

## PURCHASE OPTION AGREEMENT

Dated this 26 day of October, 2016.

BETWEEN:

**FS BUSINESS ENTERPRISES INC.**  
a corporation duly incorporated and subsisting  
under the law of the Province of Alberta  
(hereinafter referred to as "FS")

OF THE FIRST PART

-and-

**CIELO WASTE SOLUTIONS CORP.**  
a corporation duly incorporated and subsisting  
under the law of the Province of British Columbia  
(hereinafter referred to as "Cielo")

OF THE SECOND PART

### WHEREAS:

- A. FS is the owner of the Equipment, as described below;
- B. Cielo desires to have the option to purchase the Equipment and FS desires to grant to Cielo such option, on and subject to the terms and conditions herein;
- C. Cielo and FS have agreed on a purchase price (the "**Purchase Price**") equal to \$699,867.53 plus 18% per annum calculated up to and including the date of full and final payment of such amount (the "**Purchase Date**");
- D. Cielo is in the business of refining petroleum products (the "**Business**");
- E. FS and Cielo have entered into a Lease Agreement contemporaneously herewith for the lease of a used catalytic fractionated conversion research and development demonstration unit, located at its production facility in the City of Red Deer, in the Province of Alberta for the production of diesel;

**IN CONSIDERATION** of the mutual premises and terms herein contained, the parties hereby agree as follows:

### ARTICLE 1 DEFINITIONS

- 1.1 In this Agreement, the following terms shall have the meanings ascribed to them:
  - 1.1.1 "**Cielo**" means Cielo Waste Solutions Corp.;
  - 1.1.2 "**Equipment**" means the used catalytic fractionated conversion research and development demonstration unit that is the subject of this Agreement and the Lease Agreement;
  - 1.1.3 "**FS**" means FS Business Enterprises Inc.;
  - 1.1.4 "**Person**" means and includes an individual, partnership, association, body

corporate, trustee, executor, administrator or legal representative;

1.1.5 “**Purchase Price**” has the meaning ascribed to it in the Recitals;

1.1.6 “**Purchase Date**” has the meaning ascribed to it in the Recitals.

## **ARTICLE 2 – OPTION TO PURCHASE; PURCHASE PRICE; INDEBTEDNESS**

2.1 Cielo shall have the option for a period of five (5) years, concluding on October 30, 2021, (the “**Option Period**”) to purchase the Equipment, which option shall be automatically exercised upon the repayment in full of an amount equal to \$699,867.53 (the “**Base Amount**”) together with all accrued interest up to and including the date of repayment of the Base Amount plus interest accrued to such date, being the Purchase Date. On the Purchase Date, it is agreed that the Purchase Price will have been paid in full and all right, title and interest in and to the Equipment shall be sold, transferred and assigned by FS to Cielo and the Lease Agreement shall terminate.

2.2 Until such time that the Purchase Price is paid in full, the Base Amount shall be considered to be indebtedness owing by Cielo to FS, on and subject to the terms herein. In the event that Cielo does not purchase the Equipment, the Purchase Price shall be deemed to be and shall be defined as the “**Debt Amount**”).

2.3 The Option Period may be extended by mutual agreement of the parties hereto, acting in good faith, it being understood that in the event that the parties do not extend the agreement, FS will also release any and all security granted by Cielo to FS hereunder and any remaining balance of the Base Amount plus interest accrued shall not longer be a liability of Cielo to FS.

## **ARTICLE 3 SECURITY**

3.1 To secure the obligations from Cielo set out in this Agreement, including, without limitation, the obligations to pay the Purchase Price/Debt Amount, Cielo concurrently with the execution of this Agreement, grants to FS the following security:

3.1.1 a General Security Agreement granting to FS a security interest in all present and after acquired personal property of the Cielo to a maximum of \$500,000.00;

3.1.2 a purchase money security interest in the Equipment;

3.1.3 a Waiver of Interest in the Equipment to be executed by the landlord of lands on which the Equipment shall be permanently placed in the Province of Alberta; and

3.1.4 any other security documents that may be required by the solicitor for FS, (the "Security") all in the form and content agreeable to the solicitor for FS;

3.2 Concurrent with the execution of this Agreement, Cielo shall execute, or shall cause to be executed, and delivered to FS the security documents set out in section 3.1

#### **ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF CIELO**

4.1 Cielo represent and warrant, as of the date of this Agreement, and acknowledge that FS is relying upon such representations and warranties in entering into this Agreement, as follows:

- 4.1.1 Cielo has been incorporated and organized under the laws of the Province of British Columbia and is a valid and subsisting corporation in good standing;
- 4.1.2 Cielo has the corporate power to own its assets and to carry on their business as now being conducted by it;
- 4.1.3 Cielo is validly and properly registered or licensed under the appropriate laws of each and every jurisdiction in which it operates;
- 4.1.4 Cielo has no subsidiaries;
- 4.1.5 Cielo has kept and maintained such corporate records as are required under the Business Corporations Act of the Province of British Columbia, which records are now, accurate, complete and up to date in all respects;
- 4.1.6 all meetings and proceedings and actions of the Directors and Shareholders of Cielo held and taken since incorporation of Cielo have been duly and properly held and taken in accordance with the constating documents of Cielo;
- 4.1.7 INTELLTIONALLY DELETED ;
- 4.1.8 the books, records and financial statements of Cielo (the "Financial Statements") as delivered to FS or as available to FS on on the Cielo website and/or SEDAR, fairly and correctly set out and disclose in all material respects, in accordance with International Financial Reporting Standards, the financial position of Cielo as at the date hereof and all material financial transactions of Cielo have been accurately recorded in such books, records and Financial Statements and Cielo expressly acknowledges that FS is relying upon the accuracy of such books, records and Financial Statements;
- 4.1.9 except as and to the extent reflected or reserved against in the Financial Statements, Cielo has no known, unrealized or anticipated loss from any contract, agreement or other commitment which has or would have a material adverse effect on Cielo;
- 4.1.10 Cielo will have no liabilities whatsoever, whether accrued, absolute, contingent or otherwise, except as reflected in the Financial Statements and except for liabilities incurred in the ordinary course of business subsequent thereto and disclosed in writing to FS;
- 4.1.11 Cielo has conducted its affairs in the ordinary and normal course of business and Cielo will not have sold or otherwise disposed of or changed any of its assets as disclosed in the Financial Statements except in the ordinary and normal course of its business;
- 4.1.12 Cielo is not a party to any agreement of guarantee or other like commitment;

- 4.1.13 Cielo is not subject to any mortgage, lien, lease, agreement, instrument or any other restrictions of any kind or character which would prevent the consummation of the transactions contemplated by this Agreement, and the consummation of the transactions contemplated by this Agreement will not result in the breach of any term or provisions of, or constitute a default under any obligation binding upon Cielo and will not constitute a violation of or result in the suspension or revocation of any licenses, permits or franchises, it being understood that Cielo is indebted to third parties, which parties have registered or are entitled to register liens against Cielo under the *Personal Property and Security Act*, and that such parties may have standing prior to FS related thereto;
- 4.1.14 all income tax and other tax returns of Cielo which are required to be filed as of the date of this Agreement have been duly prepared and filed and all taxes shown thereon have been paid or provision therefore will have been recorded in the Financial Statements, no assessments have been issued and no reassessments have been made to the date hereof questioning or challenging in any way the returns as filed or amended, except such as have been paid, neither proceeding nor other action will have been taken as against Cielo for the assessment or collection of additional taxes for any such period;
- 4.1.15 To the best of its knowledge, Cielo is in compliance with all laws and regulations of public authorities relating to the conduct of their business and have all required permits, licenses, certificates and authorizations necessary to carry on their business and there are not now, except as have been disclosed to FS in writing, any proceedings whatsoever, actual or pending, and whether concerning a cancellation, extension or otherwise, relating to the said permits, licenses, certificates and authorization;
- 4.1.16 To the best of its knowledge, Cielo is not in default or breach of any material contract to which they, or one of them, are a party and all such contracts are now in good standing;
- 4.1.17 To the best of Cielo's knowledge, there are not any restrictions of whatsoever nature which would prevent the legal completion of the terms and conditions set out in this Agreement or that would require obtained in respect thereto, except for those which have been complied with or will be obtained;
- 4.1.18 Cielo, or any subsidiary of Cielo, is and shall remain the only company(ies) which will produce diesel;
- 4.1.19 the component parts of the Equipment set out in Schedule "A" constitute all of the parts necessary to fully operate the Equipment and to produce diesel, and there are no other parts required to operate the Equipment or to produce diesel [not to be affixed], and

## **ARTICLE 5 EVENTS OF DEFAULT AND RIGHTS AND REMEDIES**

5.1 The following events or occurrences shall constitute an "Event of Default" under this Agreement, and shall give rise to the rights and remedies of FS as set out in section 5.2 below:

- 5.1.1 the breach of any covenant or obligation of Cielo, or one of them, contained in this Agreement, the breach of any covenant or obligation of Cielo, contained in the Equipment Lease Agreement, or the breach of any covenant or obligation of Cielo, under any of the Security documents or other document collateral to this Agreement or

any security document;

5.1.2 upon it coming to the attention of FS that Cielo has made a misrepresentation in respect of one or more representations and warranties;

5.1.3 the bankruptcy, reorganization, compromise, arrangement, insolvency or liquidation proceedings or other analogous proceedings are instituted by or against Cielo;

5.1.4 a receiver is appointed over any property of Cielo or any Judgment or Order or any process of any court becomes enforceable against Cielo or any property of Cielo or any creditor takes possession of any property of the Cielo;

5.2 If an Event of Default occurs, FS shall have available to it the following rights and remedies, which rights and remedies shall be in addition to any and all other rights and remedies available to it at law:

5.2.1 to immediately demand payment under the First Promissory Note and the Second Promissory Note, or one of them;

5.2.2 to rely upon any rights and remedies available to it under one or more of the Security documents, and;

5.2.3 to rely upon any rights and remedies available to it under the Equipment Lease Agreement.

5.3 If an Event of Default occurs, Cielo shall be responsible for and shall pay to FS any and all fees and costs incurred by FS in the enforcement of any rights and remedies of FS, including the solicitor-client costs of FS.

5.4 The rights and remedies of FS pursuant to this Agreement and the Security documents and the Equipment Lease Agreement are cumulative and not alternative, and not in substitution for any other rights, remedies or powers of FS, and the exercise of one or more rights and remedies to the exclusion of any other rights and remedies of FS shall not act as a bar to FS pursuing those additional rights and remedies.

## **ARTICLE 6 GENERAL PROVISIONS**

6.1 The preamble and schedules of this Agreement are incorporated into and shall form a part of this Agreement.

6.2 This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same. Counterparts may be delivered either in original, faxed or emailed form and the parties adopt any signatures received by a receiving fax machine or email address as original signatures of the parties.

6.3 This Agreement is governed by the laws of the Province of Alberta.

6.4 Time shall be of the essence of this Agreement.

6.5 No consent or waiver, express or implied, by any of the parties to this Agreement of any breach or default by any of the parties or any or all of their obligations under this Agreement will:

- 6.5.1 be valid unless it is in writing and stated to be a consent or waiver;
- 6.5.2 be relied upon as a consent or waiver to or of any other breach or default of the same or any other obligation;
- 6.5.3 constitute a general waiver under this Agreement, and;
- 6.5.4 eliminate or modify the need for specific consent or waiver pursuant to this section 6.5 in any subsequent instance;

6.6 The clause numbers and headings are for convenience only and do not for a part of this Agreement and do not in any way limit or amplify the terms and conditions of this Agreement.

6.7 This Agreement, including the agreements set out in the Schedule(s) hereto and the Security documents and any other documents collateral to this Agreement, shall constitute the entire agreement between the parties hereto and thereto with respect to all of the matters herein and therein and there are no other terms, conditions, promises, representations or warranties provided by any of the parties:

6.8 Any notice or other communication required or permitted to be given by any party hereto to any other party shall be in writing and delivered to the following address:

Cielo:  
Suite 102, 4016 Charles Street  
Red Deer, Alberta, T4S 2A8

FS:  
4416 - 33 Street  
Edmonton, Alberta, T6T 1E9


or at such other address as may be provided in writing by the party. Upon such delivery of a notice or other communication, the notice or other communication shall be deemed to have been properly delivered as of the date of delivery:

6.9 This Agreement shall be binding upon the parties and their heirs, successors and assigns:

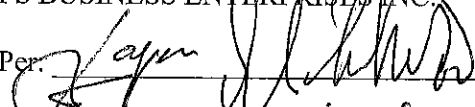
6.10 The covenants and obligations of Cielo in this Agreement, in the Equipment Lease Agreement in the Security documents and in any other document collateral to this Agreement, including, without limitation, the First Promissory Note and Second Promissory Note, shall be joint and several upon Cielo.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

CIELO WASTE SOLUTIONS CORP.

Per:   
Name: Don Allan

FS BUSINESS ENTERPRISES INC.

Per:   
Name: Sanjay Mehrotra

**SCHEDULE "A"**  
**EQUIPMENT COMPONENTS**

Parts & Equipment	# of Items
Pipeline	1
Pipeline	1
Pipeline	1
Pipeline	1
Valve	1
Valve	1
Valve	1
Valve	1
Valve	1
Valve	1
Valve	1
Valve	1
Valve	1
Valve	1
Valve	1
Muff	1
Muff	1
Muff	1
Pipeline	1
Pipeline	1
Pipeline	1

Pipeline	1
Pipeline	1
Pipeline	1
Pipeline	1
Pipeline	1
Pipeline	1
Pipeline	1
Pipeline	1
Pipeline	1
Single Step	1
Single Step	1
Single Step	1
Single Step	1
Single Step	1
Single Step	1
Single Step	1
Single Step	1
Steal beam	1
Steal beam	1
Single Step	1
Single Step	1
Single Step	1
Handrail	1
Pipeline with valve	1
Colum	1
Pipeline with heat isolation	1
Colum	1
Colum	1
Single Step	1



Single Step	1
Single Step	1
Colum	1
Reaction tower small with heat isolation	1
Reaction tower small with heat isolation	1
Switch box	1
Switch box	1
Switch box	1
NOX Kat	1
Switch box	1
Pump	1
Waste air purification	1
Pump	1
Pipeline with heat isolation	1
Bowl	1
Bowl	1
Stairway	1
Truss part	1
Truss part	1
Cartridge seal	18
Truss part	1
Truss part	1
Truss part	1
Truss part	1

Truss part	1
Platform	1
Truss part	1
Platform	1
Cartridge seal	20
Pipeline	1
Pipeline	1
Pipeline	1
Bowl	1
Bowl	1
NOX Kat	1
Truss part	1
NOX Kat	1
Bowl	1
Switch box with cable outside	1
Truss part	1
Truss part	1
Stairway	1
Truss part	1
Truss part	1
Truss part	1
Truss part	1
Platform	1
Truss part	1
Truss part	1
Truss part	1

Truss part	1
Weighing machine	1
Instrument of measure	1
Pump	1
Fan	1
Pump	1
Pipeline	1
Pump	1
Flexible tube	1
Flexible tube	1
Flexible tube	1
Flexible tube	1
Flexible tube with heat isolation	1
Flexible tube	1
Flexible tube	1
Pipeline	1
Carton with cable	1
Carton with cable	1
Pump	1
Carton with gasket	1
Carton with pipeline access	1
Flexible tube	36
Carton with suspension	1
Truss part	4
Truss part	1

Truss part	1
Truss part	1
NOX Kat	1
Truss part	1
Truss part	1
NOX Kat	1
NOX Kat	1
Truss part	1
Pipeline	1
Pipeline	1
Pipeline	1
Pipeline	1
Pipeline	1
Pipeline	1
Pipeline	1
Pipeline	1
Reaction large tower with heat isolation	1
Truss part	1
Truss part	1
Truss part	1
Truss part	1
Pipeline	1
Pipeline	1
Bowl	1
Bowl	1
Truss part	1
NOX Kat	1

Screw tool	1
Cartons with screws and bolts	29
Carton with access tool	150
Pipeline with valve	15
Air conditioning compressor	1
Instrument of measure	1
Truss part	1
Screws	1
Pipeline	60
All storage containers including tanks and pails and stands	
Retainer mat	
All misc. parts and pieces located on site and used in the operation of the plant	

**SCHEDULE "B"**  
**EQUIPMENT LEASE AGREEMENT**

**[see attached]**

# EQUIPMENT LEASE AGREEMENT

Dated this 26 day of October, 2016.

BETWEEN:

FS BUSINESS ENTERPRISES INC.  
4416 - 33 Street,  
Edmonton, Alberta, T6T 1E9  
(the "Lessor")

- and -

CIELO WASTE SOLUTION CORP.  
Suite 102, 4016 Charles Street Red Deer  
County, Alberta, T4S 2A8  
(the "First Lessee")

1. Lease. The Lessor hereby leases to the Lessee, and the Lessee hereby leases from the Lessor, the catalytic fractionated conversion research and development demonstration unit (the "Equipment") on and subject to the terms and conditions in this Agreement, it being further understood that the parties hereto shall enter into a Purchase Option Agreement (the "Purchase Option Agreement") in connection with the Equipment contemporaneously herewith.
2. Option. The Lessee shall have the option to purchase the Equipment upon the expiration of the Purchase Option Agreement for the Purchase Price, as defined and set out in the Purchase Option Agreement.
3. Term. The term (the "Term") of this lease shall commence on the latter of the day first written above and shall continue until the earlier of the date that is five (5) years from the date of this Agreement or the date upon which Cielo pays the Purchase Price in full in accordance with the Purchase Option Agreement (the "Termination Date"), on which date this lease shall automatically terminate, unless otherwise agreed in accordance with the Purchase Option Agreement. The rent (the "Rent") for the Equipment shall be the greater of \$10.00 or, in the event that Lessee does not purchase the Equipment pursuant to the Purchase Option Agreement, that amount paid under such agreement in aggregate. The Lessee will pay Rent free of off-set or counterclaim.
4. Use. The Lessee shall be entitled to use the Equipment solely for use in its business. The Equipment will be maintained by the Lessee at all times. The Lessee will not give up possession of (except for repair), nor transfer, nor sublet the Equipment nor assign or encumber this Lease nor remove the Equipment from the Site without the Lessor's prior written consent. The Lessee will not permit the Equipment to be used by anyone other than the Lessee, its contractors, consultants or employees. The Lessee shall comply with all manufacturer's and dealer's manuals or instructions, all insurers' requirements, all licensing agreements and requirements relating to the Equipment and all laws in any way relating to the possession, use or maintenance

of the Equipment. The Lessee will keep the Equipment free of any environmental contamination or other hazardous or toxic substances and cause the Equipment to be transported, used and maintained so as not to cause, either directly or indirectly, any environmental contamination or other hazardous or toxic condition. The Lessor may during business hours enter the premises where the Equipment is located to inspect the Equipment or observe its use upon 24 hours prior notice, which notice period may be waived by the Lessee. The Lessee will give Lessor immediate notice of any seizure, attachment lien or other judicial process affecting any Equipment and, on request, advise the Lessor of the exact location of the Equipment. The Lessee will use the Equipment for business purposes only. The Lessee will keep the Equipment free of liens and encumbrances and pay all fees, assessments, fines and taxes arising in respect of ownership, lease, rental, sale, possession, use or operation of the Equipment unless the Lessor has been notified and agreed to such encumbrances.

5. Installation, Maintenance and Repairs. The Lessee is responsible for the maintenance and repair of the Equipment by parties acceptable to the Lessor, acting reasonably and in a timely manner. The Lessee will keep the Equipment in good repair, condition and mechanical working order. The Lessee will not make any alterations to the Equipment which the Lessee believes will diminish its value. All additions and improvements will be the Lessor's property. The Lessee will, unless Lessor otherwise directs, return the Equipment at its expense to the location Lessor specifies at the expiration or termination of the Term in good condition, ordinary wear and tear resulting from proper use excepted.
6. Loss. The Lessee assumes the entire risk of loss with respect to any damage, destruction, loss or theft of Equipment, whether or not through the Lessee's default or neglect, unless there is reasonable evidence that the damage, destruction, loss or theft is a result of any action, default or neglect on the party of the Lessor, and the Lessee's obligations under this Lease will not be affected by any such damage, destruction, loss or theft.
7. Insurance. The Lessee will insure throughout the Term the Equipment against loss, theft, destruction or damage from any cause whatsoever in the minimum amount of \$350,000.00, together with comprehensive general liability insurance in the amount of \$5,000,000.00, in the form and with insurers acceptable to the Lessor, acting reasonably and in a timely manner. Each insurance policy will name the Lessor and the Lessee as insured, name the Lessor as loss payee and contain a clause providing that the policy will not be canceled or altered without at least 15 days' prior written notice to the Lessor. The Lessee will deliver to the Lessor all insurance policies with premiums prepaid, or provide evidence satisfactory to the Lessor that such insurance is in place, on or before the date of delivery of Equipment. The Lessee will deliver to the Lessor, prior to expiration of any policy, proof of renewal satisfactory to the Lessor. The Lessee will immediately advise the Lessor of all accidents involving the Equipment and all claims made or actions commenced in respect of the Equipment, and forward all correspondence and legal process in respect thereof to the insurer with copies to the Lessor. If loss or damage occurs, all insurance proceeds shall be paid to the Lessor.
8. Lessor's Performance. If the Lessee fails to perform any obligation hereunder in connection with the Equipment, the Lessor may, but is not obligated to, perform such obligation and any amount expended by the Lessor will be paid by the Lessee to the Lessor on demand.
9. No Warranties. The Lessee acknowledges that the Lessee has selected the Equipment and the supplier, the Lessor makes no representations or warranties and there are no conditions or warranties (express, implied, statutory or otherwise) as to any matter, including the durability, quality or condition of the Equipment, or the fitness for any particular purpose and the doctrine of fundamental breach shall not apply with respect to the Equipment. If the Equipment is not properly installed, does not operate as represented by the Lessor or is unsatisfactory for any reason, the Lessee shall, nevertheless, pay the Lessor all amounts



payable under the Lease and under the Purchase Option Agreement. The Lessor is under no obligation to inspect, service or maintain the Equipment.

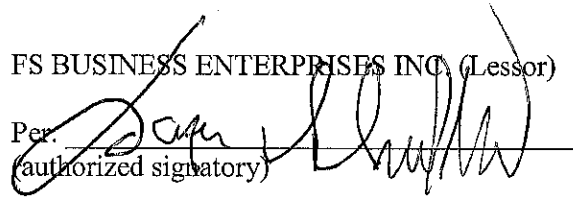
10. Indemnity. The Lessee hereby indemnifies the Lessor against any and all claims, costs and liabilities, including legal fees on solicitor and own client basis, relating to the Equipment and the use and operation of the Equipment, including without limitation the election, delivery, possession, use (including use not authorized by the Lessee), operation, repossession or return of the Equipment and the obligation of the Lessee under paragraph 2 and any claims or demands made against the Lessor arising from any bodily injury or death arising from the use and operation of the Equipment. This indemnity survives expiry or termination of this Lease.
  
11. Event Of Default Each of the following is an Event of Default
  - a) the Lessee fails to make payment owing under this Lease or the Purchase Option Agreement;
  - b) the Lessee breaches any other obligation under this Lease or the Purchase Option Agreement;
  - c) any default occurs under any other obligation of the Lessee to the Lessor under this Agreement;
  - d) the breach of any written representation or warranty made by Lessee to the Lessor;
  - e) the Equipment is subject to any lien, encumbrance, seizure, attachment or judicial process or the Lessee sells, mortgages or pledges or attempts to sell, mortgage or pledge the Equipment;
  - g) any receiver, administrator or manager of the assets or undertaking of the Lessee is appointed;
  - h) the Lessee ceases or threatens to cease to carry on business, action is taken to wind-up, liquidate or dissolve the Lessee, the Lessee becomes subject to bankruptcy, insolvency, receivership or similar proceedings or the Lessee makes a proposal or seeks protection under any debt restricting or moratorium legislation;
  - i) effective control of the Lessee (if a corporation) changes without the Lessor's written consent;
  - j) the Lessee becomes a party to any transaction, whether by way of merger, amalgamation or otherwise, whereby any of the equipment becomes vested in another entity or if the Lessee, without 30 days' prior written notice to the Lessor, changes its name or moves its chief executive office to another jurisdiction.
  
12. Remedies Following an Event of Default, the Lessor may, in the sole discretion, exercise one or more of the rights and remedies available to it at law, and without limitation may:
  - k) in the Lessee's name, and without terminating this Lease, lease or sublease the Equipment to any person on such terms and conditions as it deems and receive and hold such rental and apply same against monies owing hereunder and under the Purchase Option Agreement and against any monies owing under any other obligation of the Lessee to the Lessor;
  - l) take possession of and remove the Equipment without demand or notice wherever the Equipment may be located, without any court order or other process of law, the Lessee hereby waiving all damages occasioned by such taking of possession. The Lessor may store, repair or recondition the Equipment and sell or otherwise dispose of the Equipment upon such terms and conditions as the Lessor deems fit. The net proceeds of any sale after deduction of all expenses and commissions, including legal fees on a solicitor and own client basis incurred in connection with such repossession, storage, repairing, reconditioning and disposal of the Equipment will be applied toward the payment of amounts owing hereunder and under the Purchase Option Agreement and owing under any other obligation of the Lessee to the Lessor, with any surplus to be the property of the Lessor.

13. Concurrent Remedies The Lessor may pursue all its rights and remedies available to it under this Lease and under the Purchase Option Agreement consecutively or concurrently and no right or interest in the Equipment shall be extinguished or merged by the commencement of legal proceedings or the taking of judgment. No delay or omission by the Lessor to exercise any right or remedy will impair such right or remedy or be construed as a waiver of any Event of Default, nor will waiver of an Event of Default be deemed waiver of any other Event of Default. Waiver by the Lessor of any Event of Default must be in writing. To the extent not prohibited, the Lessee waives the benefit of all common law or statutory provisions now or hereafter affecting or limiting rights of the Lessor, any statutory exemption from execution and any right to demand security for costs in the event of litigation. Notwithstanding anything to the contrary in this Agreement, in the event that the Lessor exercises any remedy under this Agreement or otherwise under law, the Lessee shall not be liable for any act or omission of any third party in relation to the Equipment.
14. Late Charges. INTENTIONALLY OMITTED.
15. Expenses. The Lessee will pay the Lessor on demand all costs and expenses, including Legal fees on a solicitor and own client basis, incurred by the Lessor in exercising its rights or remedies hereunder.
16. Ownership. Subject to the Purchase Option Agreement, Equipment is, and will at all times be, the Lessor's property and the Lessee will have no right, title or interest therein except as expressly set forth in this Lease. At the Lessor's request, Lessee will affix to the Equipment and keep affixed labels indicating the Lessor's ownership. The Equipment is, and will remain personal property notwithstanding affixation to, attachment to, or permanent resting upon real property or any building, the Lessee will not, without the Lessor's prior written consent, permit any affixation, attachment or permanent resting. The Lessee is responsible for any damage to property by the removal of the Equipment and indemnification the Lessor therefrom. The Lessee will obtain and deliver to the Lessor such consents and/or waivers from landlords or mortgagees of premises in which the Equipment is located as the Lessor may request. The Lessor shall have the right, upon 24 hours' notice given to the Lessee to enter onto the site of the Equipment for the purpose of conducting whatever inspections, reviews and tests which the Lessor deems fit with respect to the Equipment, acting reasonably and so as not to disrupt the business of the Lessee.
17. Notice. Services of notices required or desired hereunder will be given personally or mailed to a party at its address above or such other address specified in writing from time to time. Notice so mailed is effective 2 days after deposit in the Canada mail, postage prepaid, provided that in the event of an actual or threatened disruption of postal service, notice will be given personally. Notices can also be delivered by email as long as the recipient acknowledges receiving the email. Email addresses to be used are as follows;
- Lessee: [donallan@cielows.com](mailto:donallan@cielows.com)  
Lessor: [sanjay.mehrotra@shaw.ca](mailto:sanjay.mehrotra@shaw.ca)
18. Information The Lessee will give the Lessor all financial and other information the Lessor requests with respect to the Lessee, any guarantor and the Equipment. The Lessee represents and warrants all information to be true and complete.
19. Miscellaneous If more than one Lessee is named in this Lease, their liability is joint and several. The Lessee will execute all documents and do all things the Lessor reasonably requires to give effective to this Lease. If a provision of the Lease is wholly or partially invalid, at the Lessor's option this Lease will be interpreted as if the invalid provision was excluded. Time is of the essence of this Lease. This Lease is governed by the laws of the Province where the Equipment is located and the Lessee attorns to the non-exclusive jurisdiction or the Courts of such Province. This Lease and the Purchase Option Agreement, and any security documents collateral thereto, constitute the entire agreement between the Lessor and the Lessee to the exclusion of the Purchase Option Agreement and the General Security Agreement dated the date hereof and may only be

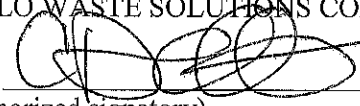
amended by written agreement. The Lessee acknowledges receipt of a copy of this Lease and waives all right to receive copies of any financing statement, financing change statement, verification statement or other filing with respect to this Lease, any Schedule or any amendment or supplement thereto.

- 20. Successors and Assigns This Lease enures to the benefit of and is binding upon the parties and their successors and permitted assigns. This Lease and the Equipment may be transferred and assigned by the Lessor without the Lessee's consent and the Lessee accepts such transfer and assignment and waives notice thereof
  
- 20. Counterpart This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. Counterparts may be delivered in original, faxed or emailed form and the parties adopt any signatures received by a receiving fax machine or email address as original signatures of the parties.

FS BUSINESS ENTERPRISES INC. (Lessor)

Per:   
(authorized signatory)

CIELO WASTE SOLUTIONS CORP. (Lessee)

Per:   
(authorized signatory)