

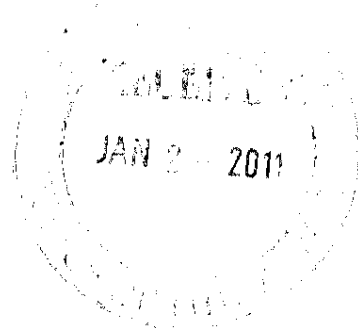


Ottawa, Canada K1A 0C5

JAN 20 2012

Quote: 169992

His Worship John Henry  
Mayor of Oshawa  
50 Centre Street South  
Oshawa, Ontario L1H 3Z7



Dear Mr. Mayor:

Thank you for your letter of December 2, 2011, regarding the proposed ethanol refinery by the FarmTech Energy Corporation (FarmTech) at the Oshawa Harbour.

I appreciate your concerns and will address those matters that come under my responsibility and control, while deferring to Transport Canada and/or to the Oshawa Harbour Commission (OHC) those matters that come under their respective responsibility and control. To that end, I am copying our correspondence to the Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, and Ms. Donna Taylor, Chief Executive Officer of the OHC.

AAFC has no authority to dictate whether or when the OHC and FarmTech may enter into a lease agreement for federal Crown lands under the control of the OHC. That is a matter for the OHC to determine in its discussions with any project proponent. The terms and conditions of any such lease are open to the parties to negotiate and determine, including whether such a lease would be conditional on approval of the proposed project under the ecoABC program, or whether such a lease would be effective even in the absence of such approval.

It is the responsibility of the OHC to ensure that it complies with any and all Transport Canada requirements regarding the leasing or proposed leasing of federal Crown lands in the custody of the OHC. AAFC does not monitor this compliance but rather leaves such monitoring to Transport Canada, the federal department with jurisdiction over harbour commissions. AAFC would expect FarmTech to comply with all applicable legal obligations in order to become and remain eligible under the ecoABC. AAFC would need to assess the particular circumstances of any case in which alleged non-compliance by the OHC would have an adverse impact on FarmTech's eligibility. AAFC is not in a position to comment on the communications or lack of communications between the OHC and Transport Canada, or on Transport Canada's state of awareness of the proposed FarmTech project.

As one pillar of Canada's Renewable Fuels Strategy, the ecoABC was designed to facilitate agricultural producers' participation in the biofuels industry by providing contributions to new or

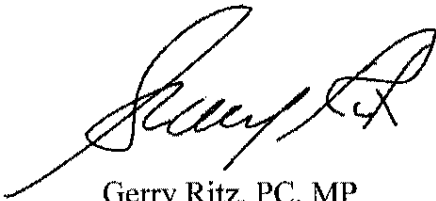
.../2

expanding biofuels facilities that include new equity investments from producers and use agricultural products as inputs. It does so without discrimination as to ownership of the land where any proposed project might be constructed or operated. The terms and conditions of this program were prescribed at the outset, and they did not prohibit projects on federal Crown lands from qualifying for eligibility. Presumably, program designers saw no unfairness or inequity in not ruling out projects proposed for Crown lands. It would, therefore, be unfair now to add a new restriction that denies eligibility simply because a project is proposed to be constructed and operated on federal Crown lands.

Whether FarmTech and the OHC have or have not yet reached any legally binding agreement for the leasing of federal Crown lands under the custody of the OHC, it remains prudent for AAFC to ensure compliance with the *Canadian Environmental Assessment Act* in light of the prospect that FarmTech's proposed project may be found eligible for ecoABC funding, and to otherwise ensure that it and the proponent will satisfy all other requirements of this program.

I trust that this provides clarification on AAFC's role regarding the concerns you raised. Again, thank you for writing.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerry Ritz". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Gerry Ritz, PC, MP

c.c.: The Honourable Denis Lebel, PC, MP  
Ms. Donna Taylor, OHC