

**MEMORANDUM OF UNDERSTANDING  
FOR COLLABORATION**

*BETWEEN*

**ONTARIO EAST WOOD CENTRE & ECO-INDUSTRIAL PARK (OEWEC)**

*AND*

**GV ENERGY INC. (GV)**

**1.0 Purpose and Background**

1.1 The purpose of this non-binding Memorandum of Understanding ("MOU") is to establish a framework to enable GV and OEWEC to jointly assess the opportunity to develop a Bio-Refinery in the township of Edwardsburgh/Cardinal near Johnstown, for the conversion of forestry residuals into chemicals and/or fuels.

1.2 GV has concluded there is an opportunity to develop in Canada a world-class Bio-refinery business that converts low value biomass, principally wood biomass, into high value chemicals and fuels. After a review of the available conversion technologies, GV has established that commercially established oxy-blown gasification of the wood biomass is their choice for converting wood residues into higher value products, particularly bio-methanol and bio-dimethyl ether ("BioDME").

1.3 GV has also concluded that the Johnstown area is an ideal site for a bio-refinery because of its exceptional transportation connections: rail, road and deep water port, its proximity to a large customer base, access to electrical power and natural gas supplies and the availability of wood biomass.

1.4 The economic viability of a bio-refinery project depends upon its having a long-term supply of economically available wood biomass. GV believes the most appropriate way of establishing Johnstown's bio-refinery potential is to work closely with the OEWEC.

**2.0 Joint Investigation to Determine Suitability of Johnstown Ontario**

2.1 GV and OEWEC will work together to determine if it is economically feasible to locate a bio-refinery near Johnstown that will convert, at least 425 Oven Dried Tonnes per day of wood biomass into BioDME and/or other products.

2.2 The joint evaluation will consider all of the factors the Parties deem relevant including:

- a. ease by which the regional transportation systems (both rail and road) can be accessed from any proposed plant site;
- b. long-term availability of forestry wood residuals;
- c. ease of access to electrical power and natural gas supplies;
- d. availability of municipal water services;
- e. availability of serviced land within the Edwardsburgh/Cardinal Industrial Park that is zoned for industrial use;
- f. availability of appropriate municipal emergency services including fire and ambulance;
- g. support of the affected communities for the project and
- h. identification of the approach by which the forests, from which the forestry residual biomass is obtained, can be maintained using the highest level of sustainable forestry practices including in particular Forest Stewardship Council certification as now well established in eastern Ontario.

## 2.0 Mutual Assistance

2.1 GV and OEWC agree that each Party will provide reasonable assistance to the other Party in order to help it obtain government grants or subsidies or other financial assistance that can be used to offset any costs incurred by the other party.

2.2 GV understands the OEWC is interested in clustering biomass-based industries at the Johnstown industrial park. GV will provide reasonable assistance to OEWC in its efforts to attract to Johnstown other businesses committed to the production of sustainably produced products.

## 3.0 Guiding Principles and Confidentiality

3.1 GV and OEWC acknowledge that their on-going working relationship must be based upon open and honest communication, appropriate sharing of information and a commitment to objectively and fully evaluating the potential for a bio-refinery near Johnstown in the industrial park.

3.2 GV and OEWC will work closely and collaboratively using on-going communications and full transparency in matters of mutual interest.

3.3 GV and OEWC will maintain a level of confidentiality over proprietary information relayed from one party to the other in matters related to the GV Energy Bio-Refinery project that is consistent with applicable legislation and commercial standards of business protection. For greater clarification, it is understood that general statistical and forest management information related to the region and in the public domain such as forest inventory, studies of biomass supply and other related matters are not subject to this agreement. No party shall publish any document relating to the GV Bio-Refinery project without the other party's consent.

3.4 The existence of this MOU shall be kept confidential, and such information shall only be disclosed by mutual consent of the parties.

## 4.0 Financing

All provisions of this agreement will be subject to the availability of sufficient funds between/among the participating partners. Financial support for the various activities will be separately obtained by each partner according to its internal policies and procedures. Joint activities shall be pursued when deemed appropriate by participating staff and administrators. This MOU in itself does not imply any contractual financial engagement of any kind between the OEWC and GV Energy Inc.

## 4.1 Term

This MOU will terminate on the earlier of:

- a. the date GV and OEWC agree that it is not economic to build the aforesaid Bio-Refinery in Edwardsburgh/Cardinal;
- b. thirty (30) days after one party notifies the other party that it wants to terminate this MOU; or
- c. December 31, 2012.

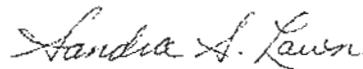
## 5.0 Approval of the Memorandum of Understanding

5.1 This MOU is entered into by GV Energy Inc. and Ontario East Wood Centre effective on May 6, 2011.

GV Energy Inc.

Ontario East Wood Centre

Per: Eric Switzer  
Digital signed by Eric Switzer  
DN: c=Canada, o=GV Energy Inc.  
ou=Ontario East Wood Centre, email=eric.switzer@gvenergyinc.com, cn=Eric Switzer  
Date: 2011.05.04 10:42:21 -0500



Per: Sandra S. Lawu

Director and Project Leader