Feasibility Study
Integrated Biodiesel Refinery, Crushing and Pressing Processing Plant

July, 2007

Prepared for:

BFuel CANADA CORP.

Agriculture & Food Council
Agriculture and Agri-Food Canada / Agriculture et Agroalimentaire Canada
Canada

Southern Alberta Alternative Energy Partnership

SouthGrow Regional Initiative
Creating Opportunities... in Southern Alberta

From Mounties to Mountains...
ALBERTA SOUTHWEST

Economic Development LETHBRIDGE

Date: July 6, 2007

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Table of Contents Page

1 Business Details

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Registered Address	Same as above
Company Registration No.	Canada Federal 662522-3
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GST. Registration No.	843774167 RT0001
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Business sector	Renewable Energy
Nature of business	Biodiesel Production & Distribution
Date business incorporated	September 12, 2006
Date of first sale	N/A
Business stage	Development
Funding required	35 Million / 40% Debt 60% Equity
Funding use	Development / Capital Infrastructure / Operating Capital BFuel Chin Lakes Project

2 Highlights

- 40 million litres/year of biodiesel production
- 4,529 tonnes of Glycerine by-product
- 62,000 tonnes of meal cake by-product
- 4.5 million bushels of Canola as feedstock
- 150,000 acres of land to provide feedstock
- 17 highly skilled full time employees
- Project Capital Requirement $30 million
- Working Capital $5 million
- **Un-levered project IRR: 31%**
- **Levered IRR(40%): 46%**
- **79.6% Probability of Positive NPV(10%) with 95% Confidence Level**

3 Executive Summary

BFuel Canada Corp. (BFuel) was established in 2006 to design, build and operate regionally integrated small to midcap biodiesel production facilities in western Canada. BFuel Canada Corp. is a natural renewable energy extension initiative of Greenwind Power Corp. Greenwind developed itself as a premiere developer of grid based commercial wind farms in southern Alberta. Greenwind's strong development management team has successfully seeded the development of up to 550 MW of renewable wind power developments in southern Alberta. In doing so Greenwind developed an operational joint venture with Naturener, a leading global renewable energy concern headquartered in Spain to finance, develop and manage the wind based electrical generation facilities. In doing so Greenwind Power Corp's management team has turned its attention to BFuel Canada Corp. and believes that it has the necessary foundation to develop BFuel into a successful biodiesel producer.

The flagship of the BFuel production mandate is the proposed development of a biodiesel facility in the community of Lethbridge Alberta known as the BFuel Chin Lakes Biodiesel Facility, (Chin Lakes). This proposed Chin Lakes canola crushing biodiesel plant in the county of Lethbridge has currently been evaluated with a capacity of 40 million litres per year.

Structured as a limited partnership Chin Lakes will integrate BFuel's renewable energy expertise with regional farmer investment and/or supply agreements with private equity investor participation under an operation and distribution model designed to serve southern Albertan's with viable affordable renewable energy alternatives. This feasibility study serves as an overview of the current plans and operational feasibilities of the proposed Chin Lakes Facility. Key highlights of the Chin Lakes facility include;

- Capacity of 40 million litres per year
- State-of-the-art biodiesel production technology
- $30 million capital cost Investment
- Regional Retail Biodiesel Distribution
- Regional Community Farmer Feedstock Support
- Regional Employment

BFuel is dedicated to the research, development and operation of renewable energy projects. They intend to represent the new direction in energy supply, conservation and emission

reductions. BFuel applied to Agriculture Canada to receive funding under the "Biofuels Opportunities for Producers Initiative" (BOPI) and have been approved for $300,000.

BFuel is strongly producer focused and the management of the company have led and participated in many producer meetings in southern Alberta regarding the opportunities for the development of a biodiesel industry in that area. As noted on the BFuel website, through the work that Greenwind has done with landowners, the company "has come to realize and endorse the value of cooperation and partnership with landowners and the community."

BFuel is committed to alternative and renewable sources of energy and looks forward to producing biofuels in Canada for Canadians. Its focus will reflect its emphasis on landowner partnerships and using the opportunities this collaboration presents to ensure a secure supply of feed stocks for production of bio-fuels as well as a market for the end product.

The amount of biodiesel required within the next four years is estimated at one billion litres per year. This is a result of the increasing interest of Canadian companies to reduce greenhouse gas emissions and the mandates from the federal government for 2% content of biodiesel by 2012 and a BC Provincial mandate of 5% starting in 2010. At this time, only a nominal amount of biodiesel is produced in Canada.

The capital cost estimate for BFuel Canada Corp based on a 40-million-litre per year facility has been prepared by Trimark Engineering Ltd. It is anticipated that these values are within a -15%/+25% margin of error. The estimated total financial requirement is $35 million, which includes $30 million for facilities and equipment and $5 million for working capital. BFuel is expecting to raise 60% equity and 40% debt to finance the development, which includes equity involvement of farmers and producer up to 25% of the total investment through a New Generation Co-op. The assumption of debt financing is a term of 10 years with an annual interest rate of 8%.

As an industry in the very early stages, external forces are expected to change considerably over time. At the present time, the government landscape looks very positive, with federal and provincial tax exemptions, per litre subsidies, as well as grants and low interest loans. In addition, the federal 2% blend mandate (5% in BC) by 2010, as well as expected efforts at reducing greenhouse gases in the future are also significant, the latter will have the most impact on the higher blend (B20 – B100) commercial and industrial markets that BFuel hopes to target. In addition, the development of an energy business based on agricultural feedstock provides a means to achieve government objectives of rural economic development.

The prices of agricultural commodities are going to affect substantially the feasibility of this sector. The high prices of petroleum and the outlook of the oil market appear to be favourable to the development of biodiesel. However, historically the price of biodiesel has correlated closely to the price of petroleum diesel. We believe that once the required minimum renewable blending standards have taken effect, the pricing of biodiesel will be less correlated to petroleum diesel price. The financial projections are extremely favourable, but must be interpreted with caution.

4 Business Opportunity

The BFuel Canada Corp. Chin Lakes Biodiesel facility Limited Partnership will be established in 2007 to build an integrated canola crushing biodiesel plant in the county of Lethbridge. The plant has currently been evaluated under a feasibility analysis to have a capacity of 40 million litres per year with three distinct operational functions, a canola crushing facility, the biodiesel production plant and a proposed diesel mixing/distribution facility. This fully integrated biodiesel production and distribution process has been designed as a viable agricultural business to business renewable energy cooperative.

The proposed Chin Lakes biodiesel facility will feature State-of-the-art technologies facilitating the crush, biodiesel production, diesel blending and distribution processes. The proposed marketing and distribution process involves both wholesale and retail solutions for all end products with a key focus on serving southern Alberta communities. From the residual meal pellets that can be sold as feed solutions or packaged and distributed as heating fuel solutions, to the biodiesel solutions that can be used in a pure or diluted form, to the glycerine byproduct that could be upgraded to pharmaceutical quality, BFuel proposes to extract economic solutions that truly benefit all Albertans.

The financial plan proposed for the Chin Lake facility has been designed to integrate unique financing solutions that collaborate participation opportunities with local agriculture producers with proven investment structures that BFuel believes will achieve great acceptance in the Canadian financial community. As our financial model demonstrates financial viability coupled with its distinct diversification and utilization characteristics BFuel believes the proposed Chin Lakes facility will be successful.

The Kyoto Protocol, a convention of the United Nations Framework Convention on Climate Change, requires the introduction of biofuels into the fuel market in order to reduce greenhouse gas emissions.

As a result of environmental concerns, two prospective markets for biodiesel in Canada are developing. The first market is the forthcoming market based on regulatory mandates in British Columbia in 2010 and nationally in 2012. British Columbia's B5 mandate will require a minimum of 80 million litres per year for on-road markets alone and may double if extended to all diesel markets in the province. The Federal Renewable Fuels Standard will require the delivery of about 500 million litres per year, starting in 2012.

Today's quickly growing market is the non-mandated market consisting of large niche markets where customers are focused on making large reductions in greenhouse gases and use up to B30 blend levels of biodiesel. For example, niche customers in British Columbia, including users such as BC Transit, TSI Terminals, City of Vancouver, and cruise ships, as well as home heating and card locks, currently use some 40 million litres of biodiesel a year. The volume estimates for the non-mandated market are at least the same as the prospective mandated market and large users have been operating under biodiesel supply agreements.

The combined amount of biodiesel required within the next four years is estimated at one billion litres per year. At this time, only a nominal amount of biodiesel is produced in Canada. BFuel Canada Corp is proposing the development of a 40-million-litre per year biodiesel refinery with an integrated crushing facility in Lethbridge, Alberta.

5 Product/Service and Market Analysis

A Brief Overview of Biodiesel

What is Biodiesel?

Biodiesel is a renewable and sustainable alternative fuel that is manufactured from vegetable oils, recycled cooking greases or oils, or animal fats. Biodiesel is readily available as an alternative fuel in Europe and is emerging as an opportunity in North America.

Biodiesel does not require any engine modifications for use. It can also be blended with petroleum diesel at various levels (B5 or B20, 5% and 20% biodiesel respectively) or used as pure fuels (B100). The engine Manufacturers Association has stated that blends up to B5 will

not cause engine or fuel system problems provided the biodiesel meets quality standards. Recently John Deere announced plans to use B2 as the preferred factory-fill in all their diesel powered equipment and New Holland became the first original equipment manufacturer to announce full support of B20 in their diesel equipment.

The Canadian General Standards Board (CGSB) recognizes ASTM D6751 (USA biodiesel specifications) as part of a Canadian biodiesel specification. The industry accepted specification recognizes only alkyl esters of lipids as biodiesel and not biomass synthesis bio-oils. Stricter demands on performance and quality by the industry have led to efforts to include portions of the European EN14214 biodiesel standard. In addition, the United States (U.S.) industry has initiated a voluntary fuel quality accreditation program for biodiesel producers and marketers (BQ9000). The accreditation program is a combination of the ASTM D6751 and a quality management systems program that includes storage, sampling, testing, blending, shipping, distribution and fuel management practices.

Benefits of Biodiesel

- Demonstrated to be safer to handle and less toxic than petroleum diesel.
- Reduces a variety of diesel exhaust pollutants that are toxic or carcinogenic (sulphur dioxide (SO_2), polycyclic aromatic hydrocarbons (PAH), carbon monoxide (CO), volatile organic compounds (VOC), and particulate matter (PM).
- Mitigate greenhouse gas emissions (CO_2).
- Produce significant measurable carbon credits that may be traded in the emerging carbon credit marketplace.
- Can be blended with petroleum diesel at varying concentrations without any engine modifications.
- Produce non offensive odors during combustion.
- Reduce engine wear through lubricity attributes.
- Exempt from federal excise tax ($0.04/litre).
- Demonstrated to function adequately during fleet trials in Canadian climates (Saskatoon, Toronto, Montreal, Halifax).
- Can be blended with petroleum diesel using existing injection blending methodology.
- Biodiesel specification and standardization endorsed to ensure biodiesel fuel quality and performance.
- Provincially exempt from road taxes in Ontario, British Columbia and Manitoba.

Challenges of Biodiesel

- Biodiesel has slightly lower energy content compared to petroleum diesel on a volumetric basis. Energy content differences are noticeable at B100 levels. However, differences in energy content and performance are diminished at lower blended levels (at B20, similar torque, fuel economy and horsepower to petroleum diesel). Biodiesel energy content varies with the source of feedstock.
- Usage of biodiesel blends above B20 is not supported by some commercial engine manufacturers' warranties. However, no Original Equipment Manufacturer (OEM) will warranty engine damage based on the fuel used, whether it is petroleum or bio-based. All major OEM's support the use of blends up to B5.
- Both petro-diesel and biodiesel have poor cold weather properties that affect storage requirements and performance. Petro-diesel and biodiesel freeze or gel as temperature drops. No differences in gelling are seen with low volume blends (B5).
- Biodiesel has been shown to slightly increase nitrogen oxide (NOx) emissions depending on the feedstock source used during manufacture.
- Biodiesel has a shorter shelf life than diesel fuel. However, this life can be extended by adding storage-enhancing additives. All diesel fuels, including petroleum-based, are recommended to be used before a six-month period.

Current Technologies and Investment

Generally, "biodiesel" refers to methyl esters made by reacting fats/oils with methanol and a catalyst through a chemical reaction termed "transesterfication" to produce long chain mono-alkyl esters or biodiesel. Commercial biodiesel production is either acid or base directed and involves batch or continuous processing technologies. Batch plants have the advantage of being feasible on smaller scale and there are manufacturers with readily available components. Continuous operations require larger scale plants and higher initial investment. One hundred litres of oil or fat ideally produce 100 litres of biodiesel and 10 litres of glycerine.

The U.S. Department of Energy (DOE) and U.S. Department of Agriculture (USDA) performed a comprehensive life cycle study of the energy balance of biodiesel. It found that for every one unit of fossil energy used in the entire biodiesel production cycle, 3.2 units of energy are gained when the fuel is burned; or a positive energy balance of 320%. By comparison, Ethanol represents only a 34% energy gain.

Glycerine is a by-product of biodiesel production and has over 1,500 applications including food, cosmetics, personal care, pharmaceutical, tobacco, polyurethanes and alkyd resins. Increased biodiesel production and surplus glycerine supply will exert pressure to develop new and innovative products. Additional market opportunities exist for glycerine in a wide range of sectors such as plastics, agrochemicals, solvents, lubricants and additives.

The capital costs for a biodiesel plant are relatively modest compared to conventional ethanol plants. Production costs are directly influenced by feedstock considerations as feedstocks account for about two-thirds of total production costs. Important considerations in feedstock selection include price, variability in quality and chemical content, availability, flexibility to increase supply and cost of transport and pre-treatment.

Transesterfication

Biodiesel is produced by a process called transesterification. There are three basic routes to ester production from oils and fats:

- Base catalyzed transesterification of the oil with alcohol.
- Direct acid catalyzed esterification of the oil with methanol.
- Conversion of the oil to fatty acids, and then to alkyl esters with acid catalysis.

The majority of current alkyl esters production is done through the base catalyzed reaction process because it is the most economic. Table 1 presents the yields from the transesterification process. This process is more economic for several reasons:

- Low temperature (65°C) and low pressure (20 psi) processing does not require exotic materials for construction.
- The process yields a high conversion rate (98%) with minimal side reactions and reaction time.
- The process results in direct conversion to methyl ester with no intermediate steps.

Table 1. Base Catalyzed Transesterification of Oil with Alcohol

Process input levels		=	Process output levels	
Alcohol	12%		Alcohol	4%
Catalyst	1%		Fertilizer	1%
Oil	87%		Methyl Ester	86%
			Glycerine	9%
Total	100%		Total	100%

Biodiesel Refinery

A broad range of technologies is available to process biodiesel. The infrastructure and equipment varies from small domestic operations to large industrial plants. The biodiesel industry in the United States has realized significant growth over the past decade through large increases in annual production and production capacity and a transition from smaller batch plants to larger-scale continuous producers. The larger, continuous-flow plants provide operating cost advantages over the smaller batch plants through their ability to capture co-products and reuse certain components in the production process. However, the continuous-flow plants are generally larger-scale plants, which require greater initial investment. This may introduce potential problems in obtaining the necessary capital, through debt or equity sources, required to build a continuous-flow plant.

According to the reviews from different manufacturers and sources, the raw material requirements, energy consumption, and yields vary in different technologies. Table 2 summarizes the differences between yields in the process.

Table 2. Comparison Yields per Metric Tonne of Biodiesel

YIELD PER MT BIODIESEL						
	Unit	BDT	Lurgi	MNP	IA Univ	GFB
Feedstock	Kg	1,035	1,000	1,012	1,018	1,000
Methanol	Kg	138	96	99	103	86
Catalyst	Kg	10	5		32	32
H2O	Kg					106
Total Input	Kg	1,183	1,101	1,111	1,153	1,224
Biodiesel	Kg	1,000	1,000	1,000	1,000	1,000
Glycerine Crude	Kg	183	128	100	140	245
Glycerine USP	Kg		93			
Glycerine 100%	Kg		5			
Total Output	Kg	1,183	1,226	1,100	1,140	1,245
Balance		-	(125)	11	13	(21)

MT = Metric Tonne; BDT = Biodiesel Technologies; MNP = Meyer Norris Penny LLP; IA Univ = Iowa State University; GFB= Green Fuel Biodiesels. Sources: several.

Oil Mill (Crushing and Presses)

In general, cold presses are used for small volumes, since the process requires a lower capital investment and consumes low energy. There is a trade-off in using cold presses since the lower oil yield (32% to 36% per tonne of canola) results in a higher value meal (with oil content from 8% to 12%). A hot crushing process extracts more oil (40% to 42%), but also extracts phosphorus that needs to be removed prior to the biodiesel refinery process.

Biodiesel Production in Canada

Biodiesel development in Canada is in early stages of development and commercialization compared to Europe and the United States. Commercial companies include Rothsay/Laurenco (Quebec), Milligan Bio-Tech (Saskatchewan), Agri-Green biodiesel (British Columbia) and Ocean Nutrition (Nova Scotia). Current biodiesel production and utilization has targeted the transportation sector (fleet and public transit demonstration).

Considering the forecasted consumption of diesel fuel in 2010, a 5% renewable content in diesel fuel nationally would require the production of 1.5 billion litres of biodiesel (Canola Council of Canada). This would require about one-fifth of Canada's projected canola production in 2010.
Canada will take advantage of a variety of feedstocks including soybean, canola, waste greases and animal fats. The Canadian rendering industry produces about 400,000 tonnes of animal and yellow grease annually for the oleochemical and animal feed industry. In addition, Canada is the world's largest exporter of canola with ideal growing conditions in Western Canada.

To date, Alberta does not have a biodiesel production facility. Current consumption in Alberta of petroleum diesel is 5.1 billion litres annually and a B5 target (5% biodiesel blend) for on-road transportation would require approximately 255 million litres of biodiesel.

Government Initiatives Support Biofuels

Biodiesel development in Canada is in the early stages of development and commercialization. Efforts to develop this sector have been supported through direct and indirect incentives, regulations and legislation. In November 2002, the Government of Canada, under Canada's Climate Change Action Plan, established a biodiesel production target of 500 million litres/year by 2010. In 2003, the federal government exempted biodiesel from the $0.04/litre federal excise tax.

Provincial jurisdictions have acted singularly to implement biodiesel initiatives to stimulate biodiesel production and investment. British Columbia, Ontario and Manitoba are the only provinces that offer tax exemption. The province of Ontario exempts biodiesel from its road tax at $0.143/litre and British Columbia has introduced a tax exemption ($0.15 - $0.21/litre) for biodiesel when used in blends from 5 - 50% with petroleum diesel. The Manitoba government no longer collects road and provincial sales tax on pure biodiesel ($0.115/litre). In addition, Manitoba released a $1.5 million support program for biodiesel production. On May 24, 2006, the provinces and territories agreed to support a Government of Canada framework of 5% renewable fuel by 2010.

The Conservative Government announced (as part of its election platform) that they would mandate the requirement of "…an average of 5% renewable fuel content by 2010…" Since the election a number of federal, provincial and industry consultations have been held to support the development of a biofuels strategy. Agriculture Minister Chuck Strahl stated on April 5, 2006, "I will be rolling out our biofuels strategy in the days ahead and I'm working with Environment Minister (Rona) Ambrose to ensure that farmers actually benefit from our commitment to 5% biofuels." In addition, in October of 2006, the Federal Governments Clean Air Act was introduced that indicated the current governments' interest in promoting renewable fuels. On December 20, 2006, the Federal Government announced that it intends to develop and implement a Federal Renewable Fuels Standard (RFS) that includes a mandate of an average of 5% renewable fuel content in gasoline by 2010. The regulation is to be developed under the Canadian Environmental Protection Act, 1999 which may be amended by Canada's Clean Air Act. As a result, the implementation of this standard is contingent on the passing of the Clean Air Act which may take some time. With regards to the details of this policy, the government has disclosed the following parameters:

- a 5% average renewable content in gasoline by 2010;
- a 2% renewable content for diesel and home heating fuels no earlier than 2010 and no later than 2012 conditional on successful demonstration of biodiesel use under the range of Canadian conditions;
- the requirement for renewable fuel content will be on the basis of annual volumes;
- the requirement for renewable fuel content will apply on a company wide basis;
- a credit and trading system will be established such that a company will have an option of obtaining credits from others rather than actually having renewable fuel content in its fuel; and
- consideration will be given to including "biases" for different renewable fuels

The design and development of an RFS regulation will involve consultation with many stakeholders and is expected to take at least two years to develop. Environment Canada has indicated that they intend to initiate consultation on the details of the proposed regulation early in 2007.

In addition to the RFS, the Federal Government has announced $200 million through the Capital Formation Assistance Program for Renewable Fuels Production to encourage primary agricultural producers to invest in new plants and an additional $145 million through the Agricultural Bioproducts Innovation Program for research and development in the area of renewable fuels and the advancement of a Canadian bio-based economy.

The Capital Formation Assistance Program is a four year program that will make repayable capital available to renewable fuels projects based on the involvement of agricultural producers in those biofuels facilities. Funding will be based on the level of producer contributions to eligible project costs and will be capped at the minimum of either 25% of total project costs or $25 million per project. There are still many details of this program that are unknown at this time including the rate of interest that will be charged and the terms of repayment of the contribution.

The Agricultural Bioproducts Innovation Program is a five year program designed to support research, development, technology transfer and commercialization of bioproducts (including biofuels) in Canada. The areas of focus for this funding will be feedstock production, biomass conversion technology and product diversification through technology. Funding will be capped at $25 million for each bioproduct research network. Networks may include universities, private sector, federal government departments and agencies and other public sector research organizations. In addition, the 2007 Federal Budget announced an additional $500 million in funding for Sustainable Development Technology Canada (SDTC). SDTC is a not-for-profit foundation that finances and supports the development of clean technologies which provide solutions to issues such as climate change and clean air, and thereby benefiting the health of Canadians. Producers of biofuels are thereby eligible to receive funding from SDTC.

On July 17th, 2006 the Federal Government introduced an opportunity for groups interested in the biofuels industry to submit applications for funding through the Biofuels Opportunities for Producers Initiative (BOPI). The intent of this program was to assist agricultural producers in developing sound business proposals for the production of biofuels and investment in biofuel operations. BFuel was a successful applicant in this process obtaining $300,000 of funding. The implications of these announcements and programs for BFuel are significant as a party interested in participating in the biofuels market.

The establishment of the National Renewable Fuel Standard and policy is important to the industry. Currently, there are some provinces that have a Renewable Fuels Standard and some that do not, and even among those that do, the requirements are not consistent. Alberta does not currently have an RFS.

In the 2007 Federal budget, the Federal Government announced a seven year renewable fuels operating incentive program that provides $0.20 cents per litre of biodiesel produced in Canada for three years and will decline thereafter to the following rates: $0.16 in year four, $0.14 in year five, $0.12 in year six, $ 0.10 in year seven. Also announced in the budget was the implementation of a claw-back of incentives related to this program. The details of the claw-back are not yet known but the government has stated that they may be linked to profits. This incentive will replace the 4 cent excise tax abatement currently in place.

6 Marketing Plan

There are two prospective markets for biodiesel in Canada. The first market is the forthcoming market based on regulatory mandates in British Columbia in 2010 and nationally in 2012. BC's B5 mandate will require a minimum of 80 million litres per year for on road markets alone and may double if extended to all diesel markets in the province. The Federal Renewable Fuels Standard will require the delivery of about 500 million litres starting in 2012.

Today's quickly growing market is the non-mandate market consisting of large niche markets where customers are focused on making large reductions in greenhouse gases and use up to B30 blend levels of biodiesel. For example, niche customers in British Columbia currently use 40 million litres of biodiesel a year including users such as BC Transit, TSI Terminals, City of Vancouver and the cruise ships as well as home heating and card locks. The volume estimates for the non-mandated market are at least the same amount as the prospective mandated market and large users have been operating under biodiesel supply agreements.

BFuel Canada Corp is developing a marketing and distribution strategy, which includes sales to a sizeable customer base of companies prior to the operation of its plant. BFuel Canada Corp has established relationships with large independent petroleum distributors, serving market niches such as the construction industry, trucking companies, farmers and agricultural producers, which have expressed their interest in a business relationship.

A large group of prospective customers are companies concerned with reducing their environmental impact by reducing Green House Gas emissions. These companies are interested in using biodiesel or higher blends than the mandate requires, since this alternative is more economical than replacing equipment or changing manufacturing processes.

BFuel Canada Corp plans to build a storage, blending and cardlock distribution facility adjacent to the busy industrial park in Lethbridge to serve the local wholesale and retail market.

BFuel has been working closely with major European biodiesel companies in the UK to analyze and learn from the European experience in marketing and distributing biodiesel and it's by-products to the Canadian market. The plant will generate three products:

1) Biodiesel
2) Meal cake
3) Glycerine

Biodiesel

The marketing and distribution of Biodiesel is divided into three areas of activity and focus.

1) Wholesale Distribution through the farmer Coop.
2) Fleet vehicle distribution.
3) Retail Pump distribution.

BFuel intends to market biodiesel to the participating farmers who are members of the co-op supplying feedstock to the plant. BFuel has received significant feedback from the local farming community in replacing traditional diesel with bio diesel for farm use. Depending on the season the typical farmer can replace conventional diesel with up to 100% biodiesel in the warmer months to at least a B5 grade in the winter. Farmers maintain there own diesel storage facilities hence BFuel will have a delivery system by truck and pump at the facility to deliver 100% and blended biodiesel.

Fleet Vehicle distribution is a significant market beyond the local wholesale distribution network that has developed an enormous demand for biodiesel. In particular government controlled vehicle fleets as diverse as public transit to delivering the mail will be the main consumers. Translink the public transit authority that operates public transit in the Greater Vancouver area has mandated a B5 blend for all of its buses.
Retail pump distribution is the third market for BFuel's biodiesel. BFuel will access these markets through its own blending and distribution efforts or indirectly through wholesaling through third party refineries.

The private vehicle market is growing significantly with auto manufacturers such as Volkswagen focusing heavily on its fuel efficient diesel engines which are all designed to accept bio diesel up to 100%. It is interesting to note that in countries such as Germany and Austria, biodiesel is sold almost exclusively via retail gas stations. The experience there ten years ago was that biodiesel was an unknown product but became a recognized and in demand product throughout the country. Marketing of biodiesel was focused on three key ideas:

- Biodiesel is produced from native oilseeds and is an economic alternative to the grain markets.
- Pure biodiesel offers environmental advantages:
    - Biologically degradable
    - A decrease in carbon fuel emissions
    - No danger to property or the environment
- Biodiesel is technologically mature and produces a high quality fuel subject to rigorous quality controls from manufacturer

In the German example the number of gas stations offering biodiesel has increased every year such that there are now over 1400 stations offering biodiesel. Currently 40% of German biodiesel is distributed through retail gas pumps with the remainder through fleet vehicle distribution networks.

Key lessons we have learned from the European experience is that biodiesel is a product that needs to be explained and requires intensive customer education. To that end BFuel's community approach to engage the producers of the feedstock and the local townships to embrace using a locally manufactured environmentally clean fuel will create the necessary grass roots momentum which will increase awareness across the province and the country. As vegetable oil based fuels gain ever increasing positive responses from politics and society for their environmental benefits the education and communication to the consumer will not be as steep a curve as experienced by early adopters.

By-products

Two key by-products of the production of biodiesel are meal and glycerine. Although these byproducts are not the primary focus of BFuel it demonstrates the true environmental impact in that what goes into biodiesel is all natural and what comes out is all natural with beneficial uses. Meal is the residual solid byproduct after the oil has been extracted from the crushed and pressed canola seed. The Meal is an organic material which has many applications ranging from feed for hogs and cattle to fuel pellets that can be burned in highly efficient stoves for domestic heating.

Glycerine is a non toxic liquid by-product that has a countless range of industrial uses from solvents, preservatives, lubricants and anti freeze. Although, the production of glycerine is a very small part of the bio diesel process and its economic viability it is one more example that the production of biodiesel has many positive spin offs for the community, the environment and the economic diversity of the province.

Glycerine

BFuel Canada Corp is in the process of research and development of value added technology applications for the co-production of glycerine. Glycerine can be used to produce propylene glycol, through an alternative method developed and commercialized by the University of Missouri.

Propylene glycol is used as an engine coolant and as non-toxic antifreeze for automobiles, de-icing agent and in the manufacture of polyester fibres and resins used to make plastic bottles for soft drinks.

Currently, ethylene glycol, used as vehicular anti-freeze, is made from petroleum and is toxic. The price of propylene glycol is quite high (CND$ 1,470 per drum of 200 litres) and the market for propylene glycol is already established.

Based on the low cost of feed stock and high value of propylene glycol, BFuel Canada will leverage on this technology to gain a sustainable competitive advantage. By using this technology BFuel Canada can also reduce the cost of biodiesel production by as much as $0.10 per litre of biodiesel.

Canola Meal

BFuel Canada Corp is in the process of research and development of value added technology applications for its co-production of canola meal. Canola meal is recognized for its nutritional qualities and its protein can be isolated using separation technology licensed by a Vancouver based company.

This technology uses natural ingredients in a process to extract the protein by 1) Solubilizing the protein from canola meal into solution; and 2) Recovering the solubilized protein from the solution. During the process the canola meal forms microscopically large protein spheres called micelles, that when collected, are viscous and sticky, and somewhat like dough in texture. This powder contains at least 90% protein.

The high protein content and functional properties of this sub-product make it potentially valuable in three broad areas of application: as a food ingredient; as a nutritional supplement or in meal-replacement products; and as an ingredient in cosmetics and body-care products.

The North American and western European multi-billion-dollar protein ingredient markets is experiencing significant sales growth in the plant protein segment. Protein from canola meal will have two important properties critical to its commercial value. The first is its many functional qualities, which will make it useful as a food ingredient. The second is that the protein will possess an amino acid composition comparable to that of animal proteins, which are valued for their nutritional superiority over most plant proteins.

Personal care products made from 100% natural (botanical) ingredients are experiencing a surge in sales that mirrors the expanded use of plant protein ingredients for food products. Increasingly, consumers are looking for products that provide an alternative to man-made "synthetics," products derived from the petroleum industry, or products made from other animal by-products. In short, there is a significant and increasing demand for natural ingredients.

7 Financials

Financial Parameters – BFuel Chin Lakes

The following financial parameters were derived by using the "Biodiesel Refinery Financial Model" created for BFuel Canada Corp. by Asset Logics Capital Management Ltd.

Capital Costs

Plant Size	Plant Cost
40 million litres/year	$30 million

These construction costs are outputs of an independent “Opinion of Probable Capital Cost” prepared by Trimark Engineering Ltd. For BFuel Canada Corp. dated May 8, 2007 and independent research provided by BFuels Canada Corp. The Asset Logics model operating assumptions rely on construction costs that are only estimates. The authors acknowledge that an engineering study is required to cost an actual facility.

Operating cost assumptions

- 40 million litre facility @ 91% capacity, with a capital cost of $30 million
- Feedstock average cost $689.96 per tonne
- 60% equity, 40% debt financing @ 8% per annum
- Methanol @ $0.40/litre - methanol accounts for 9% of total costs
- Natural Gas @ $8.50/GJ
- Electricity @ $0.07/kWh
- Labour $55,000 per employee
- Biodiesel freight to blender is $0.01/litre

Revenue Sources & assumptions

- Diesel rack price of $0.70/litre in Calgary or Edmonton
- Biodiesel selling price $ 0.90 per litre
- Sales of by-products:
- Glycerine, 4,529 tonnes/year
- Meal, 62,000 tonnes/year
- CO2 emission reduction credits estimated at $1.5 million/year
- $0.04/litre Federal tax abatement
- Federal Incentive of $0.20/litre first three years and declining thereafter

8 Chance and Risk Analysis

Issues and Risks

There are several uncertain factors that may have positive or negative effects on the future of the Alberta biofuels industry. These factors include:

Policy risk

The biofuels industry is subject to government policy; past, present and future, and to the level of uncertainty which surrounds it. Governments whose policies may influence Alberta biofuels include:

- Canada - federal and provincial
- US - federal and state
- Others (including Europe, Brazil, China)

Price risk

Price risk reflects the variability in supply & demand, as driven by geopolitics, business cycles and other factors.

Petrochemical product prices

Gasoline and diesel fuel define the market for transportation fuels, and biofuel prices will follow this market closely. Biofuels can be considered as additives to petroleum-based fuels.

Agricultural commodity prices

Canola, wheat, soybeans and corn prices are determined by supply and demand in the global food and livestock sectors. Use of these commodities in biofuel production adds another sector to this already variable and complex market. Agricultural raw materials account for a large proportion (about 70%) of the cost of biofuel production.

Table 3. Feasibility Analysis at Various Prices of Feedstock, Biodiesel and Petroleum Oil

Historical Average Prices				Unleveraged			Leveraged 40%		
Period	Canola	Biodiesel	Petroleum	NPV	IRR	PI	NPV	IRR	PI
	$/MT	$/m³	$ BOE	$000			$000		
1 year	285.80	900.00	62.98	32,315	30.9%	1.89	34,705	46.1%	2.60
2 year	271.30	900.00	62.05	41,512	35.9%	2.15	43,905	53.8%	3.02
3 year	292.00	900.00	56.98	36,274	33.0%	2.00	38,676	49.3%	2.77
5 year	319.40	900.00	48.02	28,185	28.4%	1.77	30,595	42.3%	2.40

Forecast Scenarios									
Period	Canola	Biodiesel	Petroleum	NPV	IRR	PI	NPV	IRR	PI
	$/MT	$/m³	$ BOE	$000			$000		
Low prices	330.00	900.00	65.00	25,649	27.0%	1.70	28,060	40.0%	2.28
Medium low	370.00	900.00	70.00	23,523	25.7%	1.64	25,939	38.1%	2.18
Medium	380.00	900.00	75.00	21,396	24.4%	1.58	23,819	36.1%	2.08
Medium high	390.00	900.00	80.00	19,270	23.1%	1.52	21,699	34.1%	1.98
High prices	400.00	900.00	85.00	17,143	21.8%	1.46	19,578	32.0%	1.88

Technological risk

New and emerging technologies may change the industry to the extent that existing plants and processes become obsolete. When this might happen, and to what extent, is extremely uncertain.

Strategic risk

Among other things, strategic risk involves being in the right business with the right partners at the right time.

Access to the market is a major issue. Since biofuels are "additives" to gasoline and diesel fuel, strategic alliances, networks, value chains, contracts, etc. will be critical. Some arrangements may prosper; others may not. "Small businesses will have to reckon with big players.

The parameters of the scenarios in consideration are: prices of canola seed, canola meal, canola oil and biodiesel. This study presents the results for these two scenarios: 1-year average prices and 2-year average prices. The project is feasible with the combination of prices from the previous two years. Table 5 presents the summary of the results using the three different scenarios.

Simulation

The stochastic nature of the price for petroleum-based energy markets, as well as the volatility of prices for agriculture commodities such as canola and soybeans, and the consideration of new correlations between these markets as a result of the growth of the

biofuels industry (e.g., methanol production and corn prices in the US) introduces an uncertainty factor on very critical parameters for this feasibility study. To cope with this level of uncertainty, BFuel Canada Corp's study has made use of simulation analysis within the financial modeling that allows expressing the results in terms of probability with a confidence level of 95%.

This type of analysis provides distributions of probability and confidence intervals for the financial parameter used in this study to evaluate the feasibility of the plant. For this analysis the net present value of cash flows with a discount rate of 10% is used as the determinant criteria of feasibility. The 1,000 trial simulation result shows a 79.6% probability that the net present value of discounted cash flows is equal or larger than zero; this result indicates that BFuel's biodiesel plant has a financial feasibility of 79.6%, within a confidence level of 95%.

The following data and figure is extracted from the financial model:

Certainty level is 79.6%
Certainty range is from 0 to Infinity
Entire range is from (53,048) to 108,609
Base case is 17,143
After 1,000 trials, the std. error of the mean is 893

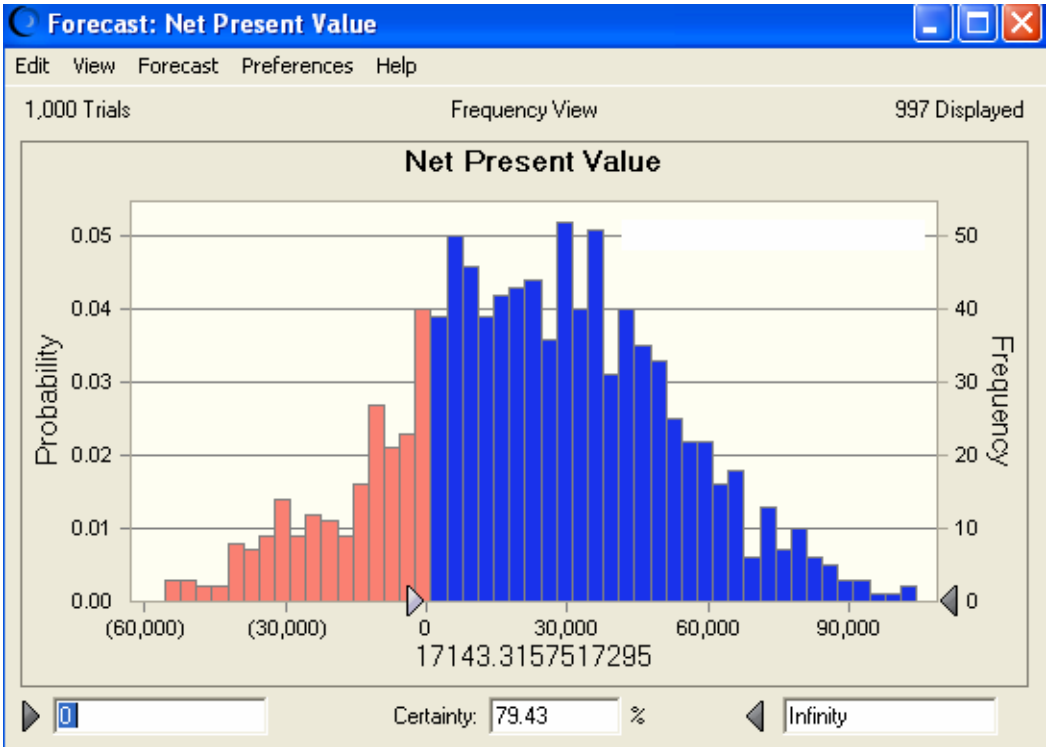


Figure 1. Net Present Value (NPV) Simulation Results

CANOLA PRODUCTION

Canada is the world's largest exporter of canola, accounting for between 70% and 80% of the world's entire export trade. The canola industry strongly supports the development of a Canadian canola-based biodiesel industry. The industry is optimistic about the biofuels market and plans to increase production up to 15 million tonnes by 2015, from over 9 million tonnes in 2006. See Table 4 for a summary of supply and demand of Canadian's canola market.

The availability of feedstock is a critical component of this feasibility study. The biodiesel industry will create a completely different scenario for agriculture and producers, and rural communities expect to benefit from it. Based on figures from Canada Census 2006, the area under canola production is 12.4 million acres, a 32.9% increase from the 2001 Census.

Table 4. Canadian Canola Seed Supply and Demand - updated February 12, 2007

(000 Tonnes)	2001-02	2002-03	2003-04	2004-05	2005-06	Forecast 2006-07
Beginning stocks	**1,088**	**1,200**	**894**	**609**	**1,587**	**609**
Production	**5,017**	**4,407**	**6,771**	**7,728**	**9,660**	**7,728**
Imports	**226**	**240**	**243**	**107**	**139**	**107**
Total Supply	**6,331**	**5,847**	**7,908**	**8,444**	**11,386**	**8,444**
Exports	**2,524**	**2,394**	**3,754**	**3,412**	**5,412**	**3,412**
Domestic Crush	**2,293**	**2,225**	**3,390**	**3,031**	**3,423**	**3,031**
Seed, Feed & Waste	**264**	**334**	**155**	**414**	**532**	**414**
Total Demand	**5,131**	**4,953**	**7,296**	**6,894**	**9,367**	**6,894**
Ending Stocks	**1,200**	**894**	**609**	**1,587**	**2,019**	**1,587**
Stocks/Use	**23**	**18**	**8**	**23**	**22**	**23**

Source: Statistics Canada

The ethanol industry in the US affected both corn production and corn prices. There is a lesson in market economics to study, since it is possible that the same dynamics are going to develop for biodiesel and canola. Demand for corn, and consequently prices, rose in late 2006 and early 2007, fuelled by the expanding corn-derived ethanol fuel sector in the US. However, just a year ago when the US Census of Agriculture asked farmers about what crops they were growing, prices were low, due to a surplus of corn on the international market.

COMMODITY PRICES

The prices of commodities of interest for this study are those of canola seed, canola meal, canola oil, petroleum oil and diesel. Time series are used to determine the statistical behaviour of these commodities. This information is summarized in Table 5

Table 5. Vancouver's FOB Prices for Canola & Canada's Crude Oil and Diesel Prices

	Seed $/MT	Meal $/MT	Oil $/MT	Margin $/MT	Exchg	Crude oil $/MT	Diesel $/m3	Oil barrel $EOB
1 Year avg	315.77	151.47	688.96	50.70	1.14	453.48	708.03	62.98
2 year avg	301.32	162.17	669.35	63.72	1.17	446.78	691.68	62.05
3 Year avg	321.98	177.84	703.29	66.04	1.21	410.29	633.98	56.98
5 year avg	349.39	193.69	727.97	58.01	1.35	345.72	544.38	48.02

The price of biodiesel is estimated from the ICIS price report as April 12, 2007 (see appendix) which translates into 90.0 cents per litre of biodiesel. The average ex-tax price for diesel in 2006 was 70.80 cents per litre.

This study presents the results for several scenarios: 1-year average prices, 2-year average prices, 3-year average prices and 5-year average prices. However, due to the stochastic nature of these commodities the prices volatility introduces an uncertainty factor on the very critical parameters for this feasibility study. To cope with this level of uncertainty, BFuel Canada Corp's study has made use of simulation analysis, generating thousand of scenarios within the financial modeling that allows expressing the results in terms of probability with a confidence level of 95%.

CO2 EMISSIONS TRADING The Kyoto Protocol and the Canadian Clean Air Act both identify emissions trading as an important mechanism in the fight against climate change. In brief, emissions' trading allows regulated entities which exceed their emission-reduction targets to sell their excess reductions to other entities that are unable to meet their obligations.

Global emissions trading will not start until 2008, but there are schemes in place to test the market system, including a continent-wide plan started in Europe in January 2005. The European Union Emissions Trading Scheme, the first international trading system for CO2 emissions in the world, covers over 11,500 energy-intensive installations across the European Union. This represents close to half of Europe's emission of CO2. These installations include combustion plants, oil refineries, coke ovens, iron and steel plants, and factories making cement, glass, lime, brick, ceramics, pulp, and paper.

Countries that cut their emission of greenhouse gases get credits for their efforts: one credit for each tonne of reduced CO2 emission. Carbon trading rewards countries that meet their targets and provides financial incentives to others to do so as quickly as possible. Those who overshoot their emission reduction targets can sell surplus credits in the market.

The Government of Canada has entered into a pilot agreement to purchase verified GHG emission reductions from eligible projects in four strategically important sectors: landfill gas capture and combustion; CO2 capture and geological storage; renewable energy; and agricultural and forest carbon sinks. The Alberta government is leading a Canadian initiative to develop an offset market for CO2 emissions for Canada, the US, and Mexico.

The Climate Change and Air Pollution initiative, ecoACTION, estimates that CO2 credits could trade between CND$20 per tonne and decline to $15 and $10 per tonne once the market stabilizes. The estimated CO2 emission revenues for the projected BFuel Canada Corp's 40-million-litre plant amount to $1.5 million per year.

FEASIBILITY PARAMETERS

The selection of the right technology and the optimal size of the plant will determine the feasibility and long-term viability of the project; however, based on the review of documentation, financial modeling and sensibility analysis, it seems that capital investment is not the most decisive factor in determining the feasibility of biodiesel plants.

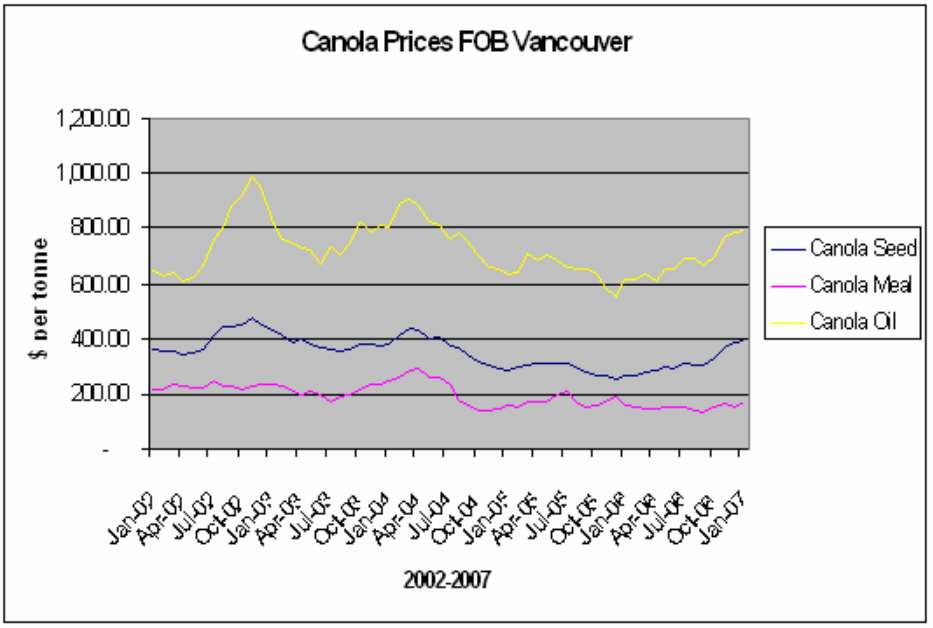
The feasibility of biodiesel plants strongly depends on five non-technological factors:

- Feedstock availability and prices
- Biodiesel production cost
- Taxation of energy products
- Government incentives
- Crude oil and diesel prices.

Feedstock Availability and Prices

The ability to access and secure low cost feedstock is critical for the success of biodiesel production facilities. Proximity tends to provide the lowest cost option and the most attractive location will have access to the necessary volume of feedstock within a reasonable proximity. For this study, canola prices are assumed FOB Vancouver adjusted by $30 per tonne. Feedstocks account for 70% of the total cost of producing biodiesel. A 40 million litre per year facility would require over 4.5 million bushels of canola per year.

Figure 2. 2002-2007 Canola Prices FOB Vancouver



The figures from Census 2001 for Alberta Southern region for canola production are: 9,162 farms with 2,660,509 acres, representing 28.5% of the land dedicated to canola crops in Canada. BFuel Canada Corp's requirement of 4.5 million bushels of canola per year (equivalent to 300 tonnes per day) translates into a land requirement of 150,000 acres of crop land, based on historical yields for canola production on dry and irrigated land.

The most significant competitor for feedstock operating at this time in the region is Canbra canola crushing facility in Lethbridge, with the capacity to process 1,200 tonnes of canola per day or 396,000 tonnes a year. Canbra requires the equivalent to 580 thousand acres of crop land or 21.9% of the crop land dedicated to canola in Southern Alberta.

BFuel Canada Corp surveys with producers and farmers have established the availability of canola in the region of Lethbridge and surrounding areas to operate a 40-million-litre biodiesel plant. BFuel Canada Corp is confident that will have enough supply of canola from the region's producers.

Glycerine

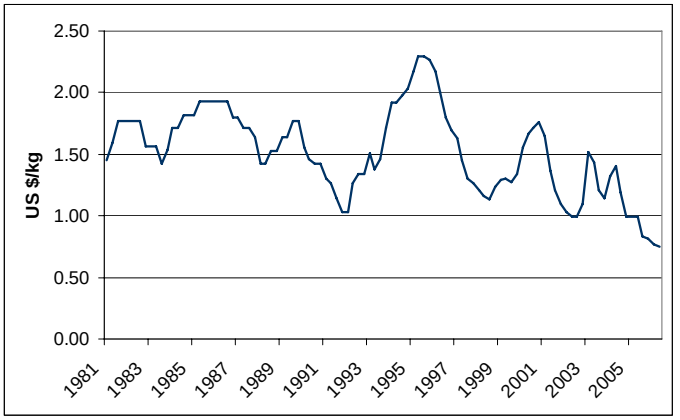
The primary co-product from the production of biodiesel is glycerine. In general, one tonne of canola oil feedstock generates 0.1 tonnes of glycerine. Glycerine is usually defined as any product whose primary component is glycerol. It can be produced naturally as a co-product of fatty acid, fatty alcohol, or biodiesel production. As well, it can be produced synthetically.

Glycerine has a variety of characteristics that make it ideal for numerous applications. Glycerine can remain colourless and odourless for a long period of time. When cold, glycerine does not freeze, but merely gels. Glycerine is about 55% to 75% as sweet as sugar. It is also non-toxic and does not irritate the skin.

Although glycerine has more than 1,500 uses, many prominent applications can be segmented into the categories of oral-care, food, tobacco, urethane foams, and pharmaceutical products.

Glycerine markets are renowned for their complexity and unpredictability. The demand, supply, and pricing of glycerine is determined through world market forces. The historical trend in glycerine prices is shown in the Figure 3.

Figure 3. US Crude Glycerine Prices



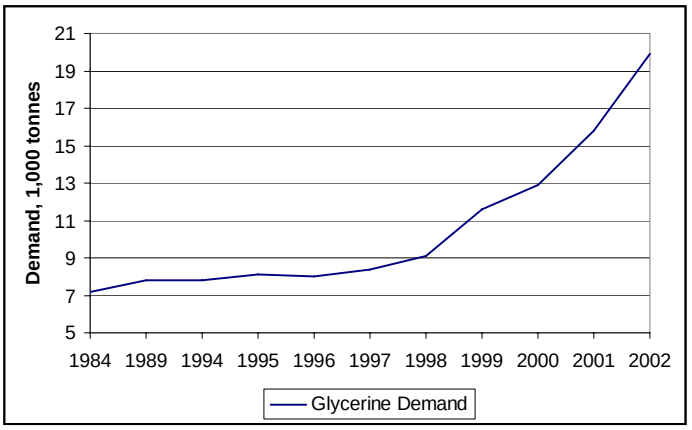
Source: Compiled from various sources

Glycerine from biodiesel plants can be sold as crude glycerine or it can be upgraded to a high quality. The crude glycerine by-product of the biodiesel production process contains unused catalyst and soaps that are neutralized with an acid (typically sulphuric or phosphoric) and sent to storage as crude glycerine.

At the current time, there are three existing producers of crude glycerine in addition to the biodiesel producers in Canada and only one glycerine refiner in Canada that makes and buys crude glycerine. Some of the biodiesel producers in Canada dispose of their glycerine production as a waste stream.

Most of the markets in Canada for refined glycerine are in Eastern Canada. These markets have increased in size over the past decade in part response to lower prices as shown in the following Figure.

Figure 4. Glycerine Demand in Canada



Source: Camford Information Services

The Figure above, with data ending in 2002 appears to forecast continued sharp increases in Canadian demand for glycerine. Although updates for this dataset are no longer available, we know that while demand has continued to grow it has not maintained the rate of growth shown in 2002.

Many groups are working on alternative uses for glycerine. A number of possibilities have been identified and some make use of known technologies. These uses become financially attractive as glycerine prices decline.

Table 6. Average Historical Crude Glycerine Prices

Time Period	Price ($US/kg)
10 Year Average	1.24
5 Year Average	1.08
2 Year Average	0.86
Average 1st 2 quarters 2006	0.76

Source: Compiled from various sources

Some of the information available indicates that there may be a significant premium for a refined glycerine product, but this is based on spot market data and other sources of information are currently being explored.

Canola Meal

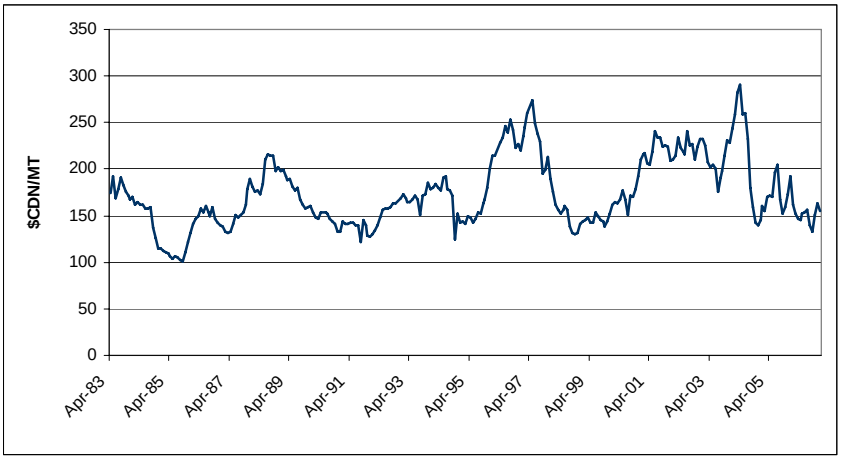
The historical price of canola meal, as illustrated in the Figure that follows, is as volatile as seed prices. As a co-product of significant volume, this degree of fluctuation can be a risk for investors interested in entering this market. Using long and short term price averages does not diminish the variability in this market, as illustrated in the Table below.

Table 7. Average Historical Canola Meal Prices

Time Period	Price ($Cdn /MT))
10 Year Average	189.19
5 Year Average	193.95
2 Year Average	162.10
Year to Date (January 2007)	170.12

Source: Statistics Canada

Figure 5. Historical Canola Meal Prices ($CDN/Mt F.O.B. Vancouver)



Source: Statistics Canada

As illustrated in both the Figure and the Table above, the price of canola meal is highly variable. Current prices in Canada the price at this time are closer to $200 Cdn/tonne.

Biodiesel Production Cost

Feedstock accounts for up to 70% of the production cost of biodiesel. Based on the 1-year average of Vancouver's FOB price for canola oil per tonne of $688.96 and assuming a variance of ±15%, the estimated range of the production cost of biodiesel would be between 70 to 80 cents per litre. It also assumes 95% of the production costs of refining are allocated to biodiesel and 5% to glycerine.

Industry sources estimate that a feedstock blend of 70% vegetable oil and 30% animal fats provides a savings of roughly 10% on the feedstock cost. This results in a savings of over $2.5 million per year for a 40-million-litres plant, compared to a plant using 100% vegetable oil. The trade-off could be inferior cold-flow properties compared to 100% vegetable oil biodiesel, which may affect the marketability of the product.

Taxation of Petroleum Products

The retail price of gasoline and diesel can be broken into four key components: crude oil cost, wholesale margin, retail margin and taxes. Crude oil and taxes account for the majority of the cost of a litre of gasoline or diesel. Figure 6 shows the structure of diesel prices. Table 6 shows the taxes on diesel throughout Canadian provinces.

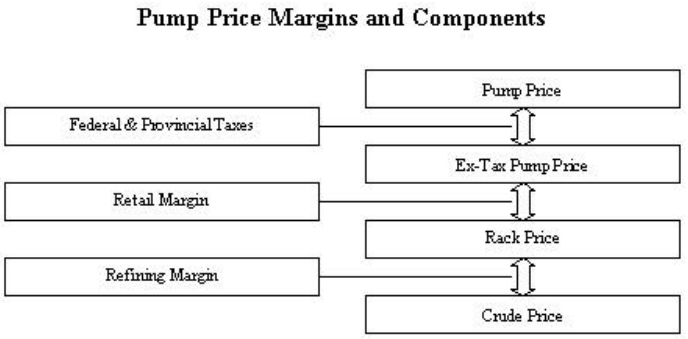


Figure 6. Structure of Diesel Price

The disparity of taxes on petroleum products and diesel in particular in each province creates challenges and inefficiencies that result in trade barriers within Canada. In essence it creates individual provincial markets rather than one Canadian market for biodiesel.

Government Incentives

Biodiesel development in Canada is an emerging industry. Efforts to develop this sector have been supported through direct and indirect incentives, regulations, and legislation.

On December 20, 2006, the federal government announced that it intends to develop and implement a Federal Renewable Fuels Standard, which includes a 2% renewable content for diesel and home heating fuels, no earlier than 2010 and no later than 2012. On February 27, 2007 the British Columbia provincial government announced the BC Energy Plan, which includes an initiative to implement a 5% renewable fuel standard for diesel by 2010.

In the 2007 Federal budget, the federal government announced a seven-year renewable fuels operating incentive program that provides $0.20 per litre of biodiesel produced in Canada for three years and that will decline thereafter.

There are uncertainties about the detail and implementation of these incentives as well as incentives by the provincial governments. The resolution of the uncertainties related to the incentive programs and regulations for biodiesel could have a significant impact on the bottom line of biodiesel producers in Canada.

For the purposes of this study the revenue from the incentive is kept at $0.20 per litre for a three-year-period, and declining gradually for four years thereafter to the programs end.

Table 8. Taxes on Diesel in Canada
January, 2007

Cents per litre

	Diesel
Federal Taxes	
Excise Tax	4
Goods and Services Tax	6%
OR, (a):	14%
Harmonized Sales Taxes (which applies in NF, NS, NB)	
Provincial Taxes	
Newfoundland and Labrador	16.5
Prince Edward Island (b)	20
Nova Scotia	15.4
New Brunswick	16.9
Québec(c)	16.2
Additional Taxes: Québec Sales Tax	7.50%
Montréal	
Ontario	14.3
Manitoba	11.5
Saskatchewan	15
Alberta	9
British Columbia	15
Additional Tax (d): Greater Vancouver Region	6
Greater Victoria	2.5
Yukon	7.2
Northwest Territories (e)	9.1
Nunavut (e)	9.1

Source: http://fuelfocus.nrcan.gc.ca/fact_sheets/table1_e.cfm
Notes: (a) In Newfoundland and Labrador, New Brunswick and Nova Scotia, the Goods and Services Tax (GST) and the provincial retail sales taxes are replaced by a single, harmonized value-added tax, the Harmonized Sales Tax (HST), applicable on all petroleum products. (b) Since April 2005, gasoline and diesel taxes in Prince Edward Island are adjusted on the first day of the month. (c) In Quebec, gasoline, diesel and propane taxes are reduced by varying amounts in certain remote areas and within 20 kilometres of the provincial and U.S. borders. The Quebec provincial retail sales tax applies to all products. In Montreal and surrounding municipalities an urban tax of 1.5 cents per litre is also added to gasoline. (d) In the Greater Vancouver and Victoria areas, there are additional transportation taxes of 6.0 and 2.5 cents per litre, respectively, on gasoline and diesel. (e) In the Northwest Territories and Nunavut gasoline is taxed 6.4 cents per litre in communities not served by a highway system.

Crude Oil and Diesel Prices

There are four key components that together combine to form the retail price of diesel: crude oil costs, taxes, refining margins and marketing margins. While changes to any one of the diesel price components can influence prices considerably, much of the volatility in diesel prices over the past five years has mainly been a reflection of the volatility in world crude oil prices. World crude oil prices have tripled since early 2002 from approximately $20US/bbl to around $73US/bbl, increasing petroleum product prices. Table 9 and Figure 7 illustrate the volatility of prices for crude oil.

Table 9 Crude Oil Prices

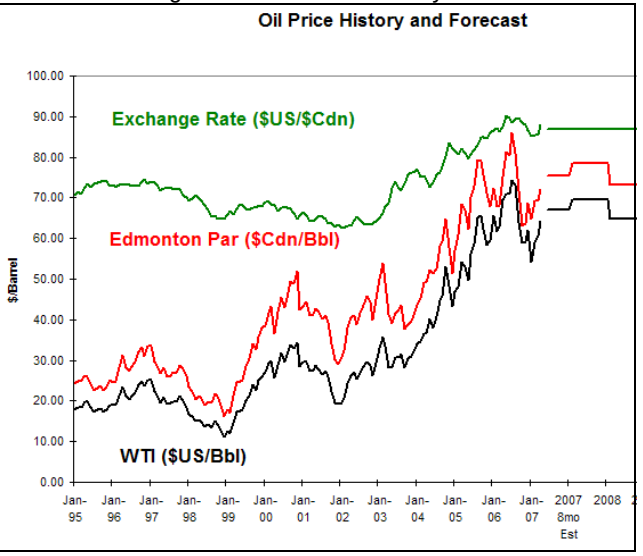
ANNUAL AVERAGE CRUDE OIL PRICE		Cdn Par Edmonton	
Year	Exch. Rat	$ Cdn/m3	$ Cdn/tonne
2000	1.4843	278.98	316.66
2001	1.5487	246.69	280.01
2002	1.5700	251.33	285.28
2003	1.4011	271.37	308.02
2004	1.3011	330.27	374.88
2005	1.2114	432.01	490.36
2006	1.1343	457.54	519.34
2007 *	1.1752	403.70	458.23

Conversion: 1 m^3 = 6.29 barrel

*** January 2007**

Sources: nrcan.gc.ca

Figure 7 Oil Price History



www.sproule.com/prices/defaultprices.htm

Prices for crude oil are currently in the range of US$65 to $70 per barrel, which is equivalent to 45 to 50 cents per litre of crude oil; rack diesel prices in Canada are between 60 to 67 cents per litre. The spread of 15 to 17 cents per litre includes both refining and distribution margins.

The price of biodiesel has been less volatile than prices of petroleum products. The price of biodiesel is estimated from the ICIS price report as April 12, 2007 (see appendix) which translates into 90.0 cents per litre of biodiesel. The average ex-tax price for diesel in 2006 was 70.80 cents per litre.

9 Liquidity Options

BFuel Canada Corp. as the general partner and significant limited partner will explore any and all options open to both itself and the other limited partner/investors in the Chin Lake facility to provide liquidity options for all investors. The following options may present themselves and or serve as options to all limited partners of the Chin Lake facility;

- Private Sale Between Other Limited Partners
- Private Sale to Public or Private Power Funds
- Limited Partnership Conversion to Public Listed Company (Greenwind Power Corp.)
- BFuel Canada Corp. Share Conversion

10 Corporate Structure

In the spring of 2001, new legislation was passed in Alberta and "The Cooperatives Act" (the Act) was changed to include provisions that deal with New Generations Co-operatives ("NGC") in Alberta. NGC's are still very similar to traditional co-operatives with the following differences:

1. Restricted or Closed Membership – this limitation allows NGC's to only extend membership to investors with high quality supply of inputs and high equity investments that are required for NGC's.
2. Great Capital Investment – as stated above, high equity investment is needed for NGC's. In general, 35% to 50% is usually the minimum initial capital contribution by members, depending on the size of the project that is assumed by the NGC and how much of the project will be financed by debt. The Act allows NGC's to have a lot of flexibility when it comes to raising capital from members and non-members.
3. Delivery rights – majority of NGC members have the right and obligation to deliver product to, or acquire from services form the NGC in proportion to the number of shares held. There is generally a delivery contract between the member and the co-operative. This contract also states remedies in the event of one party not upholding there end of the contract.

The membership holder will generally have the right and obligation to supply a specified amount of raw materials to the NGC and the NGC has the obligation to take delivery of the raw materials. This helps to secure the supply of the necessary raw materials for the co-operative while offering the producer a guaranteed market for their product.

An NGC is an attractive business model for BFuel as it has many advantages over traditional organizational structures. It allows producers to create value added returns for their own products and supports rural development which ties back to BFuel's goal of fostering local economic growth.

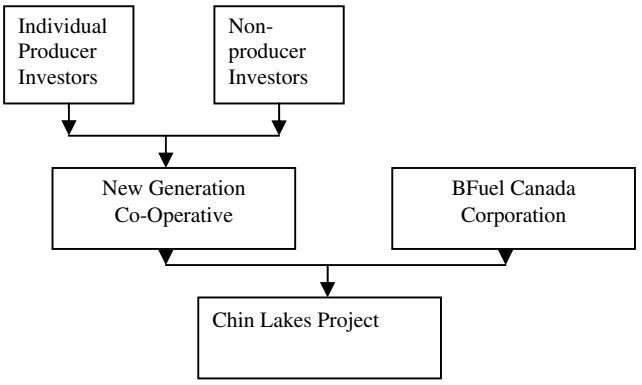


Figure 9. Corporate Structure of Chin Lakes Biodiesel

BFuel Canada Corp.

Biodiesel Production Facility

Evaluation of Processing Technologies
Feasibility Study Summary

Attention: Mr. Glenn Collick

Reference: RJL062007 E0687 Summary

Prepared by:

Trimark Engineering Ltd.

July 6, 2007

PURPOSE of the FEASIBILITY STUDY

The purpose of this Feasibility Study is to gather the necessary technical and capital cost information in order to make an informed decision for the selection of process technology and their suppliers. To obtain biodiesel the necessary process components are oilseed crushing, partial crude oil refining and oil transesterification. The facility considered has a capacity between 250 to 300 MT of seed per day producing about 100,000 liter of biodiesel per day.

TECHNOLOGIES: GENERAL CONSIDERATIONS

Typically, vendor quotes for any process system are limited to equipment and technology. The vendors supply basic engineering information required by the local engineers and/or construction manager to design and procure the supporting infrastructure. This infrastructure includes foundations, structures, piping, HVAC, electrical, controls, insulation, utilities and ancillary processes.

As a rule-of-thumb, the total cost of a complete process is about three times the cost of the basic system.

OILSEED CRUSHING PROCESS

Basic Process description:

An oil mill is designed to mechanically extract by full pressing the oil from canola. The whole canola seed is first cleaned and then pre-heated in a conditioner before being flaked. The flaked seed is then fed to a cooker in preparation for pressing. The expeller press compresses the seeds allowing the release of oil while the cake is conveyed from the discharge end of the press. Cake from the discharge end of the press goes through a cake breaker and cake cooler before being conveyed to storage.

This feasibility study focused on a hot, full-press oilseed crushing system.

In a **hot-press** system the incoming seed is heated in a conditioner and cooker. Compared to the “cold-press” mode, the high temperature allows for a lower residual oil in the cake by 2 to 4%. After heating the **full-press** mode squeezes the seed in the expeller press as much as possible, leaving a residual oil in the cake (meal) between 8 and 10%.

Vendors and technology

In total eight vendors were considered. Budget quotes from four world leading companies were retained for comparison and analysis.

A full-press crushing system involves very heavy-duty equipment. The quality of the alloys, design and workmanship are paramount. Equally important is the supplier’s knowledge of the different oilseeds and necessary operating conditions to improve yields and minimize operating costs.

The capital cost for a 300 MTD oilseed crushing plant averages between 3 and 4 million Canadian dollars. The price strictly covers the equipment and the technology.

There are no significant differences in capital costs and performance parameters between the considered companies. No choice will be, in principle, a bad choice.

The purchase selection will likely come down to some of the following points:

- Whose processing approach is most suited to BFuel's requirement?
- Which company's management and commitment is most compatible with the buyer's own philosophy?
- Which design is most flexible to allow for future expansion?

A visit of actual plants, machine manufacturing facilities, technical offices and meeting with management may help in the decision making process.

CRUDE OIL PARTIAL REFINING PROCESS

Basic Process description:

Crude oil obtained from the canola seed pressing operation contains a number of impurities that must be removed before the transesterification (biodiesel) process. The impurities are moisture, gums, free fatty-acids and soaps.

The degumming and neutralizing of free fatty acids is a refining is a chemical / physical process that entails the addition of chemicals such as citric acid and lye to the oil and subsequent washing and drying of the oil. Separation of by-products and impurities is done through mechanical centrifuging. Of the three basic process components to obtain biodiesel, refining is the least capital intensive and operationally the least complicated. The centrifuges used in the process, however, are very sophisticated and expensive machines that require regular and specialized maintenance.

Vendors and technology

In total seven vendors were considered. Budget quotes from three world leading companies were retained for comparison and analysis.

There are no clear advantages or disadvantages with any of the proposed refining systems.

Trimark Engineering's recommends choosing the refining technology after the biodiesel process and the crushing have been selected. It makes sense to have both the refining and the biodiesel systems from the same vendor, but it is not an absolute necessity.

The capital cost for a 100 MTD crude oil refinery averages 1.3 million Canadian dollars. The price strictly covers the equipment and the technology.

BIODIESEL PROCESSING TECHNOLOGY

Basic Process description:

The basic process for any catalyst induced transesterification process involves various chemical and mechanical actions combined to make the transesterification process occur. The catalyst used is a strong base, either sodium or potassium. Once the ester chains are broken off, the remaining glycerin molecule is a byproduct of the reaction. It is this methyl ester molecule that is Biodiesel.

Vendors and technology

Due to the current high demand for biodiesel many new companies have designed their own biodiesel process. While all systems will produce a type of biodiesel, few will consistently obtain biodiesel that fully conforms to the stringent automotive ASTM. In a recent study in the USA whereby random biodiesel samples were taken in the marketplace, over 50 % failed compliance with the ASTM norm.

In total thirteen vendors were considered. Budget quotes from seven companies were retained for comparison and analysis. There are significant differences between the retained biodiesel technology vendors. The major companies with a longer track record in the oleo-chemical industry use a more conventional and proven approach. The newcomers have promising technology, but much of it is still in its infancy.

The capital cost for a 100 MTD transesterification process averages 3.5 to 4.5 million Canadian dollars. The price strictly covers the equipment and the technology.

CONCLUSION

While the upstream crushing operation and crude oil refining allow for some flexibility in oil quality and performance there is no such luxury in the last step, the transesterification process. The oil quality from the biodiesel operation must comply with strict international automotive standards. The consequences of a poor quality biodiesel in farm or automotive equipment can lead to serious consequences. This feasibility study and the preliminary analysis of the various technologies helps in making the right decision in the selection of the most suitable vendor for BFuel Canada’s purposes.

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FEASIBILITY STUDY BFUEL CANADA CORP

Actual Crushing Oil Yields based on Alberta Canola Seed Harvest Data

Quite often calculated oil crushing yields are not accurate because the right references are not taken into account. The reference values should be:

- Seed oil content based on theoretical moisture of 8.5%
- Residual oil content in the cake based on 10% theoretical moisture content

Table 1 – Canola, No. 1 Canada
Quality data for 2006 harvest survey

Quality parameter	2006	2005	1996-2005 Mean
Oil content[1], %	44.6	44.4	43.0
Protein content[2], %	21.0	20.5	21.5
Oil-free protein[2] content, %	41.0	39.8	40.6
Chlorophyll content, mg/kg in seed	14	14	14
Total glucosinolates[1], µmol/g	10	9	11
Free fatty acids, %	0.17	0.11	0.24
Erucic acid, % in oil	0.1	0.1	0.1
Linolenic acid, % in oil	9.9	11.0	9.9
Oleic acid, % in oil	62.0	59.8	61.0
Total saturated fatty acids[3], % in oil,	7.0	7.0	7.1
Iodine value	113	116	114

[1] 8.5% moisture basis
[2] N x 6.25, 8.5% moisture basis
[3] Total saturated fatty acids are the sum of palmitic (C16:0), stearic (C18:0), arachidic (C20:0), behenic (C22:0), and lignoceric (C24:0)

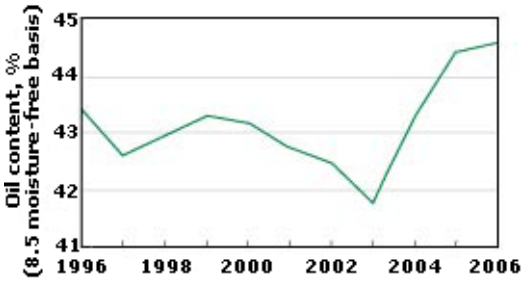


Table 3 – 2006 harvest survey
Canola quality data by grade and province

	Number of samples tested	Oil content[1] %			Protein content[2] %			Chlorophyll content mg/kg		
		mean	min.	max.	mean	min.	max.	mean	min.	max.
Canola, No. 1 Canada										
Manitoba	571	43.4	37.6	48.6	22.3	17.7	27.2	13	0	25
Saskatchewan	1002	44.9	37.0	49.4	20.5	16.0	28.8	15	0	25
Alberta[3]	515	45.1	38.6	50.0	20.9	15.9	27.1	13	0	25
Western Canada[4]	**2088**	**44.6**	**37.0**	**50.0**	**21.0**	**15.9**	**28.8**	**14**	**0**	**25**
Canola, No. 2 Canada										
Manitoba	18	41.7	38.1	43.1	24.2	22.1	28.5	26	16	39
Saskatchewan	99	43.9	37.4	46.8	21.1	18.1	29.1	31	8	45
Alberta[3]	55	43.7	39.6	48.3	22.1	17.5	26.1	32	11	45
Western Canada[4]	**172**	**43.6**	**37.4**	**48.3**	**21.9**	**17.5**	**29.1**	**31**	**8**	**45**
Canola, No. 3 Canada										
Manitoba	1	41.5	41.5	41.5	24.6	24.6	24.6	48	48	48
Saskatchewan	6	43.3	40.6	47.4	20.9	17.3	23.2	35	9	55
Alberta[3]	4	43.4	42.0	44.5	22.4	21.3	24.8	53	47	63
Western Canada[4]	**11**	**43.2**	**40.6**	**47.4**	**22.0**	**17.3**	**24.8**	**45**	**9**	**63**
Canola, Sample Canada										
Western Canada[4]	**7**	**43.4**	**42.2**	**46.6**	**21.0**	**17.5**	**22.3**	**19**	**5**	**28**

[1] 8.5% moisture basis
[2] N x 6.25; 8.5% moisture basis
[3] Includes part of the Peace River area that is in British Columbia
[4] Values are weighted averages based on production by province as estimated by Statistics Canada.

What If

The “what if” scenario below calculates the amount of oil obtained in metric tones, per day and per year, in a full-press canola crushing operation based on the following criteria:

- 100 MT per day seed crushing, 330 operating days per year
- A variable canola seed input with an oil content of 45%, 44%, 43% and 42%, with a theoretical seed moisture of 8.5 % (i.e. the value that statistics Canada uses)
- The residual oil content in the cake of 12%, 10%, 9% and 8% and theoretical cake moisture of 10 % (i.e. the value that the technology vendors use for their warranties)

		CANOLA SEED CRUSHING @ **100 MT / DAY** based on **8.5%** moisture							
		Seed Oil Content @ **45 %** Crush Oil Yield		Seed Oil Content @ **44 %** Crush Oil Yield		Seed Oil Content @ **43 %** Crush Oil Yield		Seed Oil Content @ **42 %** Crush Oil Yield	
		MTD	MTY	MTD	MTY	MTD	MTY	MTD	MTY
Residual Oil in cake @ 10% H2O	%								
	12	37.4	12,355	36.3	11,977	35.1	11,599	34.0	11,221
	10	38.8	12,816	37.7	12,447	36.6	12,078	35.5	11,709
	9	39.5	13,050	38.4	12,685	37.3	12,320	36.2	11,956
	8	40.2	13,257	39.1	12,896	38.0	12,535	36.9	12,175

Seed moisture 8.5%
Cake moisture 10%

CONFIDENTIAL

BFuel Canada Corporation
Biodiesel Facility

Functional Programming Phase
Opinion of Probable Capital Cost

Attention: Mr. Glenn Collick, President

Prepared by:

TRIMARK ENGINEERING LTD

May 8, 2007

Reference: RMA082007 E0687

Table of Contents

1.0 Executive Summary

BFuel Canada Corporation (BFuel Canada) commissioned Trimark Engineering Ltd. (Trimark Engineering) to conduct an engineering investigation to determine an opinion of probable capital cost for an oil seed crushing, oil refining and biodiesel distribution facility. The proposed operation will be located near the village of Chin, Alberta.

Notes and assumptions relating to the investigation are summarized within the text of this report.

A Class V opinion of probable capital cost for the proposed biodiesel facility is $35,767,000.00 Canadian dollars. This opinion of probable capital cost is thought to be accurate within +25/-15%.

2.0 Opinion of Probable Cost

2.1 Probable Cost Basis

Trimark Engineering prepared a Class V Order of Magnitude opinion of probable capital cost. A Class V opinion of probable capital cost is typically based on the following defined information:

a. Preliminary scope definition
b. Outline of conceptual process design
c. Preliminary schedule
d. Preliminary site data

The opinion of probable capital cost was determined based on information and quotations supplied by process equipment suppliers and contractors. Additional resources included historical data from previous projects, industry costing guidelines and construction cost manuals. Construction costs were based on proposals and conceptual layouts received from process equipment vendors. Process and supporting infrastructure was conceptualized based on specified capacity requirements.

Specific design basis criteria used to develop the opinion of probable capital cost are provided below.

a. Site located near Chin, Alberta
b. Basic processes of canola seed crushing, refining (degumming / neutralize / transesterfication), storage and distribution.
c. Seed storage provisions of 4 days plus ½ day for “off-spec” seed
d. Crush plant designed to process 270 metric tonnes (MT) per day of canola seed.
e. Meal storage provisions of 4 days.
f. Provisions to weigh, ship and receive raw materials and finished products by both truck and rail transport
g. Biodiesel process designed to produce 40 million litres per year of biodiesel.
h. Biodiesel storage capacity of 400 tonnes (4 days).
i. Biodiesel quality assurance laboratory.
j. Provisions to accommodate future doubling of plant capacity (example: conveyors designed to facilitate modifications for additional capacity and length adjustment)
k. Conceptualized 14,000 ft^2 two storey building consisting of 10,000 ft^2 for seed preparation, 2,000 ft^2 for degumming and 2,000 ft^2 for biodiesel process.

2.2 Level of Precision

The opinion of probable cost is considered Class V in accuracy and reflects the level of information available during the study. Class V is a conceptual estimate that indicates the approximate magnitude of the proposed project, based on the Client's broad requirements. This opinion is derived from lump sum or unit costs as determined from a construction cost manual, related relevant reference projects, the consultants' knowledge and/or additional verification provided by outside suppliers and contractors.

This estimate is thought to be accurate within +25/-15%. A contingency allowance of 20% is included in the opinion of probable capital cost total.

2.3 Opinion of Probable Capital Cost

Table 2.3 – Summary of Opinion of Probable Capital Costs

	Crushing	Biodiesel Refinery	Biodiesel Storage & QA	Total
Process Equipment and Installation	$ 4,827,990	$ 8,234,311	$ 1,858,200	$ 14,920,501
Process Other	$ 235,165	$ 335,950	$ 100,785	$ 671,900
Spare Parts and Process Commissioning	$ 423,500	$ 605,000	$ 181,500	$ 1,210,000
Land Purchase	$ -	$ -	$ -	$ -
Site Civil and Landscaping	$ 77,525	$ 110,750	$ 33,225	$ 221,500
Substructures and Superstructures	$ 1,012,235	$ 1,446,050	$ 433,815	$ 2,892,100
Architectural Building	$ 484,330	$ 691,900	$ 207,570	$ 1,383,800
Utilities and Fire Protection	$ 374,850	$ 535,500	$ 160,650	$ 1,071,000
Piping, Process and Building Mechanical	$ 318,906	$ 455,580	$ 136,674	$ 911,160
HVAC, Ductwork and Stacks	$ 119,000	$ 170,000	$ 51,000	$ 340,000
Electrical	$ 509,250	$ 727,500	$ 218,250	$ 1,455,000
Controls and Instrumentation	$ 386,750	$ 552,500	$ 165,750	$ 1,105,000
Contractors' Construction Indirects, Management Fees & Supervision	$ 168,700	$ 241,000	$ 72,300	$ 482,000
Engineering and Project Management	$ 1,099,642	$ 1,570,918	$ 471,275	$ 3,141,835
Subtotal	$ 10,037,843	$ 15,676,959	$ 4,090,994	$ 29,805,797
Contingency (20%)	$ 2,007,569	$ 3,135,392	$ 818,199	$ 5,961,159
Total	$ 12,045,412	$ 18,812,351	$ 4,909,193	$ 35,766,956

2.4 Other Costs

Consumable costs, including those for canola seed, lubricants, reagents and process additives and operating consumables, associated with the commissioning and operation of the new facility are not included in the opinion of probable capital cost. The operation and maintenance cost in subsequent years over the project life cycle will include (but is not necessarily limited to) the following:

- Operating staff
- Labour and material for maintenance and repairs
- Consumables
- Insurance and taxes
- Financing costs
- Utilities
- Owner's other expenses

2.5 Notes and Exclusions

- Installation costs were calculated based on percentage of equipment cost. This percentage is based on complexity of installation and previous project experience.
- Cost figures are in Canadian dollars.
- Costs related to land purchase are not included.
- This budget is based on second quarter of 2007 construction costs in Alberta.
- Allowances for inflation and time value of money is not included.
- Environmental remediation of the site (if required) is not included. The environmental scan work by AMEC will indicate if a Phase 1 environmental assessment of the site is required.
- Allowances for schedule including winter work or premium time are not included.
- Work outside of site perimeter, including upgrades to power, telecommunication systems, existing roads and municipal services are not included.
- Facilities for retail distribution of biofuel are not included.
- Costs listed as "Process Other" include equipment and systems required to support the processes including gantry crane, monorail hoists, process structures, insulation, maintenance shop furnishings and tools.
- Currency conversion multiplier to Canadian dollars based on 1.15 for US dollars, 1.55 for EUR and 2.25 for GBP.

3.0 Recommended Next Steps

The engineering services completed to date, including development of an opinion of probable capital cost, are project programming activities. Programming is the front end of the planning/design process. Programming provides objective information and priorities regarding the goals, constraints and other factors influencing a specific project. It involves the gathering and analysing of information about the context within which the design must be done and by stating the qualities that the project design must have to be successful. Programming is also useful for evaluating alternate proposed solutions.

During the development of the opinion of probable capital cost, a number of technology providers provided input on costs. These quoted systems varied significantly in cost and in the scope of supply (process technology, instruments, controls, programming, wire, conveyors, pipe, electrical switchgear, installation supervision and commissioning / training support).

It is recommended that the engineering work proceed to complete the programming phase of the project. This work will include an assessment of process technologies and comparative cost analysis. This work will provide further scope development through confirmation of critical design information including process throughput, conceptual layouts, regulatory requirements and preferred technology providers.

After the completion of the project programming phase, the opinion of probable capital costs will be further refined. At this point, the project will move to the preliminary design phase. During the preliminary design phase, the design will proceed from the conceptual stage into definition of the systems and components of the process and infrastructure.

FEASIBILITY STUDY

Integrated Biodiesel Refinery and Crushing and Pressing Processing Plant

Financial Model, Scenarios & Simulation

Version July 6, 2007

Table 3. Feasibility Analysis at Various Prices of Feedstock, Biodiesel and Petroleum Oil

Historical Average Prices				Unleveraged			Leveraged 40%		
Period	Canola	Biodiesel	Petroleum	NPV	IRR	PI	NPV	IRR	PI
	$/MT	$/m³	$ BOE	$000			$000		
1 year	285.80	900.00	62.98	32,315	30.9%	1.89	34,705	46.1%	2.60
2 year	271.30	900.00	62.05	41,512	35.9%	2.15	43,905	53.8%	3.02
3 year	292.00	900.00	56.98	36,274	33.0%	2.00	38,676	49.3%	2.77
5 year	319.40	900.00	48.02	28,185	28.4%	1.77	30,595	42.3%	2.40

Forecast Scenarios				Unleveraged			Leveraged 40%		
Period	Canola	Biodiesel	Petroleum	NPV	IRR	PI	NPV	IRR	PI
	$/MT	$/m³	$ BOE	$000			$000		
Low prices	330.00	900.00	65.00	25,649	27.0%	1.70	28,060	40.0%	2.28
Medium low	370.00	900.00	70.00	23,523	25.7%	1.64	25,939	38.1%	2.18
Medium	380.00	900.00	75.00	21,396	24.4%	1.58	23,819	36.1%	2.08
Medium high	390.00	900.00	80.00	19,270	23.1%	1.52	21,699	34.1%	1.98
High prices	400.00	900.00	85.00	17,143	21.8%	1.46	19,578	32.0%	1.88

Historical Average Prices

Period	Seed	Meal	Oil	Margin	Exchg	Crude oil	Diesel	Oil barrel
1 Year avg	315.77	151.47	688.96	50.70	1.14	453.48	708.03	62.98
2 year avg	301.32	162.17	669.35	63.72	1.17	446.78	691.68	62.05
3 Year avg	321.98	177.84	703.29	66.04	1.21	410.29	633.98	56.98
5 year avg	349.39	193.69	727.97	58.01	1.35	345.72	544.38	48.02

5 year data	Seed	Meal	Oil	Margin	Exchg	Crude oil	Diesel	Oil barrel
MIN	251.93	133.00	554.08	14.51	1.11	184.81	291.60	25.67
MAX	474.60	290.85	990.76	96.95	1.60	537.76	796.60	74.69
AVERAGE	349.53	193.97	726.65	57.52	1.35	344.55	540.24	47.85

Forecast Scenarios

Period	Seed	Meal	Oil	Margin	Exchg	Crude oil	Diesel	oil barrel
Forecast low	360.00	200.00	650.00	20.00	1.10	468.00	728.46	65.00
Medium low	370.00	210.00	700.00	36.00	1.10	504.00	784.50	70.00
Medium	380.00	220.00	750.00	52.00	1.10	540.00	840.53	75.00
Medium high	390.00	230.00	800.00	68.00	1.10	576.00	896.57	80.00
Forecast high	400.00	240.00	850.00	84.00	1.10	612.00	952.60	85.00

Scenario: 1-year-average prices Unleveraged

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		15,147	26,167	39,250	51,194	62,567	73,371	83,604	90,988	98,372	105,755
Account receivable		4,332	4,332	4,332	4,332	4,332	4,332	4,332	4,332	4,332	4,332
Inventory			2,063	2,063	2,063	2,063	2,063	2,063	2,063	2,063	2,063
Current assets		19,479	32,562	45,646	57,589	68,963	79,766	90,000	97,383	104,767	112,151
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**46,541**	**56,618**	**66,694**	**75,631**	**83,997**	**91,794**	**99,020**	**103,397**	**107,774**	**112,151**
Equity & Liabilities											
Account payables		251	251	251	251	251	251	251	251	251	251
Debt		-	-	-	-	-	-	-	-	-	-
Equity		36,213	36,213	36,213	36,213	36,213	36,213	36,213	36,213	36,213	36,213
Retained earnings			10,076	20,153	30,229	39,166	47,532	55,329	62,556	66,932	71,309
Earnings/Losses		10,076	10,076	10,076	8,937	8,367	7,797	7,227	4,377	4,377	4,377
		46,541	**56,618**	**66,694**	**75,631**	**83,997**	**91,794**	**99,020**	**103,397**	**107,774**	**112,151**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		52,707	52,707	52,707	51,113	50,316	49,518	48,721	44,736	44,736	44,736
COGS		36,315	36,315	36,315	36,315	36,315	36,315	36,315	36,315	36,315	36,315
Expenses		6,316	6,316	6,316	5,861	5,634	5,407	5,180	4,044	4,044	4,044
Net income		**10,076**	**10,076**	**10,076**	**8,937**	**8,367**	**7,797**	**7,227**	**4,377**	**4,377**	**4,377**
Statement of cash flow											
Operating activities											
Cash Inflows		10,328	10,076	10,076	8,937	8,367	7,797	7,227	4,377	4,377	4,377
Cash Outflows		6,396									
Net cash flow operating activities		3,932	10,076	10,076	8,937	8,367	7,797	7,227	4,377	4,377	4,377
Financing activities											
Cash Inflows		36,213									
Cash Outflows			-	-	-	-	-	-	-	-	-
Net cash flow financing activities		36,213	-	-	-	-	-	-	-	-	-
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**13,083**	**13,083**	**13,083**	**11,943**	**11,373**	**10,804**	**10,234**	**7,384**	**7,384**	**7,384**
Previous Balance		0	13,083	26,167	39,250	51,194	62,567	73,371	83,604	90,988	98,372
Final Balance		13,083	26,167	39,250	51,194	62,567	73,371	83,604	90,988	98,372	105,755
Net cashflows	(36,213)	13,083	13,083	13,083	11,943	11,373	10,804	10,234	7,384	7,384	7,384
NPV(0.1)	**32,315**										
IRR	**31%**										
PI	**1.89**										

Scenario: 1-year-average prices Leveraged 40%

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		12,870	21,695	32,667	42,582	52,010	60,951	69,404	75,091	80,861	86,713
Account receivable		4,332	4,332	4,332	4,332	4,332	4,332	4,332	4,332	4,332	4,332
Inventory			2,063	2,063	2,063	2,063	2,063	2,063	2,063	2,063	2,063
Current assets		17,202	28,091	39,063	48,978	58,406	67,346	75,800	81,487	87,256	93,108
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**44,264**	**52,146**	**60,111**	**67,019**	**73,440**	**79,374**	**84,821**	**87,500**	**90,263**	**93,108**
Equity & Liabilities											
Account payables		251	251	251	251	251	251	251	251	251	251
Debt		13,037	11,588	10,140	8,691	7,243	5,794	4,346	2,897	1,449	(0)
Equity		21,728	21,728	21,728	21,728	21,728	21,728	21,728	21,728	21,728	21,728
Retained earnings			9,248	18,579	27,992	36,349	44,218	51,601	58,496	62,624	66,835
Earnings/Losses		9,248	9,331	9,414	8,357	7,869	7,382	6,895	4,128	4,211	4,294
		44,264	**52,146**	**60,111**	**67,019**	**73,440**	**79,374**	**84,821**	**87,500**	**90,263**	**93,108**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		52,707	52,707	52,707	51,113	50,316	49,518	48,721	44,736	44,736	44,736
COGS		36,315	36,315	36,315	36,315	36,315	36,315	36,315	36,315	36,315	36,315
Expenses		7,144	7,061	6,978	6,441	6,131	5,821	5,511	4,292	4,209	4,126
Net income		**9,248**	**9,331**	**9,414**	**8,357**	**7,869**	**7,382**	**6,895**	**4,128**	**4,211**	**4,294**
Statement of cash flow											
Operating activities											
Cash Inflows		9,499	9,331	9,414	8,357	7,869	7,382	6,895	4,128	4,211	4,294
Cash Outflows		6,396									
Net cash flow operating activities		3,104	9,331	9,414	8,357	7,869	7,382	6,895	4,128	4,211	4,294
Financing activities											
Cash Inflows		34,765									
Cash Outflows			1,449	1,449	1,449	1,449	1,449	1,449	1,449	1,449	1,449
Net cash flow financing activities		34,765	(1,449)	(1,449)	(1,449)	(1,449)	(1,449)	(1,449)	(1,449)	(1,449)	(1,449)
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**10,806**	**10,889**	**10,972**	**9,915**	**9,428**	**8,941**	**8,454**	**5,687**	**5,769**	**5,852**
Previous Balance		0	10,806	21,695	32,667	42,582	52,010	60,951	69,404	75,091	80,861
Final Balance		10,806	21,695	32,667	42,582	52,010	60,951	69,404	75,091	80,861	86,713
Net cashflows	(21,728)	10,806	10,889	10,972	9,915	9,428	8,941	8,454	5,687	5,769	5,852
NPV(0.1)	**34,705**										
IRR	**46%**										
PI	**2.60**										

Scenario: 2-year-average prices Unleveraged

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		16,630	29,174	43,761	57,208	70,085	82,392	94,130	103,017	111,904	120,792
Account receivable		4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387
Inventory			2,043	2,043	2,043	2,043	2,043	2,043	2,043	2,043	2,043
Current assets		21,016	35,603	50,191	63,638	76,515	88,822	100,559	109,446	118,334	127,221
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**48,079**	**59,659**	**71,239**	**81,679**	**91,549**	**100,850**	**109,580**	**115,460**	**121,341**	**127,221**
Equity & Liabilities											
Account payables		243	243	243	243	243	243	243	243	243	243
Debt		-	-	-	-	-	-	-	-	-	-
Equity		36,255	36,255	36,255	36,255	36,255	36,255	36,255	36,255	36,255	36,255
Retained earnings			11,580	23,160	34,740	45,180	55,051	64,351	73,081	78,961	84,842
Earnings/Losses		11,580	11,580	11,580	10,440	9,870	9,300	8,730	5,880	5,880	5,880
		48,079	**59,659**	**71,239**	**81,679**	**91,549**	**100,850**	**109,580**	**115,460**	**121,341**	**127,221**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		53,371	53,371	53,371	51,777	50,979	50,182	49,385	45,399	45,399	45,399
COGS		34,877	34,877	34,877	34,877	34,877	34,877	34,877	34,877	34,877	34,877
Expenses		6,913	6,913	6,913	6,459	6,232	6,005	5,777	4,642	4,642	4,642
Net income		**11,580**	**11,580**	**11,580**	**10,440**	**9,870**	**9,300**	**8,730**	**5,880**	**5,880**	**5,880**
Statement of cash flow											
Operating activities											
Cash Inflows		11,824	11,580	11,580	10,440	9,870	9,300	8,730	5,880	5,880	5,880
Cash Outflows		6,429									
Net cash flow operating activities		5,394	11,580	11,580	10,440	9,870	9,300	8,730	5,880	5,880	5,880
Financing activities											
Cash Inflows		36,255									
Cash Outflows			-	-	-	-	-	-	-	-	-
Net cash flow financing activities		36,255	-	-	-	-	-	-	-	-	-
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**14,587**	**14,587**	**14,587**	**13,447**	**12,877**	**12,307**	**11,737**	**8,887**	**8,887**	**8,887**
Previous Balance		0	14,587	29,174	43,761	57,208	70,085	82,392	94,130	103,017	111,904
Final Balance		14,587	29,174	43,761	57,208	70,085	82,392	94,130	103,017	111,904	120,792
Net cashflows	(36,255)	14,587	14,587	14,587	13,447	12,877	12,307	11,737	8,887	8,887	8,887
NPV(0.1)	**41,512**										
IRR	**36%**										
PI	**2.15**										

Scenario: 2-year-average prices Leveraged 40%

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		14,350	24,698	37,171	48,587	59,516	69,958	79,913	87,102	94,373	101,727
Account receivable		4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387
Inventory			2,043	2,043	2,043	2,043	2,043	2,043	2,043	2,043	2,043
Current assets		18,737	31,127	43,600	55,016	65,946	76,388	86,343	93,531	100,802	108,157
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**45,799**	**55,182**	**64,649**	**73,058**	**80,980**	**88,415**	**95,364**	**99,545**	**103,809**	**108,157**
Equity & Liabilities											
Account payables		243	243	243	243	243	243	243	243	243	243
Debt		13,052	11,602	10,151	8,701	7,251	5,801	4,351	2,900	1,450	-
Equity		21,753	21,753	21,753	21,753	21,753	21,753	21,753	21,753	21,753	21,753
Retained earnings			10,751	21,584	32,501	42,360	51,733	60,618	69,016	74,648	80,362
Earnings/Losses		10,751	10,834	10,916	9,859	9,372	8,885	8,398	5,632	5,714	5,797
		45,799	**55,182**	**64,649**	**73,058**	**80,980**	**88,415**	**95,364**	**99,545**	**103,809**	**108,157**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		53,371	53,371	53,371	51,777	50,979	50,182	49,385	45,399	45,399	45,399
COGS		34,877	34,877	34,877	34,877	34,877	34,877	34,877	34,877	34,877	34,877
Expenses		7,743	7,660	7,577	7,040	6,730	6,419	6,109	4,890	4,807	4,724
Net income		**10,751**	**10,834**	**10,916**	**9,859**	**9,372**	**8,885**	**8,398**	**5,632**	**5,714**	**5,797**
Statement of cash flow											
Operating activities											
Cash Inflows		10,994	10,834	10,916	9,859	9,372	8,885	8,398	5,632	5,714	5,797
Cash Outflows		6,429									
Net cash flow operating activities		4,565	10,834	10,916	9,859	9,372	8,885	8,398	5,632	5,714	5,797
Financing activities											
Cash Inflows		34,805									
Cash Outflows			1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450
Net cash flow financing activities		34,805	(1,450)	(1,450)	(1,450)	(1,450)	(1,450)	(1,450)	(1,450)	(1,450)	(1,450)
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**12,307**	**12,390**	**12,473**	**11,416**	**10,929**	**10,442**	**9,955**	**7,188**	**7,271**	**7,354**
Previous Balance		0	12,307	24,698	37,171	48,587	59,516	69,958	79,913	87,102	94,373
Final Balance		12,307	24,698	37,171	48,587	59,516	69,958	79,913	87,102	94,373	101,727
Net cashflows	(21,753)	12,307	12,390	12,473	11,416	10,929	10,442	9,955	7,188	7,271	7,354
NPV(0.1)	**43,905**										
IRR	**54%**										
PI	**3.02**										

Scenario: 3-year-average prices Unleveraged

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		15,857	27,511	41,266	53,881	65,927	77,402	88,307	96,363	104,419	112,474
Account receivable		4,467	4,467	4,467	4,467	4,467	4,467	4,467	4,467	4,467	4,467
Inventory			2,102	2,102	2,102	2,102	2,102	2,102	2,102	2,102	2,102
Current assets		20,323	34,079	47,834	60,449	72,495	83,970	94,875	102,931	110,987	119,042
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**47,386**	**58,134**	**68,882**	**78,491**	**87,529**	**95,998**	**103,896**	**108,945**	**113,994**	**119,042**
Equity & Liabilities											
Account payables		255	255	255	255	255	255	255	255	255	255
Debt		-	-	-	-	-	-	-	-	-	-
Equity		36,382	36,382	36,382	36,382	36,382	36,382	36,382	36,382	36,382	36,382
Retained earnings			10,748	21,497	32,245	41,853	50,892	59,360	67,259	72,308	77,356
Earnings/Losses		10,748	10,748	10,748	9,608	9,038	8,468	7,899	5,049	5,049	5,049
		47,386	**58,134**	**68,882**	**78,491**	**87,529**	**95,998**	**103,896**	**108,945**	**113,994**	**119,042**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		54,343	54,343	54,343	52,749	51,951	51,154	50,357	46,371	46,371	46,371
COGS		36,946	36,946	36,946	36,946	36,946	36,946	36,946	36,946	36,946	36,946
Expenses		6,648	6,648	6,648	6,194	5,966	5,739	5,512	4,376	4,376	4,376
Net income		**10,748**	**10,748**	**10,748**	**9,608**	**9,038**	**8,468**	**7,899**	**5,049**	**5,049**	**5,049**
Statement of cash flow											
Operating activities											
Cash Inflows		11,003	10,748	10,748	9,608	9,038	8,468	7,899	5,049	5,049	5,049
Cash Outflows		6,568									
Net cash flow operating activities		4,435	10,748	10,748	9,608	9,038	8,468	7,899	5,049	5,049	5,049
Financing activities											
Cash Inflows		36,382									
Cash Outflows			-	-	-	-	-	-	-	-	-
Net cash flow financing activities		36,382	-	-	-	-	-	-	-	-	-
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**13,755**	**13,755**	**13,755**	**12,615**	**12,045**	**11,475**	**10,905**	**8,056**	**8,056**	**8,056**
Previous Balance		0	13,755	27,511	41,266	53,881	65,927	77,402	88,307	96,363	104,419
Final Balance		13,755	27,511	41,266	53,881	65,927	77,402	88,307	96,363	104,419	112,474
Net cashflows	(36,382)	13,755	13,755	13,755	12,615	12,045	11,475	10,905	8,056	8,056	8,056
NPV(0.1)	**36,274**										
IRR	**33%**										
PI	**2.00**										

Scenario: 3-year-average prices Leveraged 40%

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		13,569	23,018	34,652	45,230	55,320	64,924	74,041	80,392	86,826	93,343
Account receivable		4,467	4,467	4,467	4,467	4,467	4,467	4,467	4,467	4,467	4,467
Inventory			2,102	2,102	2,102	2,102	2,102	2,102	2,102	2,102	2,102
Current assets		18,036	29,586	41,220	51,798	61,888	71,492	80,609	86,960	93,394	99,911
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**45,098**	**53,642**	**62,269**	**69,839**	**76,923**	**83,520**	**89,630**	**92,974**	**96,401**	**99,911**
Equity & Liabilities											
Account payables		255	255	255	255	255	255	255	255	255	255
Debt		13,098	11,642	10,187	8,732	7,276	5,821	4,366	2,911	1,455	-
Equity		21,829	21,829	21,829	21,829	21,829	21,829	21,829	21,829	21,829	21,829
Retained earnings			9,916	19,915	29,997	39,023	47,562	55,614	63,180	67,979	72,861
Earnings/Losses		9,916	9,999	10,082	9,026	8,539	8,052	7,566	4,799	4,882	4,965
		45,098	**53,642**	**62,269**	**69,839**	**76,923**	**83,520**	**89,630**	**92,974**	**96,401**	**99,911**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		54,343	54,343	54,343	52,749	51,951	51,154	50,357	46,371	46,371	46,371
COGS		36,946	36,946	36,946	36,946	36,946	36,946	36,946	36,946	36,946	36,946
Expenses		7,480	7,397	7,314	6,776	6,466	6,155	5,845	4,626	4,543	4,459
Net income		**9,916**	**9,999**	**10,082**	**9,026**	**8,539**	**8,052**	**7,566**	**4,799**	**4,882**	**4,965**
Statement of cash flow											
Operating activities											
Cash Inflows		10,171	9,999	10,082	9,026	8,539	8,052	7,566	4,799	4,882	4,965
Cash Outflows		6,568									
Net cash flow operating activities		3,603	9,999	10,082	9,026	8,539	8,052	7,566	4,799	4,882	4,965
Financing activities											
Cash Inflows		34,927									
Cash Outflows			1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455
Net cash flow financing activities		34,927	(1,455)	(1,455)	(1,455)	(1,455)	(1,455)	(1,455)	(1,455)	(1,455)	(1,455)
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**11,468**	**11,551**	**11,634**	**10,577**	**10,091**	**9,604**	**9,117**	**6,351**	**6,434**	**6,517**
Previous Balance		0	11,468	23,018	34,652	45,230	55,320	64,924	74,041	80,392	86,826
Final Balance		11,468	23,018	34,652	45,230	55,320	64,924	74,041	80,392	86,826	93,343
Net cashflows	(21,829)	11,468	11,551	11,634	10,577	10,091	9,604	9,117	6,351	6,434	6,517
NPV(0.1)	**38,676**										
IRR	**49%**										
PI	**2.77**										

Scenario: 5-year-average prices Unleveraged

Financial Statements - BFuel Canada Corp		**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Assets											
Cash		14,625	24,920	37,379	48,699	59,449	69,629	79,239	85,999	92,759	99,520
Account receivable		4,547	4,547	4,547	4,547	4,547	4,547	4,547	4,547	4,547	4,547
Inventory			2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165
Current assets		19,172	31,632	44,092	55,412	66,162	76,342	85,952	92,712	99,472	106,232
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**46,235**	**55,688**	**65,140**	**73,453**	**81,196**	**88,369**	**94,973**	**98,726**	**102,479**	**106,232**
Equity & Liabilities											
Account payables		270	270	270	270	270	270	270	270	270	270
Debt		-	-	-	-	-	-	-	-	-	-
Equity		36,512	36,512	36,512	36,512	36,512	36,512	36,512	36,512	36,512	36,512
Retained earnings			9,453	18,906	28,359	36,672	44,415	51,588	58,191	61,944	65,697
Earnings/Losses		9,453	9,453	9,453	8,313	7,743	7,173	6,603	3,753	3,753	3,753
		46,235	**55,688**	**65,140**	**73,453**	**81,196**	**88,369**	**94,973**	**98,726**	**102,479**	**106,232**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		55,326	55,326	55,326	53,732	52,935	52,137	51,340	47,354	47,354	47,354
COGS		39,685	39,685	39,685	39,685	39,685	39,685	39,685	39,685	39,685	39,685
Expenses		6,188	6,188	6,188	5,734	5,506	5,279	5,052	3,916	3,916	3,916
Net income		**9,453**	**9,453**	**9,453**	**8,313**	**7,743**	**7,173**	**6,603**	**3,753**	**3,753**	**3,753**
Statement of cash flow											
Operating activities											
Cash Inflows		9,723	9,453	9,453	8,313	7,743	7,173	6,603	3,753	3,753	3,753
Cash Outflows		6,713									
Net cash flow operating activities		3,010	9,453	9,453	8,313	7,743	7,173	6,603	3,753	3,753	3,753
Financing activities											
Cash Inflows		36,512									
Cash Outflows			-	-	-	-	-	-	-	-	-
Net cash flow financing activities		36,512	-	-	-	-	-	-	-	-	-
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**12,460**	**12,460**	**12,460**	**11,320**	**10,750**	**10,180**	**9,610**	**6,760**	**6,760**	**6,760**
Previous Balance		0	12,460	24,920	37,379	48,699	59,449	69,629	79,239	85,999	92,759
Final Balance		12,460	24,920	37,379	48,699	59,449	69,629	79,239	85,999	92,759	99,520
Net cashflows	(36,512)	12,460	12,460	12,460	11,320	10,750	10,180	9,610	6,760	6,760	6,760
NPV(0.1)	**28,185**										
IRR	**28%**										
PI	**1.77**										

Scenario: 5-year-average prices Leveraged 40%

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		12,329	20,411	30,743	40,017	48,805	57,107	64,923	69,972	75,104	80,320
Account receivable		4,547	4,547	4,547	4,547	4,547	4,547	4,547	4,547	4,547	4,547
Inventory			2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165
Current assets		16,876	27,124	37,455	46,730	55,518	63,820	71,635	76,684	81,817	87,033
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**43,939**	**51,179**	**58,504**	**64,771**	**70,553**	**75,847**	**80,656**	**82,698**	**84,824**	**87,033**
Equity & Liabilities											
Account payables		270	270	270	270	270	270	270	270	270	270
Debt		13,144	11,684	10,223	8,763	7,302	5,842	4,381	2,921	1,460	-
Equity		21,907	21,907	21,907	21,907	21,907	21,907	21,907	21,907	21,907	21,907
Retained earnings			8,618	17,319	26,103	33,831	41,073	47,828	54,097	57,600	61,186
Earnings/Losses		8,618	8,701	8,785	7,728	7,242	6,755	6,269	3,503	3,586	3,670
		43,939	**51,179**	**58,504**	**64,771**	**70,553**	**75,847**	**80,656**	**82,698**	**84,824**	**87,033**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		55,326	55,326	55,326	53,732	52,935	52,137	51,340	47,354	47,354	47,354
COGS		39,685	39,685	39,685	39,685	39,685	39,685	39,685	39,685	39,685	39,685
Expenses		7,023	6,940	6,856	6,318	6,008	5,697	5,386	4,167	4,083	4,000
Net income		**8,618**	**8,701**	**8,785**	**7,728**	**7,242**	**6,755**	**6,269**	**3,503**	**3,586**	**3,670**
Statement of cash flow											
Operating activities											
Cash Inflows		8,888	8,701	8,785	7,728	7,242	6,755	6,269	3,503	3,586	3,670
Cash Outflows		6,713									
Net cash flow operating activities		2,175	8,701	8,785	7,728	7,242	6,755	6,269	3,503	3,586	3,670
Financing activities											
Cash Inflows		35,051									
Cash Outflows			1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460
Net cash flow financing activities		35,051	(1,460)	(1,460)	(1,460)	(1,460)	(1,460)	(1,460)	(1,460)	(1,460)	(1,460)
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**10,164**	**10,248**	**10,331**	**9,275**	**8,788**	**8,302**	**7,815**	**5,049**	**5,133**	**5,216**
Previous Balance		0	10,164	20,411	30,743	40,017	48,805	57,107	64,923	69,972	75,104
Final Balance		10,164	20,411	30,743	40,017	48,805	57,107	64,923	69,972	75,104	80,320
Net cashflows	(21,907)	10,164	10,248	10,331	9,275	8,788	8,302	7,815	5,049	5,133	5,216
NPV(0.1)	**30,595**										
IRR	**42%**										
PI	**2.40**										

Scenario: Minumum 5-year-data prices Unleveraged

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		18,854	33,924	50,886	66,708	81,960	96,642	110,754	122,016	133,279	144,541
Account receivable		4,238	4,238	4,238	4,238	4,238	4,238	4,238	4,238	4,238	4,238
Inventory			1,892	1,892	1,892	1,892	1,892	1,892	1,892	1,892	1,892
Current assets		23,092	40,054	57,016	72,838	88,090	102,772	116,884	128,147	139,409	150,671
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**50,155**	**64,110**	**78,065**	**90,880**	**103,125**	**114,800**	**125,905**	**134,161**	**142,416**	**150,671**
Equity & Liabilities											
Account payables		216	216	216	216	216	216	216	216	216	216
Debt		-	-	-	-	-	-	-	-	-	-
Equity		35,983	35,983	35,983	35,983	35,983	35,983	35,983	35,983	35,983	35,983
Retained earnings			13,955	27,910	41,865	54,680	66,925	78,600	89,706	97,961	106,216
Earnings/Losses		13,955	13,955	13,955	12,815	12,245	11,675	11,105	8,255	8,255	8,255
		50,155	**64,110**	**78,065**	**90,880**	**103,125**	**114,800**	**125,905**	**134,161**	**142,416**	**150,671**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		51,561	51,561	51,561	49,967	49,170	48,373	47,576	43,590	43,590	43,590
COGS		29,926	29,926	29,926	29,926	29,926	29,926	29,926	29,926	29,926	29,926
Expenses		7,680	7,680	7,680	7,226	6,999	6,771	6,544	5,408	5,408	5,408
Net income		**13,955**	**13,955**	**13,955**	**12,815**	**12,245**	**11,675**	**11,105**	**8,255**	**8,255**	**8,255**
Statement of cash flow											
Operating activities											
Cash Inflows		14,171	13,955	13,955	12,815	12,245	11,675	11,105	8,255	8,255	8,255
Cash Outflows		6,130									
Net cash flow operating activities		8,041	13,955	13,955	12,815	12,245	11,675	11,105	8,255	8,255	8,255
Financing activities											
Cash Inflows		35,983									
Cash Outflows			-	-	-	-	-	-	-	-	-
Net cash flow financing activities		35,983	-	-	-	-	-	-	-	-	-
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**16,962**	**16,962**	**16,962**	**15,822**	**15,252**	**14,682**	**14,112**	**11,262**	**11,262**	**11,262**
Previous Balance		0	16,962	33,924	50,886	66,708	81,960	96,642	110,754	122,016	133,279
Final Balance		16,962	33,924	50,886	66,708	81,960	96,642	110,754	122,016	133,279	144,541
Net cashflows	(35,983)	16,962	16,962	16,962	15,822	15,252	14,682	14,112	11,262	11,262	11,262
NPV(0.1)	**56,377**										
IRR	**44%**										
PI	**2.57**										

Scenario: Minumum 5-year-data prices Lleveraged 40%

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		16,592	29,481	44,345	58,151	71,470	84,301	96,644	106,220	115,879	125,619
Account receivable		4,238	4,238	4,238	4,238	4,238	4,238	4,238	4,238	4,238	4,238
Inventory			1,892	1,892	1,892	1,892	1,892	1,892	1,892	1,892	1,892
Current assets		20,830	35,611	50,475	64,282	77,600	90,431	102,775	112,351	122,009	131,750
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**47,892**	**59,667**	**71,524**	**82,323**	**92,635**	**102,459**	**111,796**	**118,365**	**125,016**	**131,750**
Equity & Liabilities											
Account payables		216	216	216	216	216	216	216	216	216	216
Debt		12,954	11,515	10,075	8,636	7,197	5,757	4,318	2,879	1,439	-
Equity		21,590	21,590	21,590	21,590	21,590	21,590	21,590	21,590	21,590	21,590
Retained earnings			13,132	26,346	39,642	51,881	63,632	74,896	85,671	93,680	101,770
Earnings/Losses		13,132	13,214	13,296	12,239	11,751	11,263	10,776	8,008	8,091	8,173
		47,892	**59,667**	**71,524**	**82,323**	**92,635**	**102,459**	**111,796**	**118,365**	**125,016**	**131,750**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		51,561	51,561	51,561	49,967	49,170	48,373	47,576	43,590	43,590	43,590
COGS		29,926	29,926	29,926	29,926	29,926	29,926	29,926	29,926	29,926	29,926
Expenses		8,504	8,421	8,339	7,802	7,493	7,183	6,874	5,655	5,573	5,491
Net income		**13,132**	**13,214**	**13,296**	**12,239**	**11,751**	**11,263**	**10,776**	**8,008**	**8,091**	**8,173**
Statement of cash flow											
Operating activities											
Cash Inflows		13,348	13,214	13,296	12,239	11,751	11,263	10,776	8,008	8,091	8,173
Cash Outflows		6,130									
Net cash flow operating activities		7,218	13,214	13,296	12,239	11,751	11,263	10,776	8,008	8,091	8,173
Financing activities											
Cash Inflows		34,544									
Cash Outflows			1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439
Net cash flow financing activities		34,544	(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	(1,439)
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**14,699**	**14,782**	**14,864**	**13,806**	**13,319**	**12,831**	**12,343**	**9,576**	**9,658**	**9,741**
Previous Balance		0	14,699	29,481	44,345	58,151	71,470	84,301	96,644	106,220	115,879
Final Balance		14,699	29,481	44,345	58,151	71,470	84,301	96,644	106,220	115,879	125,619
Net cashflows	(21,590)	14,699	14,782	14,864	13,806	13,319	12,831	12,343	9,576	9,658	9,741
NPV(0.1)	**58,752**										
IRR	**66%**										
PI	**3.72**										

Scenario: Maximum 5-year-data prices Unleveraged

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		10,010	14,918	22,377	28,696	34,445	39,624	44,233	45,992	47,751	49,510
Account receivable		5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043
Inventory			2,551	2,551	2,551	2,551	2,551	2,551	2,551	2,551	2,551
Current assets		15,053	22,512	29,971	36,290	42,039	47,218	51,827	53,586	55,345	57,104
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**42,115**	**46,567**	**51,019**	**54,331**	**57,073**	**59,245**	**60,848**	**59,600**	**58,352**	**57,104**
Equity & Liabilities											
Account payables		339	339	339	339	339	339	339	339	339	339
Debt		-	-	-	-	-	-	-	-	-	-
Equity		37,324	37,324	37,324	37,324	37,324	37,324	37,324	37,324	37,324	37,324
Retained earnings			4,452	8,904	13,356	16,668	19,410	21,582	23,184	21,936	20,689
Earnings/Losses		4,452	4,452	4,452	3,312	2,742	2,172	1,602	(1,248)	(1,248)	(1,248)
		42,115	**46,567**	**51,019**	**54,331**	**57,073**	**59,245**	**60,848**	**59,600**	**58,352**	**57,104**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		61,353	61,353	61,353	59,759	58,961	58,164	57,367	53,381	53,381	53,381
COGS		52,239	52,239	52,239	52,239	52,239	52,239	52,239	52,239	52,239	52,239
Expenses		4,662	4,662	4,662	4,207	3,980	3,753	3,526	2,390	2,390	2,390
Net income		**4,452**	**4,452**	**4,452**	**3,312**	**2,742**	**2,172**	**1,602**	**(1,248)**	**(1,248)**	**(1,248)**
Statement of cash flow											
Operating activities											
Cash Inflows		4,791	4,452	4,452	3,312	2,742	2,172	1,602	(1,248)	(1,248)	(1,248)
Cash Outflows		7,594									
Net cash flow operating activities		(2,803)	4,452	4,452	3,312	2,742	2,172	1,602	(1,248)	(1,248)	(1,248)
Financing activities											
Cash Inflows		37,324									
Cash Outflows			-	-	-	-	-	-	-	-	-
Net cash flow financing activities		37,324	-	-	-	-	-	-	-	-	-
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**7,459**	**7,459**	**7,459**	**6,319**	**5,749**	**5,179**	**4,609**	**1,759**	**1,759**	**1,759**
Previous Balance		0	7,459	14,918	22,377	28,696	34,445	39,624	44,233	45,992	47,751
Final Balance		7,459	14,918	22,377	28,696	34,445	39,624	44,233	45,992	47,751	49,510
Net cashflows	(37,324)	7,459	7,459	7,459	6,319	5,749	5,179	4,609	1,759	1,759	1,759
NPV(0.1)	**(3,356)**										
IRR	**7%**										
PI	**0.91**										

Scenario: Maximum 5-year-data prices Leveraged 40%

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		7,663	10,309	15,592	19,820	23,564	26,823	29,597	29,607	29,703	29,884
Account receivable		5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043
Inventory			2,551	2,551	2,551	2,551	2,551	2,551	2,551	2,551	2,551
Current assets		12,706	17,903	23,186	27,414	31,158	34,417	37,192	37,202	37,297	37,478
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**39,768**	**41,959**	**44,235**	**45,456**	**46,193**	**46,445**	**46,212**	**43,215**	**40,304**	**37,478**
Equity & Liabilities											
Account payables		339	339	339	339	339	339	339	339	339	339
Debt		13,437	11,944	10,451	8,958	7,465	5,972	4,479	2,986	1,493	0
Equity		22,395	22,395	22,395	22,395	22,395	22,395	22,395	22,395	22,395	22,395
Retained earnings			3,598	7,281	11,050	13,764	15,994	17,739	19,000	17,496	16,077
Earnings/Losses		3,598	3,683	3,769	2,714	2,230	1,745	1,261	(1,504)	(1,419)	(1,333)
		39,768	**41,959**	**44,235**	**45,456**	**46,193**	**46,445**	**46,212**	**43,215**	**40,304**	**37,478**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		61,353	61,353	61,353	59,759	58,961	58,164	57,367	53,381	53,381	53,381
COGS		52,239	52,239	52,239	52,239	52,239	52,239	52,239	52,239	52,239	52,239
Expenses		5,516	5,430	5,345	4,805	4,493	4,180	3,867	2,646	2,561	2,475
Net income		**3,598**	**3,683**	**3,769**	**2,714**	**2,230**	**1,745**	**1,261**	**(1,504)**	**(1,419)**	**(1,333)**
Statement of cash flow											
Operating activities											
Cash Inflows		3,937	3,683	3,769	2,714	2,230	1,745	1,261	(1,504)	(1,419)	(1,333)
Cash Outflows		7,594									
Net cash flow operating activities		(3,657)	3,683	3,769	2,714	2,230	1,745	1,261	(1,504)	(1,419)	(1,333)
Financing activities											
Cash Inflows		35,831									
Cash Outflows			1,493	1,493	1,493	1,493	1,493	1,493	1,493	1,493	1,493
Net cash flow financing activities		35,831	(1,493)	(1,493)	(1,493)	(1,493)	(1,493)	(1,493)	(1,493)	(1,493)	(1,493)
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**5,112**	**5,197**	**5,283**	**4,228**	**3,744**	**3,259**	**2,774**	**10**	**95**	**181**
Previous Balance		0	5,112	10,309	15,592	19,820	23,564	26,823	29,597	29,607	29,703
Final Balance		5,112	10,309	15,592	19,820	23,564	26,823	29,597	29,607	29,703	29,884
Net cashflows	(22,395)	5,112	5,197	5,283	4,228	3,744	3,259	2,774	10	95	181
NPV(0.1)	**(892)**										
IRR	**9%**										
PI	**0.96**										

Scenario: Forecast Low Prices Unleveraged

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		14,195	24,097	36,145	47,053	57,392	67,160	76,359	82,707	89,056	95,405
Account receivable		4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580
Inventory			2,146	2,146	2,146	2,146	2,146	2,146	2,146	2,146	2,146
Current assets		18,774	30,823	42,871	53,779	64,118	73,886	83,085	89,433	95,782	102,131
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**45,837**	**54,878**	**63,919**	**71,821**	**79,152**	**85,914**	**92,105**	**95,447**	**98,789**	**102,131**
Equity & Liabilities											
Account payables		276	276	276	276	276	276	276	276	276	276
Debt		-	-	-	-	-	-	-	-	-	-
Equity		36,519	36,519	36,519	36,519	36,519	36,519	36,519	36,519	36,519	36,519
Retained earnings			9,041	18,083	27,124	35,026	42,357	49,119	55,310	58,652	61,994
Earnings/Losses		9,041	9,041	9,041	7,901	7,331	6,762	6,192	3,342	3,342	3,342
		45,837	**54,878**	**63,919**	**71,821**	**79,152**	**85,914**	**92,105**	**95,447**	**98,789**	**102,131**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		55,717	55,717	55,717	54,123	53,326	52,529	51,732	47,746	47,746	47,746
COGS		40,725	40,725	40,725	40,725	40,725	40,725	40,725	40,725	40,725	40,725
Expenses		5,951	5,951	5,951	5,496	5,269	5,042	4,815	3,679	3,679	3,679
Net income		**9,041**	**9,041**	**9,041**	**7,901**	**7,331**	**6,762**	**6,192**	**3,342**	**3,342**	**3,342**
Statement of cash flow											
Operating activities											
Cash Inflows		9,317	9,041	9,041	7,901	7,331	6,762	6,192	3,342	3,342	3,342
Cash Outflows		6,726									
Net cash flow operating activities		2,591	9,041	9,041	7,901	7,331	6,762	6,192	3,342	3,342	3,342
Financing activities											
Cash Inflows		36,519									
Cash Outflows			-	-	-	-	-	-	-	-	-
Net cash flow financing activities		36,519	-	-	-	-	-	-	-	-	-
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**12,048**	**12,048**	**12,048**	**10,908**	**10,338**	**9,768**	**9,198**	**6,349**	**6,349**	**6,349**
Previous Balance		0	12,048	24,097	36,145	47,053	57,392	67,160	76,359	82,707	89,056
Final Balance		12,048	24,097	36,145	47,053	57,392	67,160	76,359	82,707	89,056	95,405
Net cashflows	(36,519)	12,048	12,048	12,048	10,908	10,338	9,768	9,198	6,349	6,349	6,349
NPV(0.1)	**25,649**										
IRR	**27%**										
PI	**1.70**										

Scenario: Forecast Low Prices leveraged 40%

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		11,898	19,588	29,507	38,369	46,746	54,636	62,039	66,676	71,397	76,201
Account receivable		4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580
Inventory			2,146	2,146	2,146	2,146	2,146	2,146	2,146	2,146	2,146
Current assets		16,478	26,313	36,233	45,095	53,472	61,362	68,765	73,402	78,123	82,927
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**43,540**	**50,369**	**57,281**	**63,137**	**68,506**	**73,389**	**77,786**	**79,416**	**81,130**	**82,927**
Equity & Liabilities											
Account payables		276	276	276	276	276	276	276	276	276	276
Debt		13,147	11,686	10,225	8,765	7,304	5,843	4,382	2,922	1,461	(0)
Equity		21,912	21,912	21,912	21,912	21,912	21,912	21,912	21,912	21,912	21,912
Retained earnings			8,206	16,495	24,868	32,185	39,015	45,359	51,216	54,307	57,482
Earnings/Losses		8,206	8,289	8,373	7,317	6,830	6,344	5,857	3,091	3,175	3,258
		43,540	**50,369**	**57,281**	**63,137**	**68,506**	**73,389**	**77,786**	**79,416**	**81,130**	**82,927**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		55,717	55,717	55,717	54,123	53,326	52,529	51,732	47,746	47,746	47,746
COGS		40,725	40,725	40,725	40,725	40,725	40,725	40,725	40,725	40,725	40,725
Expenses		6,786	6,703	6,619	6,081	5,771	5,460	5,149	3,930	3,846	3,762
Net income		**8,206**	**8,289**	**8,373**	**7,317**	**6,830**	**6,344**	**5,857**	**3,091**	**3,175**	**3,258**
Statement of cash flow											
Operating activities											
Cash Inflows		8,482	8,289	8,373	7,317	6,830	6,344	5,857	3,091	3,175	3,258
Cash Outflows		6,726									
Net cash flow operating activities		1,756	8,289	8,373	7,317	6,830	6,344	5,857	3,091	3,175	3,258
Financing activities											
Cash Inflows		35,059									
Cash Outflows			1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461
Net cash flow financing activities		35,059	(1,461)	(1,461)	(1,461)	(1,461)	(1,461)	(1,461)	(1,461)	(1,461)	(1,461)
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**9,752**	**9,836**	**9,919**	**8,863**	**8,376**	**7,890**	**7,403**	**4,637**	**4,721**	**4,804**
Previous Balance		0	9,752	19,588	29,507	38,369	46,746	54,636	62,039	66,676	71,397
Final Balance		9,752	19,588	29,507	38,369	46,746	54,636	62,039	66,676	71,397	76,201
Net cashflows	(21,912)	9,752	9,836	9,919	8,863	8,376	7,890	7,403	4,637	4,721	4,804
NPV(0.1)	**28,060**										
IRR	**40%**										
PI	**2.28**										

Scenario: Forecast Medium Prices Unleveraged

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		13,627	22,773	34,159	44,405	54,082	63,188	71,725	77,411	83,098	88,785
Account receivable		4,681	4,681	4,681	4,681	4,681	4,681	4,681	4,681	4,681	4,681
Inventory			2,241	2,241	2,241	2,241	2,241	2,241	2,241	2,241	2,241
Current assets		18,309	29,695	41,081	51,328	61,004	70,111	78,647	84,334	90,020	95,707
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**45,371**	**53,750**	**62,130**	**69,369**	**76,039**	**82,138**	**87,668**	**90,348**	**93,027**	**95,707**
Equity & Liabilities											
Account payables		287	287	287	287	287	287	287	287	287	287
Debt		-	-	-	-	-	-	-	-	-	-
Equity		36,705	36,705	36,705	36,705	36,705	36,705	36,705	36,705	36,705	36,705
Retained earnings			8,379	16,759	25,138	32,378	39,047	45,147	50,676	53,356	56,036
Earnings/Losses		8,379	8,379	8,379	7,239	6,670	6,100	5,530	2,680	2,680	2,680
		45,371	**53,750**	**62,130**	**69,369**	**76,039**	**82,138**	**87,668**	**90,348**	**93,027**	**95,707**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		56,958	56,958	56,958	55,364	54,567	53,769	52,972	48,986	48,986	48,986
COGS		42,746	42,746	42,746	42,746	42,746	42,746	42,746	42,746	42,746	42,746
Expenses		5,833	5,833	5,833	5,379	5,152	4,924	4,697	3,561	3,561	3,561
Net income		**8,379**	**8,379**	**8,379**	**7,239**	**6,670**	**6,100**	**5,530**	**2,680**	**2,680**	**2,680**
Statement of cash flow											
Operating activities											
Cash Inflows		8,666	8,379	8,379	7,239	6,670	6,100	5,530	2,680	2,680	2,680
Cash Outflows		6,922									
Net cash flow operating activities		1,744	8,379	8,379	7,239	6,670	6,100	5,530	2,680	2,680	2,680
Financing activities											
Cash Inflows		36,705									
Cash Outflows			-	-	-	-	-	-	-	-	-
Net cash flow financing activities		36,705	-	-	-	-	-	-	-	-	-
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**11,386**	**11,386**	**11,386**	**10,246**	**9,676**	**9,106**	**8,536**	**5,687**	**5,687**	**5,687**
Previous Balance		0	11,386	22,773	34,159	44,405	54,082	63,188	71,725	77,411	83,098
Final Balance		11,386	22,773	34,159	44,405	54,082	63,188	71,725	77,411	83,098	88,785
Net cashflows	(36,705)	11,386	11,386	11,386	10,246	9,676	9,106	8,536	5,687	5,687	5,687
NPV(0.1)	**21,396**										
IRR	**24%**										
PI	**1.58**										

Scenario: Forecast Medium Prices leveraged 40%

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		11,319	18,241	27,487	35,677	43,382	50,600	57,333	61,299	65,350	69,484
Account receivable		4,681	4,681	4,681	4,681	4,681	4,681	4,681	4,681	4,681	4,681
Inventory			2,241	2,241	2,241	2,241	2,241	2,241	2,241	2,241	2,241
Current assets		16,001	25,163	34,409	42,600	50,304	57,522	64,255	68,221	72,272	76,406
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**43,063**	**49,218**	**55,458**	**60,641**	**65,339**	**69,550**	**73,276**	**74,235**	**75,279**	**76,406**
Equity & Liabilities											
Account payables		287	287	287	287	287	287	287	287	287	287
Debt		13,214	11,745	10,277	8,809	7,341	5,873	4,405	2,936	1,468	-
Equity		22,023	22,023	22,023	22,023	22,023	22,023	22,023	22,023	22,023	22,023
Retained earnings			7,540	15,163	22,871	29,522	35,688	41,368	46,561	48,989	51,501
Earnings/Losses		7,540	7,624	7,708	6,652	6,166	5,680	5,194	2,428	2,512	2,596
		43,063	**49,218**	**55,458**	**60,641**	**65,339**	**69,550**	**73,276**	**74,235**	**75,279**	**76,406**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		56,958	56,958	56,958	55,364	54,567	53,769	52,972	48,986	48,986	48,986
COGS		42,746	42,746	42,746	42,746	42,746	42,746	42,746	42,746	42,746	42,746
Expenses		6,673	6,589	6,505	5,967	5,655	5,344	5,033	3,813	3,729	3,645
Net income		**7,540**	**7,624**	**7,708**	**6,652**	**6,166**	**5,680**	**5,194**	**2,428**	**2,512**	**2,596**
Statement of cash flow											
Operating activities											
Cash Inflows		7,827	7,624	7,708	6,652	6,166	5,680	5,194	2,428	2,512	2,596
Cash Outflows		6,922									
Net cash flow operating activities		904	7,624	7,708	6,652	6,166	5,680	5,194	2,428	2,512	2,596
Financing activities											
Cash Inflows		35,236									
Cash Outflows			1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468
Net cash flow financing activities		35,236	(1,468)	(1,468)	(1,468)	(1,468)	(1,468)	(1,468)	(1,468)	(1,468)	(1,468)
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**9,078**	**9,162**	**9,246**	**8,190**	**7,704**	**7,218**	**6,732**	**3,967**	**4,051**	**4,134**
Previous Balance		0	9,078	18,241	27,487	35,677	43,382	50,600	57,333	61,299	65,350
Final Balance		9,078	18,241	27,487	35,677	43,382	50,600	57,333	61,299	65,350	69,484
Net cashflows	(22,023)	9,078	9,162	9,246	8,190	7,704	7,218	6,732	3,967	4,051	4,134
NPV(0.1)	**23,819**										
IRR	**36%**										
PI	**2.08**										

Scenario: Forecast High Prices Unleveraged

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		13,059	21,449	32,173	41,757	50,772	59,216	67,091	72,116	77,140	82,165
Account receivable		4,783	4,783	4,783	4,783	4,783	4,783	4,783	4,783	4,783	4,783
Inventory			2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335
Current assets		17,843	28,567	39,292	48,876	57,891	66,335	74,210	79,234	84,259	89,283
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**44,905**	**52,623**	**60,340**	**66,918**	**72,925**	**78,363**	**83,230**	**85,248**	**87,266**	**89,283**
Equity & Liabilities											
Account payables		298	298	298	298	298	298	298	298	298	298
Debt		-	-	-	-	-	-	-	-	-	-
Equity		36,890	36,890	36,890	36,890	36,890	36,890	36,890	36,890	36,890	36,890
Retained earnings			7,717	15,435	23,152	29,730	35,737	41,175	46,042	48,060	50,078
Earnings/Losses		7,717	7,717	7,717	6,577	6,008	5,438	4,868	2,018	2,018	2,018
		44,905	**52,623**	**60,340**	**66,918**	**72,925**	**78,363**	**83,230**	**85,248**	**87,266**	**89,283**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		58,199	58,199	58,199	56,604	55,807	55,010	54,213	50,227	50,227	50,227
COGS		44,766	44,766	44,766	44,766	44,766	44,766	44,766	44,766	44,766	44,766
Expenses		5,715	5,715	5,715	5,261	5,034	4,807	4,579	3,443	3,443	3,443
Net income		**7,717**	**7,717**	**7,717**	**6,577**	**6,008**	**5,438**	**4,868**	**2,018**	**2,018**	**2,018**
Statement of cash flow											
Operating activities											
Cash Inflows		8,015	7,717	7,717	6,577	6,008	5,438	4,868	2,018	2,018	2,018
Cash Outflows		7,119									
Net cash flow operating activities		897	7,717	7,717	6,577	6,008	5,438	4,868	2,018	2,018	2,018
Financing activities											
Cash Inflows		36,890									
Cash Outflows			-	-	-	-	-	-	-	-	-
Net cash flow financing activities		36,890	-	-	-	-	-	-	-	-	-
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**10,724**	**10,724**	**10,724**	**9,584**	**9,014**	**8,444**	**7,875**	**5,025**	**5,025**	**5,025**
Previous Balance		0	10,724	21,449	32,173	41,757	50,772	59,216	67,091	72,116	77,140
Final Balance		10,724	21,449	32,173	41,757	50,772	59,216	67,091	72,116	77,140	82,165
Net cashflows	(36,890)	10,724	10,724	10,724	9,584	9,014	8,444	7,875	5,025	5,025	5,025
NPV(0.1)	**17,143**										
IRR	**22%**										
PI	**1.46**										

Scenario: Forecast High Prices Leveraged 40%

Financial Statements - BFuel Canada Corp		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash		10,740	16,894	25,467	32,985	40,018	46,565	52,626	55,922	59,302	62,767
Account receivable		4,783	4,783	4,783	4,783	4,783	4,783	4,783	4,783	4,783	4,783
Inventory			2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335
Current assets		15,523	24,012	32,586	40,104	47,136	53,683	59,745	63,040	66,421	69,885
Facilities & equipment		30,069	27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007
Depreciation		(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)	(3,007)
Net fixed assets		27,062	24,055	21,049	18,042	15,035	12,028	9,021	6,014	3,007	(0)
Total Assets		**42,586**	**48,068**	**53,634**	**58,146**	**62,171**	**65,711**	**68,765**	**69,054**	**69,428**	**69,885**
Equity & Liabilities											
Account payables		298	298	298	298	298	298	298	298	298	298
Debt		13,280	11,805	10,329	8,854	7,378	5,902	4,427	2,951	1,476	(0)
Equity		22,134	22,134	22,134	22,134	22,134	22,134	22,134	22,134	22,134	22,134
Retained earnings			6,873	13,831	20,873	26,860	32,361	37,377	41,907	43,671	45,520
Earnings/Losses		6,873	6,958	7,042	5,987	5,501	5,016	4,530	1,765	1,849	1,933
		42,586	**48,068**	**53,634**	**58,146**	**62,171**	**65,711**	**68,765**	**69,054**	**69,428**	**69,885**
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Income Statement											
Revenues		58,199	58,199	58,199	56,604	55,807	55,010	54,213	50,227	50,227	50,227
COGS		44,766	44,766	44,766	44,766	44,766	44,766	44,766	44,766	44,766	44,766
Expenses		6,559	6,475	6,391	5,852	5,540	5,229	4,917	3,697	3,612	3,528
Net income		**6,873**	**6,958**	**7,042**	**5,987**	**5,501**	**5,016**	**4,530**	**1,765**	**1,849**	**1,933**
Statement of cash flow											
Operating activities											
Cash Inflows		7,171	6,958	7,042	5,987	5,501	5,016	4,530	1,765	1,849	1,933
Cash Outflows		7,119									
Net cash flow operating activities		53	6,958	7,042	5,987	5,501	5,016	4,530	1,765	1,849	1,933
Financing activities											
Cash Inflows		35,414									
Cash Outflows			1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476
Net cash flow financing activities		35,414	(1,476)	(1,476)	(1,476)	(1,476)	(1,476)	(1,476)	(1,476)	(1,476)	(1,476)
Investing activities											
Cash Inflows		3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Cash Outflows		30,069									
Net cash flow investing activities		(27,062)	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007	3,007
Net cash flow		**8,405**	**8,489**	**8,574**	**7,518**	**7,032**	**6,547**	**6,061**	**3,296**	**3,380**	**3,465**
Previous Balance		0	8,405	16,894	25,467	32,985	40,018	46,565	52,626	55,922	59,302
Final Balance		8,405	16,894	25,467	32,985	40,018	46,565	52,626	55,922	59,302	62,767
Net cashflows	(22,134)	8,405	8,489	8,574	7,518	7,032	6,547	6,061	3,296	3,380	3,465
NPV(0.1)	**19,578**										
IRR	**32%**										
PI	**1.88**										

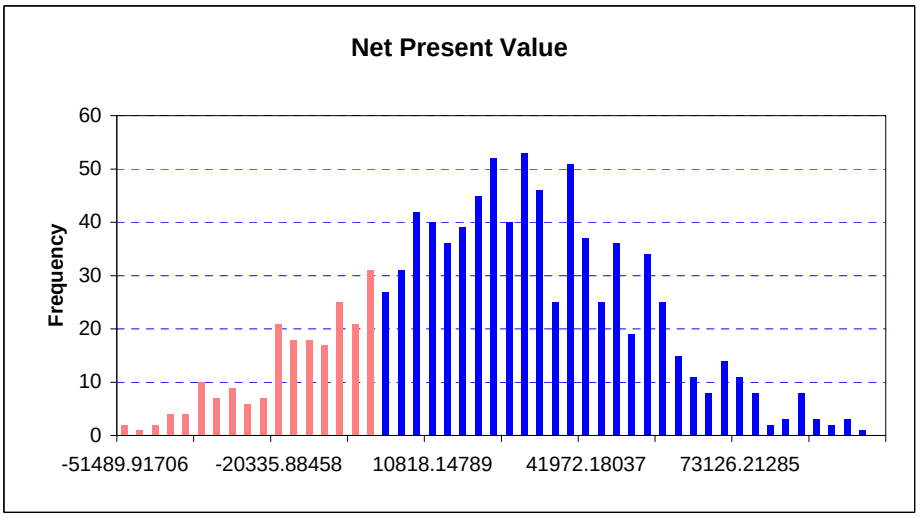
Crystal Ball Report - Full
Simulation started on 7/8/2007 at 11:23:30
Simulation stopped on 7/8/2007 at 11:23:33

Run preferences:	
Number of trials run	1,000
Extreme speed	
Monte Carlo	
Random seed	
Precision control on	
Confidence level	95.00%
Run statistics:	
Total running time (sec)	2.38
Trials/second (average)	420
Random numbers per sec	2,520
Crystal Ball data:	
Assumptions	6
Correlations	0
Correlated groups	0
Decision variables	0
Forecasts	1

Forecasts

Forecast: Net Present Value

Summary:
Certainty level is 79.6%
Certainty range is from 0 to Infinity
Entire range is from (53,048) to 108,609
Base case is 17,143
After 1,000 trials, the std. error of the mean is 893



Statistics:	Forecast values
Trials	1,000
Mean	23,640
Median	23,710
Mode	---
Standard Deviation	28,244
Variance	797,700,675
Skewness	0.0397
Kurtosis	2.92
Coeff. of Variability	1.19
Minimum	(53,048)
Maximum	108,609
Range Width	161,657
Mean Std. Error	893

Forecast: Net Present Value (cont'd)

Percentiles:	Forecast values
P100	(53,048)
P90	(14,520)
P80	(466)
P70	8,951
P60	17,112
P50	23,710
P40	30,575
P30	38,498
P20	47,329
P10	58,458
P0	108,609

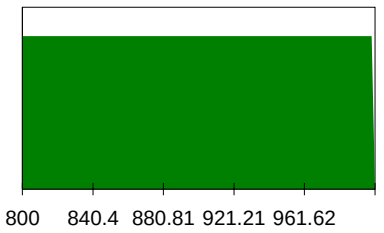
End of Forecasts

Assumptions

Assumption: Biodiesel

Uniform distribution with parameters:

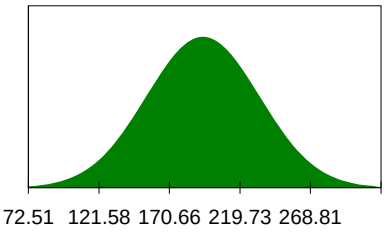
Minimum	800.0
Maximum	1,000.0



Assumption: Canola Meal

Normal distribution with parameters:

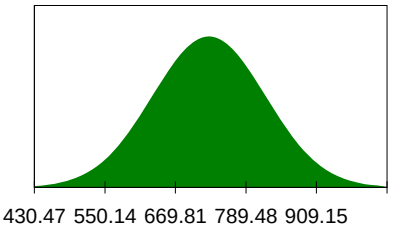
Mean	194.0
Std. Dev.	39.3



Assumption: Canola Oil

Normal distribution with parameters:

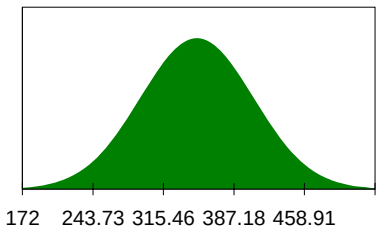
Mean	726.7
Std. Dev.	95.8



Assumption: Canola seed

Normal distribution with parameters:

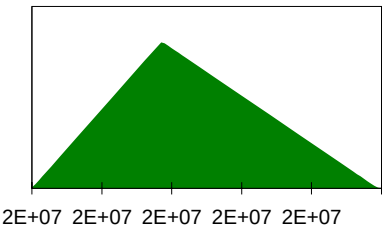
Mean	349.5
Std. Dev.	57.4



Assumption: BD Refinery Capital Cost

Triangular distribution with parameters:

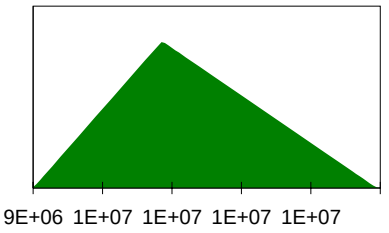
Minimum	16,249,409
Likeliest	19,116,951
Maximum	23,896,189



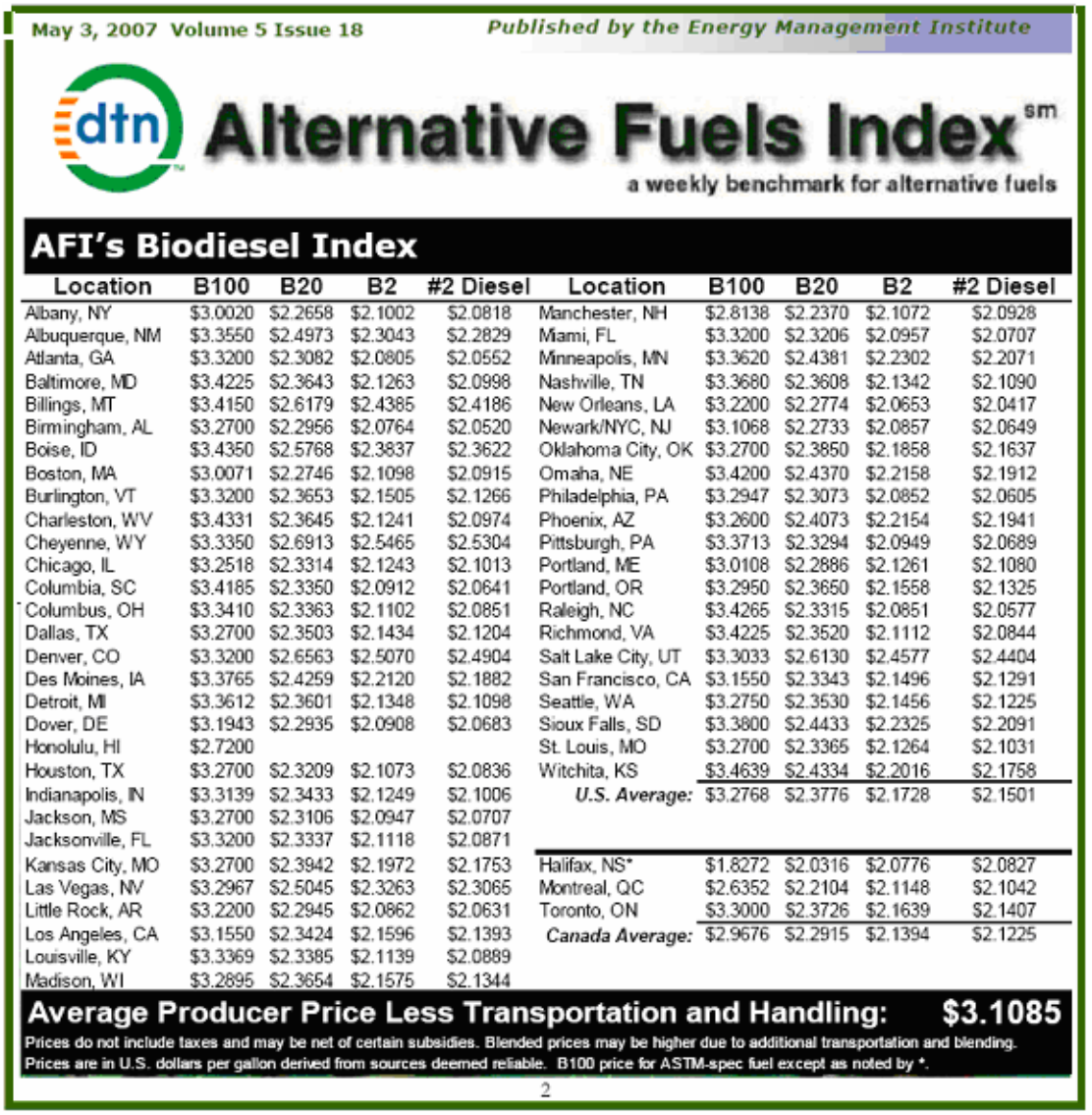
Assumption: Oil Mill Capital Cost

Triangular distribution with parameters:

Minimum	9,309,492
Likeliest	10,952,344
Maximum	13,690,430



End of Assumptions



May 3, 2007 Volume 5 Issue 18 — Published by the Energy Management Institute

dtn Alternative Fuels Index℠

a weekly benchmark for alternative fuels

AFI's Biodiesel Index

Location	B100	B20	B2	#2 Diesel	Location	B100	B20	B2	#2 Diesel
Albany, NY	$3.0020	$2.2658	$2.1002	$2.0818	Manchester, NH	$2.8138	$2.2370	$2.1072	$2.0928
Albuquerque, NM	$3.3550	$2.4973	$2.3043	$2.2829	Miami, FL	$3.3200	$2.3206	$2.0957	$2.0707
Atlanta, GA	$3.3200	$2.3082	$2.0805	$2.0552	Minneapolis, MN	$3.3620	$2.4381	$2.2302	$2.2071
Baltimore, MD	$3.4225	$2.3643	$2.1263	$2.0998	Nashville, TN	$3.3680	$2.3608	$2.1342	$2.1090
Billings, MT	$3.4150	$2.6179	$2.4385	$2.4186	New Orleans, LA	$3.2200	$2.2774	$2.0653	$2.0417
Birmingham, AL	$3.2700	$2.2956	$2.0764	$2.0520	Newark/NYC, NJ	$3.1068	$2.2733	$2.0857	$2.0649
Boise, ID	$3.4350	$2.5768	$2.3837	$2.3622	Oklahoma City, OK	$3.2700	$2.3850	$2.1858	$2.1637
Boston, MA	$3.0071	$2.2746	$2.1098	$2.0915	Omaha, NE	$3.4200	$2.4370	$2.2158	$2.1912
Burlington, VT	$3.3200	$2.3653	$2.1505	$2.1266	Philadelphia, PA	$3.2947	$2.3073	$2.0852	$2.0605
Charleston, WV	$3.4331	$2.3645	$2.1241	$2.0974	Phoenix, AZ	$3.2600	$2.4073	$2.2154	$2.1941
Cheyenne, WY	$3.3350	$2.6913	$2.5465	$2.5304	Pittsburgh, PA	$3.3713	$2.3294	$2.0949	$2.0689
Chicago, IL	$3.2518	$2.3314	$2.1243	$2.1013	Portland, ME	$3.0108	$2.2886	$2.1261	$2.1080
Columbia, SC	$3.4185	$2.3350	$2.0912	$2.0641	Portland, OR	$3.2950	$2.3650	$2.1558	$2.1325
Columbus, OH	$3.3410	$2.3363	$2.1102	$2.0851	Raleigh, NC	$3.4265	$2.3315	$2.0851	$2.0577
Dallas, TX	$3.2700	$2.3503	$2.1434	$2.1204	Richmond, VA	$3.4225	$2.3520	$2.1112	$2.0844
Denver, CO	$3.3200	$2.6563	$2.5070	$2.4904	Salt Lake City, UT	$3.3033	$2.6130	$2.4577	$2.4404
Des Moines, IA	$3.3765	$2.4259	$2.2120	$2.1882	San Francisco, CA	$3.1550	$2.3343	$2.1496	$2.1291
Detroit, MI	$3.3612	$2.3601	$2.1348	$2.1098	Seattle, WA	$3.2750	$2.3530	$2.1456	$2.1225
Dover, DE	$3.1943	$2.2935	$2.0908	$2.0683	Sioux Falls, SD	$3.3800	$2.4433	$2.2325	$2.2091
Honolulu, HI	$2.7200				St. Louis, MO	$3.2700	$2.3365	$2.1264	$2.1031
Houston, TX	$3.2700	$2.3209	$2.1073	$2.0836	Witchita, KS	$3.4639	$2.4334	$2.2016	$2.1758
Indianapolis, IN	$3.3139	$2.3433	$2.1249	$2.1006	*U.S. Average:*	$3.2768	$2.3776	$2.1728	$2.1501
Jackson, MS	$3.2700	$2.3106	$2.0947	$2.0707					
Jacksonville, FL	$3.3200	$2.3337	$2.1118	$2.0871					
Kansas City, MO	$3.2700	$2.3942	$2.1972	$2.1753	Halifax, NS*	$1.8272	$2.0316	$2.0776	$2.0827
Las Vegas, NV	$3.2967	$2.5045	$2.3263	$2.3065	Montreal, QC	$2.6352	$2.2104	$2.1148	$2.1042
Little Rock, AR	$3.2200	$2.2945	$2.0862	$2.0631	Toronto, ON	$3.3000	$2.3726	$2.1639	$2.1407
Los Angeles, CA	$3.1550	$2.3424	$2.1596	$2.1393	*Canada Average:*	$2.9676	$2.2915	$2.1394	$2.1225
Louisville, KY	$3.3369	$2.3385	$2.1139	$2.0889					
Madison, WI	$3.2895	$2.3654	$2.1575	$2.1344					

Average Producer Price Less Transportation and Handling: $3.1085

Prices do not include taxes and may be net of certain subsidies. Blended prices may be higher due to additional transportation and blending. Prices are in U.S. dollars per gallon derived from sources deemed reliable. B100 price for ASTM-spec fuel except as noted by *.

2

Source: http://www.energyinstitution.org

ICIS pricing

12th April 2007

Biodiesel (USA)

Editor Judith Taylor, judith.taylor@icis.com

DOMESTIC PRICES

Click for Price History			Price Range		One year ago
B100 FOB MIDWEST	USD/GAL	+0.15	**3.10-3.15**	+0.15	n/a-n/a
B100 FOB TEXAS	USD/GAL	+0.15	**3.05-3.10**	+0.15	n/a-n/a

NOTE: For full details on the criteria ICIS pricing uses in making these price assessments visit www.icispricing.com and click on "methodology".

Market sources said strong crude oil values were pushing diesel prices up, making biodiesel an attractive option in several key regions of the US, including the midwest, southeast, and US Gulf coast.

On Thursday, 12 April the Nymex settlement for crude oil was $63.85/bbl, up $1.84 from the previous finish. Petroleum diesel was said to be hovering in the $2.07/gal mark in New York Harbor, and $2.15/gal in the US Gulf.

Firmness in the petroleum market pressed biodiesel prices higher, with adjustments made to the posted ranges above. B100 FOB midwest prices were adjusted up by 15 cents on both sides of the spread for a $3.10-3.15/gal range this week. In the US Gulf and Texas B100 market, both sides of the band were also adjusted up by 15 cents resulting in a $3.05-3.10/gal spread.

There were higher prices discussed in the midwest, with confirmation ongoing.

In the midwest region, the B100 biodiesel range would address only soy methyl esters (SMEs). In the Texas market, the range would address multiple feedstocks, including palm, animal fats, and cottonseed in addition to soy.

Sources said **some biodiesel plants** were throttling back production due to margin loss from increased soybean oil prices and ongoing high operating and energy costs. Crude soybean oil prices settled at 32.6 cents/lb on Thursday, 12 April Chicago Board of Trade (CBOT) futures for May. Although the settlement was down slightly over 1-cent from the previous finish, sources said the price remained higher than many biodiesel producers had anticipated.

In the **crude glycerine** market, sources said 80% crude was priced in a 5-6 cents/lb range. Although some biodiesel producers were said to be able to readily sell the off-put, sources said situations remained wherein the biodiesel makers were compelled to pay in order to get the material out of storage tanks.

Refined glycerine sellers were able to get an early lift from April 1 price increase initiatives of 6-7 cents/lb, sources said. In situations where accounts were below market prices and buyers that elected to stay in the spot market instead of taking contracts, sources confirmed higher prices. Refined vegetable glycerine contracts were assessed in a 32-40 cents/lb spread late March/early April, with upward pressure continuing as sellers sought further implementation.

According to the **Energy Information Association** (EIA), the pivotal US gasoline market hit the seasonal demand uptick, brought about by the summer driving season, about a month early. This demand increase collided with a fall-off in gasoline imports from Europe and a spate of unplanned refinery outages. This combination pushed gasoline prices up and has had an effect on diesel prices as well, sources said.

US refiner Valero announced refinery turnaround plans for April and May, including downtime scheduled for a crude unit and two hydrocrackers. About 124,000 bbl/day capacity would be affected, according to the company.

On Tuesday the US finalised **Renewable Fuel Standard (RFS)** rules that will require US distributors to blend a minimum of 7.5bn gal/year of renewable fuels into conventional fuel by 2012.

The new rules also create a new system of trading biofuels credits, designed to allow US gasoline refiners the flexibility of blending renewable fuels where it is most economical.

The so-called **RIN (Renewables Identification Number)** system would resemble emissions credits trading administered by the Environmental Protection Agency (EPA) for sulphur dioxide and nitrous oxide.

This week on ICIS news (www.icisnews.com)
12 Apr 07 20:04 MeadWestvaco expands paper-sizing chemical plant
11 Apr 07 18:43 Romania Petrom signs biodiesel supply deal
11 Apr 07 11:26 Taiwan's CPC Corp studies biofuels production
10 Apr 07 22:33 US approves final Renewable Fuel Standard rules
10 Apr 07 18:32 Valero refinery plans underscore tight gasoline

ICIS pricing

11th April 2007

Glycerine (US Gulf)

Editor Judith Taylor, judith.taylor@icis.com

CONTRACT PRICES

Click for Price History			Price Range		USD/MT
VEGETABLE MAR	US CTS/LB	+1.00	**32.00-40.00**	+1.00	705-882
TALLOW MAR	US CTS/LB	+1.00	**30.00-36.00**	+1.00	661-794
PHARMACEUTICAL GRADE MAR	US CTS/LB	n/c	**48.00-58.00**	n/c	1058.22-1278.68

SPOT PRICES

Click for Price History			Price Range		Four weeks ago	USD/MT
VEGETABLE	US CTS/LB	+2.00	**32.00-36.00**	+1.00	27.00-32.00	705-794
TALLOW	US CTS/LB	+2.00	**32.00-36.00**	+2.00	27.00-31.00	705-794

Note: All prices are on a delivered basis.

NOTE: For full details on the criteria ICIS pricing uses in making these price assessments visit www.icispricing.com and click on "methodology."

Upward pressure continued to define both segments of the glycerine market, with many sources describing a sharp supply crunch in tallow glycerine.

Curtailed supply was said to be caused by operations glitches at two or three plants, but sources added that US glycerine demand was on the rise. Rising demand was attributed to ongoing health in most end-uses, but also to new demand segments opening up on the back of substitution of glycerine for mono propylene glycol.

One source said as much as 10m lbs/yr of new demand may have opened up for refined glycerine via substitution for mono propylene glycol and as an additive for traditional antifreeze uses. Other sources confirmed substitution was also taking place within the toothpaste end-use segment between sorbitol and glycerine.

Several producers said positions for tallow glycerine were filled for the second-quarter. More than one producer confirmed not doing any spot business because material was needed in order to fill contract obligations.

Buyers that chose to use previously abundant supply periods by staying in the spot market and not taking contracts were said to be having difficulty getting material from refined suppliers.

A number of contracts continued to be under negotiation, but some second-quarter and April business was finished, according to suppliers. Several contracts were settled at a 1-5 cents/lb increase above first-quarter values, although the amount of increase was dependent upon the starting point of the contract base, sources said. Vegetable and tallow glycerine contracts were in the same condition, but the sharper pinch was said to be in the tallow market.

There were no changes made to contract spreads the week ended Wednesday, 11 April. Both contract spreads were considered under upward pressure on the back of supply, with ongoing verification of the assessment band.

The spot ranges were each adjusted up on a notional basis due to increased price ideas said to be taking place in both tallow and vegetable tiers. An upward adjustment of 2 cents/lb was made to both vegetable and tallow spot bands' low side, with 1-cent/lb up on the high end made on veg and 2 cents/lb added to the high end of tallow. The adjustments brought the spreads to parity.

In the related fatty acid market, bleachable fancy tallow (BFT) prices were said to be 24.5 cents/lb on Wednesday, pushing tallow-based fatty acid prices up in the stearic segment. Non-kosher triple pressed stearic acid prices were assessed in a 40-44 cents/lb band, up 1-cent/lb from the previous spread. Non-kosher oleic acid prices in a 46-51 cents/lb assessment were considered low by some players, with prices as high as 49-56 cents/lb discussed for bulk delivered material.

This week on ICIS news (www.icis.com):
11 Apr 07 15:56 Dow's Dutch polyols plant resumes normal output
11 Apr 07 07:53 Asia Polyurethane mulls China PO project
10 Apr 07 22:37 US rule makes a case for inherently safer tech
10 Apr 07 22:33 US approves final Renewable Fuel Standard rules
10 Apr 07 00:40 US takes more action against China trade policy

ICIS pricing

13th April 2007

Methanol (US Gulf)

CONTRACT PRICES (FOB)

Click for Price History			Price Range		One year ago	USD/MT
BARGE APR	US CTS/GAL	-47.50	**101.00-103.00**	-52.00	107.00-107.00	337.14-343.82

Contract and List Prices:

In line with the soft market sentiment, Methanex slashed its April contract price to $1.01/gal FOB. Southern Chemical cut its contract price to $1.03/gal FOB.

The March contract price averaged $1.5075/gal.

SPOT PRICES (FOB)

Click for Price History			Price Range		Four weeks ago	US CTS/GAL
EXPORT	USD/MT	-6.75	**213.25-223.25**	-20.00	273.00-339.75	63.88-66.88
						USD/MT
DOM BARGE (+)	US CTS/GAL	-2.00	**65.00-68.00**	-6.00	83.00-107.00	216.97-226.99
DOM BARGE (*)	US CTS/GAL	-2.00	**65.00-66.00**	-3.00	83.00-102.00	216.97-220.31

Note: (+)=Price range for the week.
(*)=Price spread at close of business Friday.

LIST PRICES (FOB)

Click for Price History			Price Range		USD/MT
BARGE MAR	US CTS/GAL	-6.50	**122.00-124.00**	-6.50	407.24-413.92
RAIL/TRUCK					
US GULF MAR	US CTS/GAL	-6.50	**122.00-172.00**	-6.50	407.24-574.14
NORTH EAST MAR	US CTS/GAL	-6.50	**132.00-182.00**	-6.50	440.62-607.52

NOTE: For full details on the criteria ICIS pricing uses in making these price assessments visit www.icispricing.com and click on "methodology."

US Gulf spot methanol plumbed fresh depths in the week ended 13 April, with a spot deal reported by several sources on Wednesday at 65 cents/gal marking a new three-year low.

Earlier in the week, a bid for May material at 60 cents/gal did not attract any attention from sellers but highlighted the backwardation in sentiment.

The downward momentum in the US Gulf market has now pulled spot market values down by around 55% since the start of the year. By the end of the week, however, market participants were seeing signs that a bottom may have been forming.

While sellers were reluctant to chase receding bids down, logistical issues may have been creating some pressure to force them to make lower offers. High inventories and ample supply have been weighing on sentiment in recent weeks.

The relatively healthy state of downstream demand has not been enough to put the brakes on the methanol slide.

In particular, US methyl tertiary butyl ether (MTBE) values have been bumped higher by a steep jump in gasoline markets. Unplanned refinery outages and below-normal gasoline imports from Europe have combined with an early start to the seasonal demand upturn to squeeze US gasoline supplies.

Spot US Gulf MTBE ended the week at $2.16-2.18/gal, compared with $2.09-2.11/gal on 6 April.

In another downstream market, US acetic acid consumers with methanol-linked pricing formulas were seeing lower Q2 prices, but producers were otherwise holding prices steady.

On the supply side, there was mixed production news on Friday.

The 1.7m tonne/year Atlas methanol plant operated by Methanex in Trinidad was in the process of being restarted on Friday after a month-long turnaround. Catalyst replacement and some upgrading work was also done during the shutdown. No details were available on whether the upgrading would boost the capacity of the plant.

Separately, a turnaround the 460,000 tonne/year M1 plant operated by Methanol Holdings (Trinidad) Ltd (MHTL) has been rescheduled for May, from an earlier plan for doing the work in April. The routine turnaround of the M1 would last 14 days, but the exact start date has not been disclosed.

The other four units in the MHTL complex, which has a combined capacity in excess of 4m tonnes/year, were running smoothly, according to a source familiar with the operations. The biggest of these, the 1.8m tonne/year M5000 plant, was running above its nameplate capacity. The M5000 plant underwent a 10-day turnaround in March.

Covering editor: Stephen Burns

This week on ICIS news (www.icis.com):

13/04/2007 19:40 Trinidad Atlas methanol restarts, M1 work delayed
13/04/2007 06:49 Limited impact from lower China methanol output
13/04/2007 03:44 CPC delays Qatar methanol project indefinitely
12/04/2007 12:21 Brunei Methanol finalises plan to build $400m plant
11/04/2007 05:38 FOCUS: Asia acetic acid prices to slip slowly

Price history | Related reports | Full report list | Price Alert | Plant performance data
Currency conversion (real time) | Glossary | Methodology | Latest product news | Find a supplier

ICIS pricing

11th May 2007

Mono Propylene Glycol (USA)

Editor Gene Lockard, gene.lockard@icis.com

CONTRACT PRICES

EAST OF THE ROCKIES

Click for Price History			Price Range		One year ago	USD/MT
FOB DISTRIBUT Q1	US CTS/LB	-1.50	**76.50-79.00**	-1.00	85.50-89.50	1687-1742
FOB PGI Q1	US CTS/LB	-1.50	**76.50-78.50**	-1.00	85.50-87.50	1687-1731
FOB PGUSP MAY	US CTS/LB	n/c	**84.50-87.50**	n/c	109.50-121.50	1863-1929
FOB PGAF MAY	US CTS/LB	n/c	**74.00-77.50**	n/c	70.00-74.00	1631-1709
FOB EXPORT MAY	US CTS/LB	n/c	**77.00-80.50**	n/c	74.00-78.00	1698-1775

NOTE: For full details on the criteria ICIS pricing uses in making these price assessments visit www.icispricing.com and click on "methodology".

Mono propylene glycol (MPG)

The US MPG market was unchanged but well supported during the week ended 11 May, with rising feedstock costs creating the possibility of new price increases in the coming weeks.

A producer said the 4-cent rise in May chemical grade propylene (CGP) prices would narrow producer margins, particularly since customers for some grades of product had not accepted all the 5-cent increase that producers began seeking in April.

The balance of supply to demand was said to be acceptable, but production costs due to higher propylene values would not be offset by a 1-cent reduction that could occur in the June CGP contract.

While demand was steady, a housing report released by the National Association of Realtors (NAR) on 8 May predicted that sales of existing homes in 2007 and 2008 are likely to be lower than originally expected.

The NAR also said new home starts will likely decline, as will new home sales. Existing home sales in 2007 are expected to be 6.29m, and sales next year are expected to be 6.49m. Sales in 2006 were 6.48m.

The NAR said the forecast was revised amid stricter lending standards and a decline in mortgage originations to borrowers with credit issues.

Weather forecasts by Colorado State University and AccuWeather analysts predicted a more-active-than-normal hurricane season in 2007. The Colorado State analyst predicted 17 named storms, including nine hurricanes. Five of the hurricanes are expected to be intense.

The AccuWeather analyst predicted 13 or 14 named storms, and said six or seven would likely strike the US coast. The Texas Gulf coast was considered twice as likely to be hit by a hurricane as in a normal year, while the likelihood of Florida being hit was said to be four times as great as usual.

National gasoline prices are likely near their peak, the Energy Information Administration (EIA) said in a 9 May report. According to the report, average US gasoline prices in a 7 May survey were $3.054/gal. However, the EIA predicted gasoline prices in June and July would likely dip under $3/gal.

Antifreeze grade propylene glycol

The US PGAF market was quiet during the week, with prices unchanged after falling demand was offset by tight supply and robust feedstock costs.

USP grade propylene glycol

Weekly activity produced no change to the USP grade market amid sentiment for higher prices on rising feedstock costs.

Large-volume buyers were said to be receiving some discounting from the price range in the table above, but smaller buyers had little bargaining power and were paying in the top half of the prices listed.

This week on ICIS news (www.icis.com):
10 May 07 21:56 US RGP continues slide amid rising supply
10 May 07 18:40 US Q1 propylene inventories fall as prices rise
10 May 07 18:39 Q1 US PP exports rise by 62.3% over 2006
09 May 07 22:20 BrasilPlast '07: Suzano unveils eight PP products
08 May 07 22:36 Spot US RGP softens amid falling gasoline

FEEDSTOCK PRICES (CONTRACT)

Click for Price History				Price Range		One year ago
PROPYLENE	C GRADE MAY	US CTS/LB	+4.00	**52.00-52.00**	+4.00	48.00-48.00
PROPYLENE OXIDE	FOB LIST MAY	US CTS/LB	n/c	**114.0-120.0**	n/c	0.0-0.0

For details, contact rolandkester.cher@icis.com or call +65 6780 4353

Price history | Related reports | Full report list | Price Alert | Plant performance data
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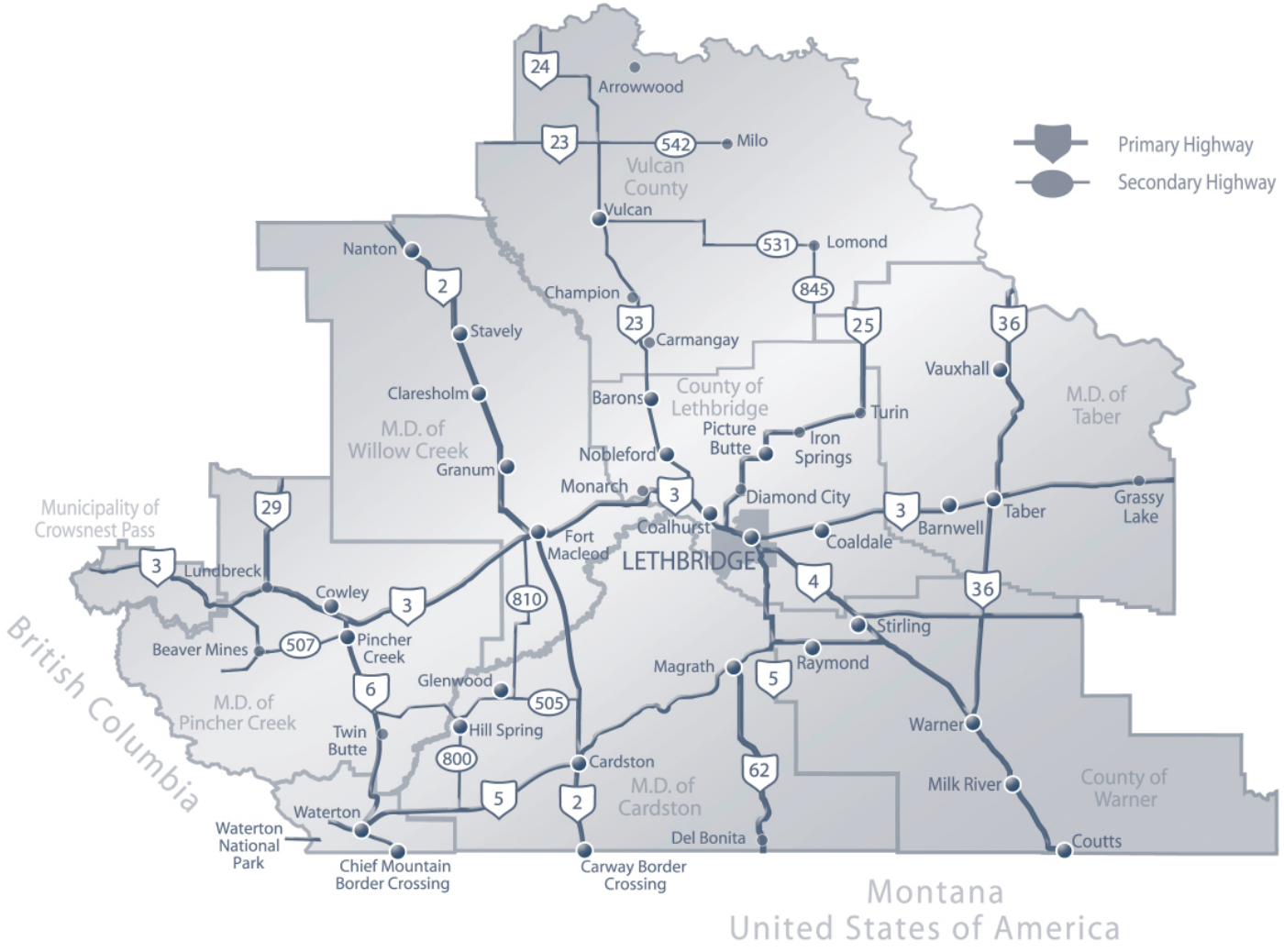
Primary Highway
Secondary Highway
Arrowwood
Milo
Vulcan County
Vulcan
Lomond
Nanton
Champion
Stavely
Carmangay
Claresholm
Barons
County of Lethbridge
M.D. of Willow Creek
Picture Butte
Iron Springs
Turin
Vauxhall
M.D. of Taber
Nobleford
Granum
Monarch
Diamond City
Municipality of Crowsnest Pass
Fort Macleod
Coalhurst
LETHBRIDGE
Coaldale
Barnwell
Taber
Grassy Lake
Lundbreck
Cowley
Stirling
Beaver Mines
Pincher Creek
Magrath
Raymond
Glenwood
M.D. of Pincher Creek
Twin Butte
Hill Spring
Warner
Cardston
M.D. of Cardston
Milk River
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Waterton National Park
Del Bonita
Coutts
Chief Mountain Border Crossing
Carway Border Crossing
British Columbia
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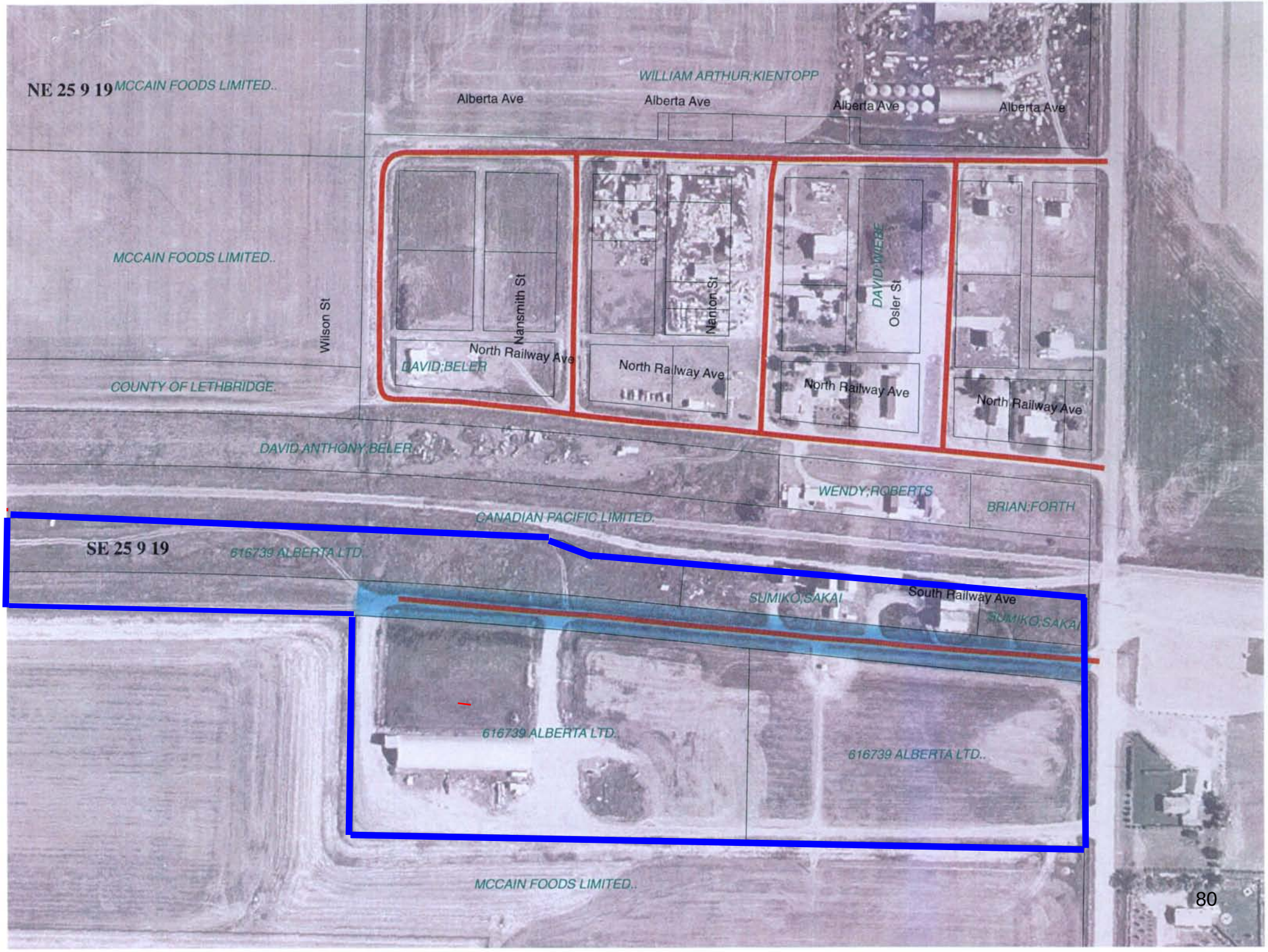
NE 25 9 19
MCCAIN FOODS LIMITED..
WILLIAM ARTHUR;KIENTOPP
Alberta Ave
Alberta Ave
Alberta Ave
Alberta Ave
MCCAIN FOODS LIMITED..
Wilson St
Nansmith St
Nanion St
DAVID;WIEBE
Osler St
North Railway Ave
DAVID;BELER
North Railway Ave
North Railway Ave
North Railway Ave
COUNTY OF LETHBRIDGE.
DAVID ANTHONY;BELER
WENDY;ROBERTS
BRIAN;FORTH
CANADIAN PACIFIC LIMITED.
SE 25 9 19
616739 ALBERTA LTD.
SUMIKO;SAKAI
South Railway Ave
SUMIKO;SAKAI
616739 ALBERTA LTD.
616739 ALBERTA LTD..
MCCAIN FOODS LIMITED..

East View of BFuel Chin Lakes site with rail access on north boundary

10,000 sq.ft. Quonset building included in property

May 14, 2007

RE: BFuel Canada Funding Application

To Whom It May Concern:

This letter is an emphatic endorsement of BFuel Canada's decision to establish a bio-diesel processing facility in the Lethbridge region. Glenn Collick and his partners have invested considerable time, money and effort in carefully considering this opportunity and planning for its success. As a result, the office of Economic Development Lethbridge (EDL) is committed to supporting BFuel Canada for the following reasons.

We have worked closely with BFuel Canada since June 2006 to encourage an investment of this type in our region. It has been our pleasure to assist them throughout the process and provide the support they required to reach their objectives. We believe this project is a long-term, value-added initiative that will reduce harmful greenhouse gas emissions while creating a new source of energy.

We believe, as does the Canada West Foundation, that our provincial energy economy can benefit from diversification into more alternative energy sources. From this, we have partnered with two other economic development organizations in southern Alberta to form the Southern Alberta Alternative Energy Partnership (SAAEP). We believe this region has the opportunity to be a leader in alternative energy production and manufacturing. BFuel Canada is an exceptional example of the quality organizations we are attracting to the area.

Further, BFuel Canada has partnered with the SAAEP to acquire federal funding through the Biodiesel Opportunities for Producers Initiative (BOPI) to execute a variety of alternative energy initiatives. As a result BFuel Canada is in the process of managing an intensive Bio-Diesel feasibility study on behalf of the SAAEP. They also assisted in attracting 13 local agricultural producers to financially support BOPI initiatives and have been involved in the Green Growth Plan designed to gauge the compatibility of alternative energy development in southern Alberta.

In summary, this is an important rural development opportunity that has economic, environmental and long-term societal benefits through emissions reduction, energy creation and advanced technology application. Economic Development Lethbridge is pleased to be working with this company and we look forward to their ultimate success. If we can be of further assistance or provide additional information, please feel free to contact me.

Sincerely,

Cheryl Dick

Cheryl Dick
Chief Executive Officer
Economic Development Lethbridge

chooselethbridge

Southern Alberta Alternative Energy Partnership

*The **SAAEP** is a partnership between Economic Development Lethbridge, SouthGrow Regional Initiative and Alberta SouthWest Regional Alliance to promote this region as a leader in alternative energy production and manufacturing.*

News Release…11:00 a.m. – April 11, 2007

SAAEP AND PARTNERS RECEIVE $300,000 GRANT FROM FEDERAL GOVERNMENT TO SUPPORT INITIATIVE

The Southern Alberta Alternative Energy Partnership (SAAEP) is pleased to announce that the initiative has received a $300,000 grant under Agriculture Canada's Biofuels Opportunities for Producers Initiative (BOPI). This grant was made possible through an additional $100,000 in support from industry partners and area agriculture producers *(see attached partners listing)*.

John Kolk, chair of the SAAEP Advisory Committee, says, "This funding solidifies the planned initiatives of the SAAEP and will allow us to engage the region in expanding alternative energy projects. We appreciate the growing industry interest and the investment of our partners in this initiative. Together, we believe we can make a difference in the global energy and environmental challenges by becoming more self-sufficient energy users."

Rick Casson, Member of Parliament for Lethbridge, says, "The federal government has launched a number of initiatives lately to support and stimulate alternative energy project development. It is exciting to see this region of Alberta taking a leadership position. As a result of the collaborative approach of the sponsors of the Southern Alberta Alternative Energy Partnership, they have been able to attract maximum grant funding from the BOPI fund. This is a model for the future and, along with my colleagues in southcentral and southwestern Alberta, I'm looking forward to the future of renewable energy sources as it relates to agriculture in this region."

The funds will be used to complete feasibility and capacity studies on bio-fuel opportunities as well as to conduct an extensive public consultation program throughout the region. The studies focus specifically on opportunities for industry and producers in these areas:

- A bio-diesel feasibility study, being managed by project partner BFuels Canada Corp.
- A feasibility study re ethanol production, focused on the use of wet distillers grains, the role of sugar beets in ethanol production and the economics of consumer up-take and distribution networks.
- A "waste-to-energy" report that explores the economics of turning ag by-products such as manure, animal carcasses and SRM's, into energy.

Interested industry leaders will be able to use the studies to determine growth opportunities while the public consultation process will result in recommendations for a 'Green Growth Plan' for southcentral and southwestern Alberta *(see separate news release attached)*.

President of BFuel Canada Corp. Glenn Collick, one of the industry partners who invested in the project to support the grant application, says, "Our company is pleased to be a participant in this opportunity to build on regional economic strengths. We see southern Alberta as a catalyst for the diversification of Canadian energy sources, ultimately resulting in a cleaner environment and more choice for consumers."

The application for the funding was submitted by the SouthGrow Regional Initiative on behalf of the Southern Alberta Alternative Energy Partnership, which represents 37 regional communities. More information on the SAAEP is at www.saaep.ca.

For more information, contact:
John Kolk
Chair, SAAEP
(403) 330-9479

Biofuels Opportunities for Producers Initiative (BOPI) and Southern Alberta Alternative Energy Partnership PARTNERS LISTING

Agriculture & Food Council – The Catalyst
Agriculture and Agri-Food Canada / Agriculture et Agroalimentaire Canada
Canada

Agriculture and Agri-Food Canada *is a department of the Government of Canada. The Biofuels Opportunities for Producers Initiative (BOPI), an initiative under the Advancing Canadian Agriculture and Agri-Food (ACAAF) Program, is designed to help farmers and rural communities hire experts who can assist in developing business proposals and undertake feasibility and other studies necessary to create and expand biofuels production capacity involving significant (greater than one-third) ownership by agricultural producers.*

BFuel CANADA CORP.

BFuel Canada Corp is a Vancouver-based company created to represent the new direction in energy supply, conservation and emission reductions which Canada and the world has embraced in a bid to curb increased use of fossil fuels. www.bfuelcanada.com

Visionary Local Agriculture Producers

14 Agriculture Producers *from the SAAEP region committed to the BOPI funding projects as well. They are:*

John Cailliau	*Brad Cook*	*Eddy Cooke*
Tim Ewing	*Herb Groenenboom*	*Mike Gross*
Leighton Kolk	*Douglas McClennand*	
Dennis Olson	*Rick Paskal*	*Ben Walter*
Brian Yagos	*Brian Zoratti*	

SouthGrow Regional Initiative — Southwest Alberta — Economic Development Lethbridge

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

CANADA: GRAINS AND OILSEEDS OUTLOOK

May 29, 2007

Total production of grains and oilseeds (G&O) in Canada is forecast by Agriculture and Agri-Food Canada to increase by 3% from 2006-07, to 66.3 million tonnes (Mt), versus the 10-year average of 59.8 Mt. Higher area seeded to durum wheat, coarse grains and oilseeds is estimated by Statistic's Canada to be partly offset by lower area seeded to wheat ex-durum. Normal abandonment, trend yields and crop quality are assumed. In general, soil moisture reserves are adequate. Production is forecast to increase slightly to 49.2 Mt in western Canada and 17.2 Mt in eastern Canada. The total supply of G&O in Canada is forecast to decline by about 5% due to lower carry-in stocks, as supported by Statistics Canada's March 31, 2007 report on stocks. Lower exports of wheat and coarse grains are expected to be only partly offset by higher exports of oilseeds. Despite lower supply, domestic use is forecast to increase from the historical high of 2006-07. Carry-out stocks are forecast to fall by 9%. World G&O prices are expected to remain high due the strength of the biofuel sector in the US and the European Union (EU). Canadian prices will continue to be under pressure from the strong Canadian dollar relative to the US dollar. The main factors to watch are exchange rates, petroleum prices, weather and growing conditions in Canada and the major importing and exporting countries.

DURUM

For 2007-08, production is forecast to increase by 17%, but remain below the 10-year average of 4.6 Mt. However, supply is expected to decrease significantly to 5.9 Mt, the lowest since 2003-04, due to lower carry-in stocks. Exports are forecast to fall by 12% to 3.8 Mt, due to reduced supply and increased competition from other exporters. Carry-out stocks are forecast to fall by 21%, to the lowest level since 1997-98. The CWB Pool Return Outlook (PRO) for No.1 CWAD 11.5% has been lowered by $7/t from the April forecast, due to the stronger Canadian dollar, and is now $212/t I/S VC/SL vs. $217/t expected for 2006-07. The premium for durum is $12/t above CWRS.

WHEAT (ex-durum)

Production is forecast to decline by 15%, with farmers shifting area into durum wheat, canola, oats and barley. Industrial use is expected to increase as new ethanol plants come on-line in western Canada. Exports are forecast to decline by 20% due to reduced supply and increased domestic demand Carry-out stocks are forecast to fall by 18%. The CWB PRO for No.1 CWRS 11.5% is down by $7/t from last month, to $200/t I/S VC/SL vs. $212/t for 2006-07, due to the stronger outlook for the Canadian dollar.

BARLEY

Production is forecast to increase by 20%, due to higher area and yields, but supply is expected to increase only slightly due to significantly lower carry-in stocks. Slightly higher exports are forecast to be more-than offset by lower domestic use so that carry-out stocks increase by 6%. The average off-Board feed barley price (No. 1 CW I/S Lethbridge) is forecast to decrease to $160/t from $165/t expected for 2006-07.

CORN

Production is forecast to increase by 24% to a new record, as area shifts into corn from wheat and other crops. Imports are forecast to decrease by 24% as a result of significantly higher domestic supply. Corn use for ethanol production is forecast to increase by 34% while feed use increases only slightly. Carry-out stocks are forecast to rise by 12%. The average price at Chatham elevator is forecast to increase to $160/t, from $140/t expected for 2006-07, largely due to higher US corn prices and normal crop quality.

OATS

Production is forecast to rise by 22% due to larger seeded area and yields. Supply is expected to increase by 9% as higher production more than offsets lower carry-in stocks. Exports are forecast to decline by 5% from the record high set in 2006-07, as exports from the EU recover from the low production of 2006-07. Although feed use is expected to rise, carry-out stocks are forecast to increase significantly. The average nearby Chicago Board of Trade futures price for oats is forecast to fall to $170/t from $190/t expected for 2006-07.

CANOLA

Production is forecast to increase by 8% to a record 9.8 Mt as higher seeded area more than offsets lower yields. Supply is expected to increase to a record 11.7 Mt, as the higher output more than offsets lower carry-in stocks. Exports are forecast to increase by 6% to a new record of 6.0 Mt. . Domestic crush is expected to increase by 6%, as plants under construction begin operation during the crop year. Carry-out stocks are forecast to decrease but remain historically high. The average cash price of canola is forecast to increase to $380/t from $365/t expected for 2006-07.

FLAXSEED (excluding solin)

Production is expected to decrease sharply due to lower area seeded. However, the decline in supply is expected to be moderated by higher carry-in stocks. Exports are forecast to remain unchanged on stable EU demand and lower US output. Total domestic use is forecast to decline. Carry-out stocks are expected to remain high at 0.25 Mt vs. the 10-year average of 0.20 Mt. The average price is forecast to increase to $340/t, from $295/t expected for 2006-07, on support from higher world vegetable oil and crude oil prices.

SOYBEANS

Production is forecast to decline by 16% due to lower area seeded and sharply lower yields. Supply is forecast to decrease by 8% as the drop in output is moderated by slightly higher carry-in stocks and higher imports. Exports are forecast to increase to a record high, while domestic crush rises by 5% to 1.6 Mt. Carry-out stocks are forecast to decrease sharply due to lower supply and the average Chatham price of soybeans is forecast to increase to $280/t from $260/t expected for 2006-07.

FURTHER INFORMATION:

Wheat ...Bobby Morgan (204) 984-0680
E-mail.....morganb@agr.gc.ca
Coarse Grains...Joe Wang 983-8461
E-mail.....wangjz@agr.gc.ca
Oilseeds....Chris Beckman.....984-4929
E-mail.....beckmac@agr.gc.ca
Fred Oleson, Chief 983-0807
E-mail .....olesonf@agr.gc.ca

www.agr.gc.ca/mad-dam

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DOE/EIA-0383(2007)
February 2007

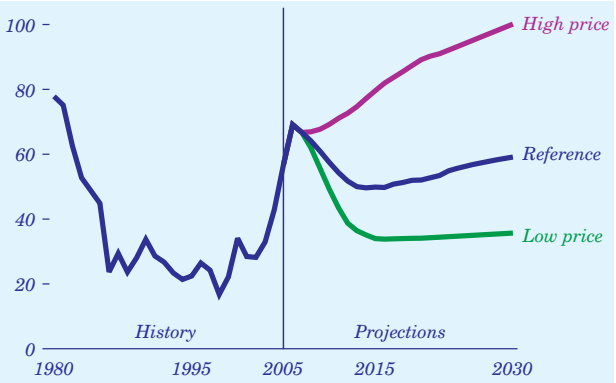
ANNUAL ENERGY OUTLOOK 2007

With Projections to 2030

www.eia.doe.gov
Energy Information Administration

Oil Price Cases Show Uncertainty in Prospects for World Oil Markets

Figure 29. World oil prices, 1980-2030 (2005 dollars per barrel)



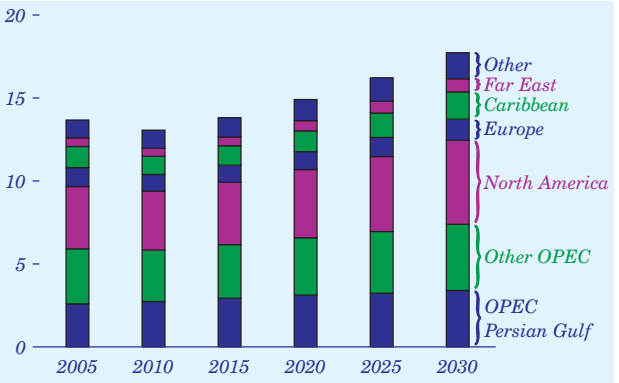
World oil price projections in the *AEO2007*, in terms of the average price of imported low-sulfur, light crude oil to U.S. refiners, are higher for 2006-2014 than those presented in the *AEO2006*. The higher price path reflects lower estimates of oil consumers' sensitivity to higher prices (given that the demand for oil has continued to grow despite the high prices of 2005-2006), an anticipation of lower levels of future investment in production capacity in key resource-rich regions due to political instability, access restrictions, and a reassessment of OPEC producers' ability to influence prices during periods of volatility.

The historical record shows substantial variability in world oil prices, and there is arguably even more uncertainty about future prices in the long term. *AEO2007* considers three price cases to illustrate the uncertainty of prospects for future world oil resources and economics. In the reference case, world oil prices moderate from current levels to about $50 per barrel in 2014, before rising to $59 per barrel in 2030 (2005 dollars). The low and high price cases reflect a wide range of potential world oil price paths, ranging from $36 to $100 per barrel in 2030 (Figure 29), but they do not bound the set of all possible future outcomes.

In all three price cases, non-OPEC suppliers produce at maximum capacity based on world oil price levels. Thus, the variation in price paths has the greatest impact on the need for OPEC supply in the long term. In 2030, OPEC is expected to supply 47.6 million barrels per day in the reference case and 54.7 million barrels per day in the low price case, but only 33.3 million barrels per day in the high price case—less than current OPEC production levels.

Oil Imports in 2030 Approach 18 Million Barrels per Day

Figure 30. U.S. gross petroleum imports by source, 2005-2030 (million barrels per day)



Total U.S. gross petroleum imports increase in the reference case from 13.7 million barrels per day in 2005 to 17.7 million in 2030 (Figure 30), deepening U.S. reliance on imported oil in the long term. In 2030, gross petroleum imports account for 66 percent of total U.S. petroleum supply in the reference case, up from 60 percent in 2005.

U.S. gross petroleum imports in the high world oil price case are 25 percent lower in 2030 than projected in the reference case, at 13.4 million barrels per day. The higher price assumptions lead to increased profitability from domestic production and reduced demand. In the low world oil price case, imports increase to 20.8 million barrels per day in 2030. The projected import shares of total U.S. petroleum supply in 2030 are 54 percent in the high price case and 72 percent in the low price case.

Of the increase in gross imports in the reference case, 37 percent comes from OPEC suppliers. West Coast refiners increase their imports of crude oil from the Far East, to replace a decline in Alaskan oil supplies. Canada and Mexico continue to be important sources of U.S. petroleum supply. Much of the Canadian contribution comes from the development of its enormous oil sands resource base.

Across the three price cases, U.S. gross petroleum imports shift toward heavier crude oil and fewer refined petroleum products. Vigorous growth in demand for lighter, low-sulfur petroleum in developing countries means that U.S. refiners are likely to import smaller volumes of low-sulfur, light crude oil and to increase the technical complexity of their refining operations.

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IEA sees oil supply crunch looming

Reuters

Monday, July 09, 2007

LONDON -- World oil demand will rise faster than expected to 2012 while production lags, leading to a supply crunch, the International Energy Agency said on Monday.

In its Medium-Term Oil Market Report, the adviser to 26 industrialized countries said demand will rise by an average 2.2% a year between 2007 and 2012, up from a previous medium-term forecast of 2%.

The outlook, which updates an IEA forecast last issued in February, coincides with a jump in oil prices to more than US$75 a barrel, closing in on a record high near US$79, on concerns of a tightening market.

CREDIT: (Photo: Getty)

IEA now expects global demand to reach 95.8 million barrels per day (bpd) from 86.1 million bpd in 2007.

"Despite four years of high oil prices, this report sees increasing market tightness beyond 2010," the IEA said.

"It is possible that the supply crunch could be deferred -- but not by much."

The IEA's previous Medium-Term report called for world demand growth of 2% a year between 2006 and 2011.

It now expects global demand to reach 95.8 million barrels per day (bpd) from 86.1 million bpd in 2007. The forecast assumes average global GDP growth of 4.5% annually.

"The results of our analysis are quite strong," said Lawrence Eagles, head of the IEA's Oil Industry and Markets Division. "Something needs to happen."

"Either we need to have more supplies coming on stream or we need to have lower demand growth."

The Paris-based IEA also said additional global refining capacity over the next five years will lag earlier expectations as rising costs and a shortage of engineers delay construction.

It said world production of biofuels would reach 1.75 million bpd by 2012, more than double 2006 levels, but the fuel will remain marginal as economics hobble further growth.

LOWER OPEC CAPACITY

Oil prices pared an earlier loss after the report was released. Brent crude was unchanged at $75.62 a barrel as of 1247 GMT.

The report points to a greater reliance on the Organization of the Petroleum Exporting Countries, source of more than a third of the world's oil.

While foreseeing higher demand, the IEA expects less supply to come from producers outside OPEC and the agency also trimmed a forecast for the 12-member group's unused production capacity.

"A stronger demand outlook, together with project slippage and geopolitical problems has led to downward revisions of OPEC spare capacity by 2 million bpd in 2009," said the report.

The forecast assumes no net expansion of capacity from Iran, Iraq and Venezuela and that the 500,000 bpd of Nigerian production that has been shut for a year will not reopen during the next five years.

Ten OPEC members began cutting production last year to stem a drop in prices. The IEA in its Monthly Oil Market Report has for the past four months urged OPEC to open the taps to avoid over-tightening the market.

Some analysts say the agency is being alarmist and that its warnings about supplies are actually leading to higher prices.

"The International Energy Agency has put such a fear premium in the market that crude futures remain bought no matter what," said Olivier Jakob of Petromatrix.

The IEA said fundamentals of supply and demand are prompting price gains.

"The simple thing is we are there to project the market as we see it," Eagles said. "The price response is due to fundamentals. We are simply pointing out the fundamentals. That's our job."

PLATEAU OIL

The IEA trimmed its forecast for supply from non-OPEC producers by 800,000 bpd in 2011, partly because of project delays, and touched on the thorny subject that oil supplies are nearing a peak.

"Certainly our forecast suggests that the non-OPEC, conventional crude component of global production appears, for now, to have reached an effective plateau, rather than a peak," the report said.

Falling output at aging fields and setbacks such as 2005's hurricanes in the Gulf of Mexico have slowed growth in non-OPEC output in recent years.

Lower supply from non-OPEC countries and rising demand will boost the requirement for OPEC oil.

The IEA said demand for OPEC crude, or the call on OPEC, will rise to 34.7 million bpd in 2011, up 1.3 million bpd from the previous projection.

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Budget news & BFuel Canada Corp

2007 Federal Budget

A Cleaner, Healthier Environment

Investing in Cleaner Fuels

Renewable fuels are cleaner fuels that reduce air pollution and lower greenhouse gas emissions. The Government recently announced a regulation requiring a 5 per cent average renewable content, such as ethanol, in Canadian gasoline by 2010. The Government also intends to develop a regulation for diesel fuel and heating oil to contain 2 per cent average renewable content, such as biodiesel, by 2012, once it has been verified that the new blended fuel is safe and effective for our Canadian climate and conditions. Renewable fuel production is a new market opportunity for farmers and rural communities. Budget 2006 included $365 million to assist farmers in realizing opportunities through agricultural bioproducts, including renewable fuels.

To meet the requirements of the proposed regulations, over 2 billion litres of renewable fuels will be required, creating tremendous business opportunities for Canadian renewable fuel and agricultural producers. Budget 2007 invests up to $2 billion in support of renewable fuel production in Canada to help meet these requirements, including up to $1.5 billion for an operating incentive and $500 million for next-generation renewable fuels.

Up to $1.5 billion over seven years will be allocated towards an operating incentive to producers of renewable alternatives to gasoline, such as ethanol, and renewable alternatives to diesel, such as biodiesel, under conditions where industry requires support to remain profitable. Incentive rates will be up to $0.10/L for renewable alternatives to gasoline and up to $0.20/L for renewable alternatives to diesel for the first three years, then decline thereafter.

In order to ensure companies do not earn excessive profits, government support will not be provided when rates of return exceed 20 per cent, determined annually. Support under the program to individual companies will be capped to ensure that benefits are provided to a wide range of participants in the sector—not just the largest oil-producing companies.

Budget 2007 also makes $500 million over seven years available to Sustainable Development Technology Canada to invest with the private sector in establishing large-scale facilities for the production of next-generation renewable fuels. Next-generation renewable fuels—produced from agricultural and wood waste products such as wheat straw, corn stover, wood residue and switchgrass—have the potential to generate even greater environmental benefits than traditional renewable fuels. Canada is well positioned to become a world leader in the development and commercialization of next-generation fuels.

(Excerpt from federal budget March 19, 2007)

Biofuel plant plans unveiled. Wednesday, 16 May 2007

After those who attended BFuel Canada Corp's open house on the crushing and biodiesel refining facility off of Highway 3 near the Hamlet of Chin did not have objections to the plant being built, the project is going ahead.

By Jennifer Elves; Taber Times

The plant, which is anticipated to be between 14,000 and 15,000 square feet, is the first plant to be built in Canada to include a crush portion and be on a commercial scale. The facility will consist of two main processing areas, including a crush plant, where the canola seed will be crushed and the oil will be extracted. Oil from the crush plant will be transported to the other area, which will be a biodiesel refinery plant. The byproduct from the first area will be canola meal with a high protein content, and will be sold as feedstock.

"We are quite in favour of it coming," said Darlene Beler, who resides close to where the plant is going to be constructed. "If the extraction (of the oil) was a toxic method, then it would be a different story."

Beler and her husband attended the open house last Wednesday in the Cranford Hall because they wanted to learn about the plant's location, its operation and the method for extracting oil from the canola.

"Number one it will put Chin on the map. It will certainly give a boost to the economy and there will be jobs available to certain people. Possibly, there could be a little boom (to Chin). Economically, it will be a good thing." She added from representatives at the gathering, she learned there will not be any odour or noise from the plant. The most the biodiesel plant will produce in a year will be 40 million litres. Between 250 and 300 tonnes of canola seed will go into the plant daily.

Along with the main plant areas, three supporting storage areas will be part of the facility. The storage spaces will be for unprocessed seed, to store and unload the canola meal to be shipped out to wherever it will be used to feed animals and to store the biodiesel at the end of the whole plant.

K.D. Takeda, principal engineer for Trimark Engineering, added the project is still in the beginning planning stages and further details will be worked out during the detailed engineering design phase. At the open house, those in attendance were assured there will be future information sessions held.

"We have no hidden agenda. We wanted to make sure residents of Chin understood exactly what we are doing. We didn't want them to hear (about) it in the coffee shop," said LeRoy Fjordbotton of Silverwood Ventures Ltd. "People were very much in favour of it. We were very pleased the people in Chin and the farmers were excited about it. They were excited to be involved. We didn't have one concern raised."

Fjordbotton added there is opportunity for farmers to buy a portion of the plant.

"We want it to be the farmers' plant is what we want it to be."

He said the land for the operation has been secured and now the next step will be making sure every aspect of the plant is covered before moving ahead. He said those working on the project will be confirming whether the location is right and will make sure there is an adequate water supply in the area, before construction begins.