A list of creditors receiving copies of this Notice can be found in Appendix A to the Notice.

The Receiver has agreed to sell, assign and transfer certain assets to Seacliff Energy Corp. (the “**Purchaser**”), and the Purchaser has agreed to purchase such assets and assume certain liabilities of Seacliff, as per the terms of the Asset Purchase Agreement dated April 30, 2015 (the “**APA**”), and as described in the Notice and in Appendices B,C and D to the Notice.

The transaction closed on April 30, 2015. There will be no monies available to distribute to creditors whose liabilities have not been assumed by the Purchaser.

The Receiver was discharged on April 30, 2015 and there is no action you are required to take in respect of this matter.

Capitalized terms not otherwise defined herein have the meanings defined in the APA, as applicable, and have been set out in Appendix D to the Notice. Further information and additional materials in respect of the receivership are available at the Receiver’s website, <http://cfcanada.fticonsulting.com/seacliff>

Yours very truly,
FTI Consulting Canada Inc.
In its capacity as receiver of Seacliff Energy Ltd.
and not in its personal or corporate capacity.

FORM 87**NOTICE AND STATEMENT OF THE RECEIVER**

(Subsections 245(1) and 246(1) of the Bankruptcy and Insolvency Act)

IN THE MATTER OF THE RECEIVERSHIP OF**SEACLIFF ENERGY LTD. (“SEACLIFF”)**

The Receiver gives notice and declares that:

1. On the 30th day of April 2015, the undersigned, FTI Consulting Canada Inc., became the receiver in respect of the assets, undertakings and properties of Seaclyff, an insolvent person(s), that are described below.

Cash	\$74,134
Accounts Receivable	\$239,517
Capital Assets	\$9,267,565
Intangible Assets	\$102,000
Other Assets	\$462,839

Note: The foregoing are the assets and book values as stated in the general ledger of Seaclyff as at the 31st day of October 2014. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy of the foregoing. Based on the anticipated realizable value of the assets, there will be no monies available to creditors of Seaclyff that have not been assumed pursuant to the APA.

2. The undersigned was appointed Receiver by Caterpillar Financial Services Ltd. pursuant to the terms of the Security Agreement between Caterpillar Financial Services Ltd. and Seaclyff dated October 13, 2010.
3. In accordance with the terms of its appointment, the undersigned did not take possession or control of the property.

4. The following information relates to the receivership:

- a) Address of insolvent person: 1200 Mersea Road 1
Leamington, ON
N8H 3V7
- b) Principal line of business: Biodigestion Processing,
Renewable Energy
- c) Location of business: 1200 Mersea Road 1
Leamington, ON
N8H 3V7
- d) Amounts owed by Seacliff to each known creditor who holds a security on the property described above:
- | | |
|--|----------------|
| Caterpillar Financial Services Ltd. | \$4,564,634.47 |
| Frey Brothers Limited | \$184,034.38 |
| Mennonite Savings and Credit Union (Toronto) Limited | \$0 |
- e) The list of other creditors of the insolvent person and the amount owed to each creditor as stated in the books and records of Seacliff, and the total amount due can be found in Appendix A.
- f) The Receiver has agreed to sell, assign and transfer certain assets to Seacliff Energy Corp. (the “**Purchaser**”), and the Purchaser has agreed to purchase such assets and assume such liabilities of Seacliff, as per the terms of the Asset Purchase Agreement dated April 30, 2015 (the “**APA**”).
- g) The transaction closed on April 30, 2015. Pursuant to the APA, the Purchaser has agreed to assume and be responsible for and thereafter honour, perform, discharge and pay as and when due the obligations and liabilities of Seacliff (the “**Assumed Liabilities**”), as described in Appendix B. Other than the Assumed Liabilities, the Purchaser shall not assume and shall not be liable for any debts, liabilities or obligations of Seacliff (the “**Excluded Liabilities**”), as described below and in Appendices C and D:

- i. all debts, liabilities and obligations owing to any Affiliate of Seaclyff (collectively, the “Excluded Affiliate Liabilities”);
- ii. all debts, liabilities and obligations arising from the Excluded Contracts (as described in Appendix C);
- iii. all debts, liabilities and obligations of Seaclyff in respect of any actions, causes of action, demands or collection notices, litigation proceedings, lawsuits, court proceedings or proceedings before any Governmental Authority including Agriculture and Agri-Food Canada against Seaclyff or its Affiliates;
- iv. any Taxes payable or remittable by Seaclyff, other than Transfer Taxes payable by the Purchaser pursuant to Section 4.1 or Taxes that are Priority Claims, if any;
- v. Encumbrances; and
- vi. all liabilities of Seaclyff in respect of indebtedness other than the Indebtedness for borrowed money and guarantees in respect thereof.

h) Contact person for the Receiver:

Jodi Porepa
FTI Consulting Canada Inc. in its capacity as Receiver of
Seaclyff Energy Ltd.
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, PO Box 104
Toronto, Ontario
M5K 1G8

Telephone: 416 649 8070
Email: Jodi.porepa@fticonsulting.com

5. The Receiver was discharged on April 30, 2015 and there is no action you are required to take in respect of this matter.



Dated at Toronto, Ontario this 30th day of April, 2015.

FTI CONSULTING CANADA INC.
In its capacity as Receiver of
Seacliff Energy Ltd.
and not in its personal or corporate capacity

A handwritten signature in blue ink, appearing to read "Nigel D. Meakin".

Nigel D. Meakin
Senior Managing Director



Appendix A

Creditor	Amount
Agriculture and Agri-Food Canada	\$ 3,055,469.28
Caterpillar Finance	\$ 4,564,634.47
Paloma	\$ 200,000.80
Gemini-Seacliff Power Corporation	\$ 250,000.00
Gemini-Seacliff Power Corporation	\$ 250,000.00
2122809 Ontario Limited	\$ 250,000.00
2122809 Ontario Limited	\$ 42,849.46
Gemini-Seacliff Power Corporation	\$ 320,000.00
Frey Brothers Limited	\$ 184,034.38
Mennonite Savings & Credit Union (Toronto) Ltd.	\$ -
2122809 Ontario Limited	\$ 47,556.00
Gemini-Seacliff Power Corporation	\$ 99,393.23
Regulus Investment	\$ 38.25
Wilkinson Electric	\$ 15,298.15
Canada Revenue Agency HST	\$ 11,030.19
Canada Revenue Agency Payroll Deductions	\$ 5,257.00
Workplace Safety & Insurance Board	\$ 71.84

Appendix B

ASSUMED LIABILITIES

- (a) the Indebtedness in accordance with the terms of the Indebtedness Transfer and Assumption Agreement;
- (b) the Post-Appointment Costs;
- (c) all debts, liabilities and obligations with respect to the Purchased Assets arising on or after the Closing Date, including all debts, liabilities and obligations and services to be rendered in connection with the Business solely in relation to the Purchased Assets for the period from and after the Closing Date but expressly excluding those under the Excluded Contracts;
- (d) all Assumed Employee Liabilities;
- (e) all debts, liabilities and obligations under the Assumed Contracts;
- (f) obligations and indebtedness of Seacliff to the Seller for fees and disbursements, including the fees and disbursements of its counsel incurred prior to the Appointment Date, if any;
- (g) any Transfer Taxes payable by the Purchaser pursuant to Section 4.1;
- (h) all Accounts Payable owing to the following Persons as of the Closing Time:
 - (i) Wilkinson Electric
 - (ii) Canada Revenue Agency HST
 - (iii) Canada Revenue Agency Payroll Deductions
 - (iv) Workplace Safety & Insurance Board
- (i) the Assumed Lease; and
- (j) all Priority Claims.

Appendix C

EXCLUDED CONTRACTS

1. 2122809 Ontario Limited Promissory Note in the principal amount of \$250,000 – April 1, 2012;
2. The Paloma Foundation Promissory Note in the principal amount of \$100,000.80 – Dec. 5, 2011;
3. The Paloma Foundation Promissory Note in the principal amount of \$100,000 – Dec. 9, 2011;
4. Gemini-Seacliff Power Corporation Promissory Note in the principal amount of \$250,000 – April 1, 2012;
5. Agri-Opportunities Repayable Contribution Agreement, as amended with Agriculture and Agri-Food Canada in the principal amount of \$2,915,315 – May 5, 2009;
6. Ontario Biogas Financial Assistance Program Funding Agreement in the principal amount of \$400,000 – Jan. 6, 2009;
7. Frey Brothers Limited Cost Plus Price Contract – Apr. 10, 2010;
8. Frey Brothers Limited Stipulated Price Contract – Apr. 10, 2010;
9. Frey Brothers Limited Loan Agreement in the principal amount of \$375,000 – May 15, 2011;
10. Frey Brothers Limited General Security Agreement – May 15, 2011;
11. Agrinz Technologies GmbH and Bio-en Power Inc. Supply Agreement – Jun. 23, 2009;
12. Bio-en Power Inc. Agreement – Dec. 15, 2010;
13. Unanimous Shareholders Agreement among Seacliff, the shareholders of Seacliff and the principals of such shareholders – Jun. 4, 2010,
14. Mennonite Savings and Credit Union (Ontario) Limited banking and security agreements, and
15. Regulus Investment agreements,

and, in each case, all agreements, documents and instruments related thereto.

Appendix D

Capitalized terms as defined in the APA:

“Affiliate” with respect to any Person means, at the time such determination is being made, any other Person controlling, controlled by or under common control with such first Person, where “control” means the possession, directly or indirectly, of the power to direct the management and policies of such Person whether through the ownership of voting securities or otherwise.

“Assumed Liabilities” means the debts, liabilities and obligations of Seacliff listed in Appendix B.

“Credit and Loan Documents” means (a) the Credit Agreement, (b) the Security Agreement and (c) the Note, as such documents may be amended and/or restated from time to time.

“Encumbrances” means any encumbrance, lien, charge, deemed trust, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, encroachment, servitude, restriction on use, right of occupation, any matter capable of registration against title, option, right of first offer or refusal or similar right, restriction on voting (in the case of any voting or equity interest), right of pre-emption or privilege or any contract to create any of the foregoing.

“Excluded Affiliate Liabilities” means all debts, liabilities and obligations owing to any Affiliate of Seacliff.

“Excluded Contracts” means the Contracts listed in Appendix C.

“Excluded Liabilities” has the meaning set out in above and which, for greater certainty, shall include:

- (a) Excluded Affiliate Liabilities;
- (b) all debts, liabilities and obligations arising from the Excluded Contracts;
- (c) all debts, liabilities and obligations of Seacliff in respect of any actions, causes of action, demands or collection notices, litigation proceedings, lawsuits, court proceedings or proceedings before any Governmental Authority including Agriculture and Agri-Food Canada against Seacliff or its Affiliates;
- (d) any Taxes payable or remittable by Seacliff, other than Transfer Taxes payable by the Purchaser pursuant to Section 4.1 or Taxes that are Priority Claims, if any;

- (e) Encumbrances; and
- (f) all liabilities of Seaciff in respect of indebtedness other than the Indebtedness for borrowed money and guarantees in respect thereof.

“Existing Security” means the Encumbrances granted by Seaciff or its Affiliates to and in favour of Caterpillar pursuant to or in connection with the Credit and Loan Documents.

“Priority Claims” means any and all obligations or claims against Seaciff ranking in priority to the Existing Security from time to time, with the determination of such priority being determined as of the Closing Date.

“Tax” and **“Taxes”** means any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, excise, withholding, business, franchising, property, development, occupancy, payroll, health, social services, education and social security taxes, all surtaxes, all customs, duties and import and export taxes, countervail and anti-dumping, all license, franchise and registration fees and all employment insurance, health insurance and Canada, and other government pension plan premiums or contributions.

“Transfer Taxes” means all federal and provincial sales Taxes (including any HST, retail sales taxes and land transfer taxes) and all other duties, fees or other like charges of any jurisdiction properly payable by the Purchaser in connection with the transactions contemplated in the APA.