BIOPOWER INVESTMENT CORPORATION

OFFERING MEMORANDUM

Dated for reference May 11, 2015

OFFERING MEMORANDUM
Date: May 11 2015

BIOPOWER INVESTMENT CORPORATION
(the "**Corporation**")

#301-958 West 8th Avenue, Vancouver BC V5Z 1E5
T: 604-568-9869 F: 604-568-9830
E: general@smgasset.ca

Currently Listed or Quoted?	**These securities do not trade on any exchange or market.**
Reporting Issuer?	No
SEDAR Filer?	No

The Offering

Securities Offered:	Class "B" non-voting common shares (the "**Class B Shares**")
Price per Security:	$10 per Class B Share
Maximum/Minimum Offering:	$25,000,000 maximum offering (the "**Offering**") through the sale of up to 2,500,000 Class B Shares. **There is no minimum. Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**
Minimum Subscription Amount: (Canadian Residents)	$15,000 through the purchase of one thousand, five hundred (1,500) Class B Shares (or such lesser amount as the Corporation, in its sole discretion, may accept). No partial shares may be purchased.
Payment Terms:	Payment for the Class B Shares must be made in full by certified cheque, bank draft, electronic funds transfer, or other means satisfactory to the Corporation. Payment must be made to the Corporation upon execution of an agreement (the "**Subscription Agreement**") or at such later date determined by the General Partner in its sole discretion. See Item 5.2 – ***"Subscription Procedure"***.
Proposed Closing Date(s):	Continuous offering until the maximum Offering is achieved. Closings may occur from time to time as subscriptions are received. However, it is anticipated that the closings will occur on each of June 30, 2015, September 30, 2015, December 31, 2015 and March 31, 2016.
Income Tax Consequences	There are important tax consequences to these securities. See Item 6 – ***"Income Tax Consequences and RRSP Eligibilities"***.

Selling Agent:	Yes. See Item 7 – ***"Compensation Paid to Sellers and Finders"***.

Eligibility for Investment: Provided the Corporation qualifies as a "public corporation" that is not a "mortgage investment corporation" (all within the meaning of the Tax Act) and subject to the Deferred Plans' investment policies, the Class B Shares, when issued, will be a qualified investment under the Tax Act for Deferred Plans, and, as such, any dividends received or receivable on the Class B Shares or gains realized upon a disposition or deemed disposition of the Class B Shares will not be taxable to Deferred Plans. If at any time the Class B Shares are a prohibited investment for an RRSP, RRIF or TFSA, the annuitant of the RRSP or RRIF or the holder of the TFSA, as the case may be, may be subject to adverse tax consequences. See "**Item 6.** ***Income Tax Consequences and Deferred Plans Eligibility***" and "**Item 8. Risk Factors – Tax Aspects**".

Resale Restrictions: You will be restricted from selling your securities for an indefinite period. See Item 10 – ***"Resale Restrictions"***.

Purchasers' Rights: You have two (2) business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 – ***"Purchasers' Rights"***.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 – *"Risk Factors".*

The Corporation is a company formed under the laws of the Province of British Columbia and was formed for the sole purpose of acquiring Class A Units (the "**Partnership Units**") of SMG BioPower Limited Partnership (the "**Limited Partnership**").

The Limited Partnership is a limited partnership formed under the laws of the Province of British Columbia. The affairs of the Limited Partnership are governed by a limited partnership agreement (the "**Limited Partnership Agreement**") dated for reference the 13th day of March, 2015 and are subject to certain restrictions contained therein. BioPower Drytec Corp., the General Partner, (the "**General Partner**"), has exclusive authority to administer, manage, control and generally carry on the business of the Limited Partnership.

The Limited Partnership intends to use the available funds pursuant to this Offering for the purposes described in the Limited Partnership Offering Memorandum, which is attached to this Offering Memorandum as Schedule A.

This Offering Memorandum does not constitute, and may not be used for or in conjunction with, an offer or solicitation of the Class B Shares by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized by us or to any person to whom it is unlawful to make such an offer or solicitation, and this Offering Memorandum is not, and under no circumstances is to be construed as, a public offering or advertisement of the Class B Shares. You should inform yourself of, and observe all, legal requirements and restrictions of your jurisdiction of residence in respect of the acquisition, holding and disposition of the Class B Shares hereby offered.

The Class B Shares offered by this Offering Memorandum will be issued only on the basis of information contained in this Offering Memorandum and provided by the Corporation in writing, and no other information or representation is authorized or may be relied upon as having been authorized by the Corporation. Any subscription for the Class B Shares hereby offered made by any person on the basis of statements or representations not contained in this Offering Memorandum or so provided, or inconsistent with the information contained herein or therein, shall be solely at the risk of such person. Neither the delivery of this Offering Memorandum at any time nor any sale to you of any of the Class B Shares hereby offered shall, under any circumstances, constitute a representation or create any implication that there has been no change in the business and affairs of the Corporation since the date of the sale to you of the Class B Shares hereby offered or that the information contained herein is correct as of any time subsequent to that date.

This Offering Memorandum is highly confidential and has been prepared solely for delivery to and review by selected prospective purchasers of the Class B Shares hereby offered. This copy of the Offering Memorandum is personal to you and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the Class B Shares hereby offered. The distribution of this Offering Memorandum to any person other than you and those persons, if any, retained to advise you with respect hereto is unauthorized, and any disclosure of any of its contents without the prior written consent of the General Partner is prohibited. **By accepting delivery of this Offering Memorandum, you agree to the foregoing and undertake to make no photocopies of or to otherwise reproduce, in whole or in part, this Offering Memorandum or any documents relating hereto and, if you do not purchase any of the Class B Shares hereby offered or if the Offering is terminated, you agree to promptly return this Offering Memorandum and all such documents to the Corporation, if so requested by the Corporation.**

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GLOSSARY

In this Offering Memorandum, unless the context otherwise requires, the following words or expressions have the following meanings:

"**Act**" means the Securities Act (British Columbia);

"**BCSC**" means the British Columbia Securities Commission;

"**Class B Shares**" means Class B common shares in the authorized share structure of the Corporation being offered for sale under the Offering;

"**Corporation**" means BioPower Investment Corporation;

"**Deferred Plan**" means an RRSP (including a locked-in retirement account or a locked-in retirement savings plan which qualifies as an RRSP), an RRIF (including a life income fund or a locked-in retirement income fund which qualifies as an RRIF), an RESP, a DPSP, an RDSP or a TFSA;

"**General Partner**" means BioPower Drytec Corp., the general partner of the Limited Partnership;

"**IFRS**" means the International Financial Reporting Standards;

"**Insider of the Corporation**" means a person who would be an "insider of a corporation" as defined in Regulation 4803(1) of the Tax Act if the references therein to "corporation" were read as references to the Corporation;

"**Investment Mandates**" means the investment mandates of the Limited Partnership, as described in the Limited Partnership Offering Memorandum;

"**Limited Partners**" means the limited partners of the Limited Partnership;

"**Limited Partnership**" means SMG BioPower Limited Partnership;

"**Limited Partnership Agreement**" means the limited partnership agreement made as of March 13, 2015;

"**Limited Partnership Offering Memorandum**" means SMG BioPower Limited Partnership Offering Memorandum attached to this Offering Memorandum as Schedule A;

"**Offering**" means the offering of up to 2,500,000 Class B Shares at $10 per Class B Share;

"**Partnership Units**" means Class A Units of the Limited Partnership, having the characteristics described in the Limited Partnership Offering Memorandum;

"**Regulations**" means the principal Canadian federal income tax considerations under the Tax Act and the regulations thereto;

"**Shareholder**" means individuals (including trusts) and corporations holding Class B Shares;

"**Subscription Agreement**" means the agreement for the subscription of Class B Shares; and

"**Tax Act**" means the *Income Tax Act* (Canada).

FORWARD LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. These statements relate to future events of the Corporation and the Partnership's future performance. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "targeting", "intend", "could", "might", "continue" or the negative of these terms or other comparable terminology. These statements are only predictions. In addition, this Offering Memorandum may contain forward-looking statements attributed to third-party industry sources. Undue reliance should not be placed on these forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking statements contained in this Offering Memorandum are expressly qualified by this cautionary statement. The Corporation is not under any duty to update any of the forward-looking statements after the date of this Offering Memorandum to conform such statements to actual results or to changes in the Corporation's expectations except as otherwise required by applicable legislation.

INTRODUCTION

This continuous offering (the "**Offering**") by the Corporation consists of a maximum of 2,500,000 Class B Shares. The Corporation was formed on April 13, 2015 pursuant to the laws of British Columbia. The Corporation was formed for the sole purpose of acquiring Partnership Units of the Limited Partnership and reference should be made to the Partnership Offering Memorandum attached as Schedule A to this Offering Memorandum.

Throughout this Offering Memorandum, we describe the business and financial position of the Corporation. The audited financial statements of the Corporation as of April 17, 2015 are included in this Offering Memorandum under Item 12 – ***"Financial Statements"***. These financial statements are described in Canadian dollars and expressed in accordance with International Financial Reporting Standards ("**IFRS**").

Item 1. Use of Available Funds

1.1 *Available Funds*

		Assuming min. Offering[(1)]	Assuming max. offering
A.	Amount to be raised by this Offering	$0	$25,000,000
B.	Selling commissions and fees[(2)]	$0	$3,750,000
C.	Estimated offering costs (e.g., legal, accounting, audit)	$50,000	$250,000
D.	Available funds: D = A - (B+C)	($50,000)	$21,000,000
E.	Additional sources of funding (existing cash)	$100 (as at April 17, 2015)	$100 (as at April 17, 2015)
F.	Working capital deficiency	($49,900)	$0
G.	Total: G = (D+E) - F	($49,900)	$21,000,100

(1) There is no minimum offering. The Corporation will issue Class B Shares on a continuous basis to investors at a Subscription Price of $10 per Class B Share. Refer to Item 4.3 - ***"Prior Sales"***.

(2) The Corporation may engage an authorized Selling Agent(s) in any territory of Canada, the United States, or another foreign jurisdiction where a distribution of Class B Shares pursuant to this Offering Memorandum is authorized. The maximum commission or fee payable to such Selling Agent will be 15% of the Subscription Price. Refer to Item 7 - ***"Compensation Paid to Sellers and Finders"***.

1.2 *Use of Available Funds*

We plan to spend the available funds from the Offering as follows:

Description of intended use of available funds listed in order of priority[(2)]	Assuming Min. Offering	Assuming Max. Offering
General, administrative, legal and accounting (5 years) estimated at $100,000 per year	$0	$500,000
The remaining available funds of this Offering shall be used to purchase Partnership Units. **See Item 2.2 Our Business**	$0	$20,500,100

1.3 *Reallocation*

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons. See Item 2.2 - ***"Our Business"***.

Item 2. Business of the Corporation

2.1 *Structure*

The Corporation is a corporation incorporated under the BCA pursuant to a Certificate of Incorporation dated April 13, 2015. The Corporation's head office is located at #301 – 958 West 8th Avenue, Vancouver British Columbia, V5Z 1E5 and its registered office is located at Suite 2600, 1066 West Hastings Street, Vancouver, British Columbia V6E 3X1.

The authorized share structure of the Corporation consists of an unlimited number of Class B Shares and an unlimited number of Class A common shares ("**Class A Shares**"). The Class A Shares have a par value of $1.00 and are voting shares but are not entitled to dividends. In addition, upon liquidation or dissolution of the Corporation, the Class A Shares are entitled only to receive the amount paid up on the Class A Shares.

The Class B Shares have a par value of $10.00, are non-voting and are entitled to dividends if, and when, declared by the directors of the Corporation. In addition, upon liquidation or dissolution of the Corporation, the Class B Shares are entitled to receive the amount paid-up on the Class B Shares together with any declared but unpaid dividends to which the holder is entitled. Thereafter, the holders of the Class B Shares will be entitled to receive and share among themselves equally, on a per share basis, any property or assets of the Corporation remaining for distribution.

The Limited Partnership was formed in British Columbia on March 13, 2015 pursuant to a Certificate of Limited Partnership. The Limited Partnership is governed by the Limited Partnership Agreement and is subject to the provisions of the *Partnership Act*.

2.2 *Our Business*

2.2.1 *Current Business of the Corporation*

The primary business of the Corporation is to raise capital through the issuance of Class B Shares and to use such capital to purchase Partnership Units.

The Corporation is raising funds pursuant to this Offering for the purpose of purchasing Partnership Units in the Partnership pursuant to the Partnership Offering. As at the date of this Offering Memorandum, the Corporation has not yet raised any funds through the sale of Class B Shares or acquired any Partnership Units.

The Limited Partnership was formed in British Columbia on March 13, 2015 pursuant to a Certificate of Limited Partnership. A maximum of 2,500,000 Partnership Units at a price of $10 per Partnership Unit are being offered under the Partnership Offering Memorandum.

The Partnership intends to use the available funds raised pursuant to the Partnership Offering to pursue the Investment Mandates as described in the Partnership Offering Memorandum. **See Item 2.2 of the Partnership Offering Memorandum attached hereto as Schedule A.**

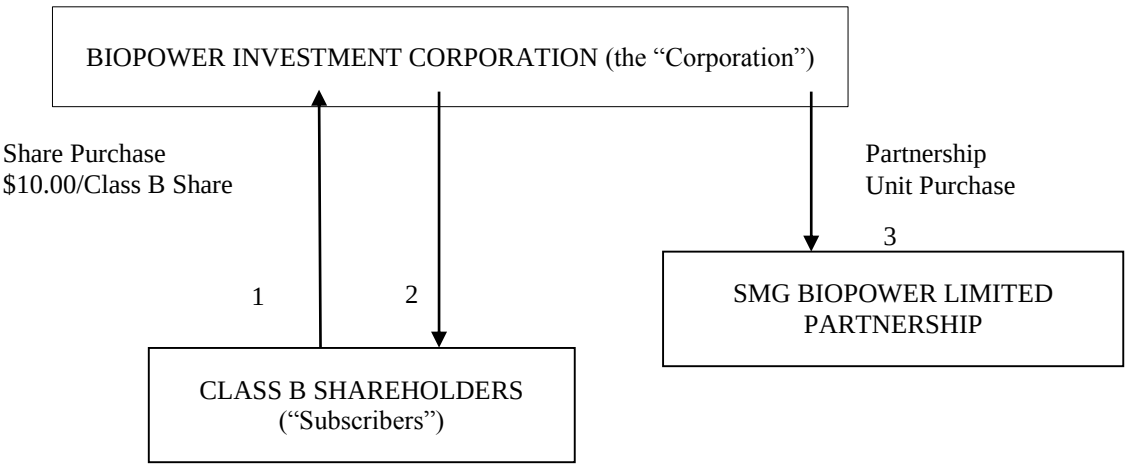
2.2.2 *Offering Structure*

The purpose of this Offering is to allow Subscribers to participate in an investment in the Partnership Units, indirectly through acquiring Class B Shares in the Corporation. **See Item 5.1 Terms of Securities.**

Subscribers are strongly encouraged to consult their tax advisors as to the tax consequences of acquiring, holding and disposing of the Class B Shares purchased pursuant to this Offering.

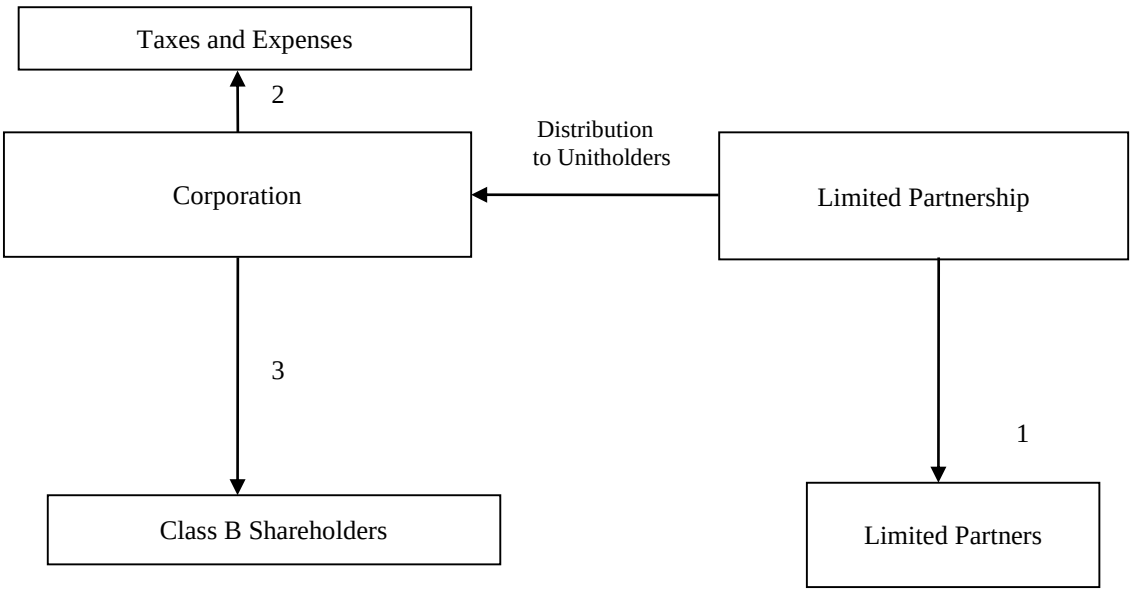
2.2.3 Investment Charts

The following represents the distribution of funds from a Subscriber pursuant to this Offering resulting in the acquisition of Partnership Units by the Corporation:



1. Subscribers advance subscription proceeds to the Corporation pursuant to this Offering.
2. The Corporation issues Class B Shares to Subscribers.
3. The Corporation acquires Partnership Units in the Partnership with the available funds of this Offering.

The following represents the proposed distribution of funds by the Partnership in the event of a cash distribution to holders of Partnership Units by the Partnership:



1. The Limited Partnership makes a distribution of proceeds to its Limited Partners (including the Corporation).
2. The Corporation pays its applicable taxes and expenses.
3. Profits are distributed to holder of Class B Shares if and when a dividend is declared by the Board of Directors of the Corporation. The holders of Class B Shares may be paid dividends solely out of all profits or surpluses related to the Corporation's holdings of Partnership Units available for distribution.

2.3 *Development of Business*

The Corporation was incorporated on April 13, 2015 pursuant to the BCA. Since formation, the business of the Corporation has been to raise capital through the issuance of Class B Shares and to use such capital to purchase Partnership Units.

2.4 *Short-Term Objectives and How We Intend to Achieve Them*

The Corporation has not yet raised any funds from the sale of Class B Shares or acquired any Partnership Units.

What we must do and how we will do it	**Target completion date or, if not known, number of months to complete**	**Our cost to complete**
Raise up to a maximum of $25,000,000 and use the available funds of this Offering to purchase Partnership Units.	0-18 months	$Nil*

*The Limited Partnership will pay the costs and expenses of this Offering using the funds generated by the sale of 250,000 Class B units.

2.5 *Long-Term Objectives*

The Corporation's long term goals are:

1. to complete the maximum Offering; and

2. to earn income from distributions to holders of Partnership Units acquired by the Corporation with proceeds from the issuance of Class B Shares and to distribute such income to investors by way of dividends on the Class B Shares.

2.6 *Insufficient Funds*

All proceeds of this Offering will be used to acquire Partnership Units pursuant to the Partnership Offering. The Corporation does not intend to hold any significant cash reserves. The proceeds of this Offering may not be sufficient to accomplish all of the Corporation's proposed objectives and there is no assurance that alternative financing will be available. Refer to Item 8 - ***"Risk Factors"***.

2.7 *Material Agreements*

The following are the key terms of all material agreements which the Corporation has or expects to enter into and can reasonably be regarded as being material to the Corporation or a prospective purchaser of the Class B Shares.

The Partnership Offering Memorandum

The Partnership Offering Memorandum is attached hereto as Schedule A. The Corporation was formed solely for the purpose of acquiring Partnership Units pursuant to the Partnership Offering Memorandum. The Partnership Offering Memorandum summarizes the terms of the Partnership Offering, the proposed business of the Partnership and some of the terms of the Partnership Agreement.

Subscribers under this Offering should review the Partnership Offering Memorandum with their legal and tax advisors. **Subscribers under this Offering will not have any rights under the Partnership Offering Memorandum.**

The Partnership Agreement

The Partnership Agreement is attached as Schedule "A" to the Partnership Offering Memorandum. The Corporation is a party to the Partnership Agreement as a limited partner pursuant to its acquisition of Partnership Units. As a result, the Partnership Agreement is a material agreement to the Corporation. **Subscribers to this Offering will not be parties to the Partnership Agreement and will not have any rights thereunder.**

Subscribers should review the Partnership Agreement with their legal and accounting advisors.

Item 3. Interests of Directors, Management, Promoters and Principal Holders

3.1 *Compensation and Securities Held*

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of minimum offering		Number, type and percentage of securities of the issuer held after completion of maximum offering	
			(#)	(%)	(#)	(%)
Hee Dong Hong, Coquitlam B.C	Director, President of the Corporation (since incorporation)	$nil	$nil	$nil	$nil	$nil
Meng (Simon) Xu, Burnaby B.C	Director, Secretary of the Corporation (since incorporation)	$nil	$nil	$nil	$nil	$nil
Wei Chen (Mike) Hsu, Burnaby B.C	Chief Operating Officer of the Corporation (since incorporation)	$nil	$nil	$nil	$nil	$nil
Chun Te (Peter) Wu, Richmond B.C	Chief Financial Officer of the Corporation (since incorporation)	$nil	$nil	$nil	$nil	$nil

3.2 *Management Experience*

The officers and directors of the Corporation are as follows:

Name	Principal occupation and related experience
Hee Dong Hong	Hee Dong Hong is a Director and the President of the Corporation and BioPower Drytec Corp., a Vice-President of SMG Advisors Inc., and a Senior Manager of SMG Securities Inc. Hee Dong has been a financial advisor for over 15 years and has worked with the SMG group of companies for over 10 years. Hee Dong has been active in the biomass energy markets since 2012.
Wei Chen (Mike) Hsu	Wei Chen (Mike) Hsu is the Chief Operating Officer for the Corporation and for BioPower Drytec Corp., a Vice-President of SMG Advisors Inc., and the President of SMG Securities Inc. Mike is a Certified Financial Planner with a Bachelor's degree in Business Administration with a specialization in Finance from Simon Fraser University.
Chun Te (Peter) Wu	Chun Te (Peter) Wu is the Chief Financial Officer of the Corporation and BioPower Drytec Corp. and SMG Asset Canada Inc., and the Chief Compliance Officer and Secretary of SMG Securities Inc. Peter is a Certified General Accountant and Chartered Accountant with a Bachelor's degree in Commerce with a specialization in Accounting from the University of British Columbia.
Meng (Simon) Xu	Meng (Simon) Xu is a Director and Secretary of the Corporation and BioPower Drytec Corp, a Vice-President of SMG Advisors Inc., and a Senior Manager of SMG Securities Inc. Simon is a Certified Financial Planner and has a Master's degree in Economics from Simon Fraser University.

3.3 *Penalties, Sanctions and Bankruptcy*

No penalties or sanctions have been in effect during the last ten (10) years nor has there been any cease trade order issued that was in effect for more than thirty (30) days during the past ten (10) years against:

(a) any of the directors, executive officers or control persons of the Corporation; or

(b) a company of which any of the directors, executive officers or control persons of the Corporation; was a director, executive officer or control person at the time.

None of the directors, executive officers or control persons of the Corporation; (or any company of which any of the directors, executive officers or control persons of the Corporation; was a director, executive officer or control person at that time) have ever declared bankruptcy or been involved in a voluntary assignment in bankruptcy or a proposal under any bankruptcy or insolvency legislation, or any proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets during the last ten (10) years.

3.4 *Indebtedness*

There is no indebtedness as at the date of this Offering Memorandum.

3.5 *Potential Conflicts of Interest*

None of the Corporation;, or any director or officer of the Corporation; are in any way limited or affected in its or their ability to carry on other business ventures for their own accounts and for the accounts of others, or are now, or intend in the future to be, engaged in the development of, investment in and management of other clean energy sector projects. None of these persons will have any obligation to account to the Corporation, the Limited Partnership or the Limited Partners for profits made in such other activities. Refer to Item 8 – ***"Risk Factors – Conflicts of Interest"***.

Item 4. Capital Structure

4.1 *Share Capital of the Corporation*

Description of security	Number authorized to be issued	Price per security	Number outstanding as at April 17, 2015	Number outstanding after min. offering	Number outstanding after max. offering
Class A Shares	Unlimited	$1.00 (par value)	100[(1)]	100	100
Class B Shares	Unlimited	$10.00 (par value)	Nil	Nil	2,100,010

[(1)]Issued to BioPower Drytec Corp., being the General Partner of the Limited Partnership.

Special Rights and Restrictions

The rights and restrictions attached to the shares of the Corporation may be summarized as follows:

	Par Value	Dividend Entitlement	Voting Rights	Priority on Liquidation
Class A	$1.00	No	Yes	Priority only up to the amount paid for such shares (the "paid-up capital").
Class B	**$10.00**	**Yes**	**No**	**After the holders of the Class A Shares receive their paid-up capital, entitled to the paid-up capital on the Class B Shares, any declared and unpaid dividends and all remaining property and assets of the Corporation.**

4.2 *Long-Term Debt*

Description of long term debt (including whether secured)	Interest rate	Repayment terms	Amount outstanding
N/A	N/A	N/A	N/A

Prior Sales

An aggregate of 100 Class A Shares are outstanding as at the date of this Offering Memorandum. This is a new issue and accordingly there are no prior sales of Class B Shares.

The 100 Class A Shares which have been issued were subscribed for by the General Partner, BioPower Drytec Corp. The Class A Shares are not offered under this Offering Memorandum.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
April 13, 2015	Class A Shares	100	$1.00	$100.00

Item 5. Description of Securities

5.1 *Terms of Securities*

The terms of the Class B Shares are described under Item 4.1. The terms of the Partnership Units are set out in the Partnership Offering Memorandum.

5.2 *Subscription Procedure*

(a) A purchaser can subscribe for the securities by receiving and reviewing this Offering Memorandum, completing and signing two copies of the Subscription Agreement and the Risk Acknowledgment Form and returning one signed copy of the Subscription Agreement and the Risk Acknowledgement Form together with a bank draft payable to SMG BioPower Investment Corporation and delivering them to BioPower Drytec Corp. at the address shown on the Subscription Agreement.

(b) The consideration will be held in trust for at least the mandatory two-day period and otherwise until the subscription is accepted by BioPower Investment Corporation by signing the acceptance on the completed Subscription Agreement. The acceptance will normally take place on the next closing date shown on the Subscription Agreement. Closings may also occur periodically, as determined by the Corporation.

Distribution

The Class B Shares are being offered to investors residing in the province of British Columbia pursuant to exemptions (the "**NI 45-106 Exemptions**") from the prospectus and, where applicable, the registration requirements afforded by NI 45-106 sections 2.3 (accredited investor exemption), 2.9 (offering memorandum exemption) and 2.10 (minimum amount investment exemption).

The NI 45-106 Exemptions relieve us from the obligation under applicable securities legislation to file and obtain a receipt for a prospectus. Accordingly, prospective investors will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

Please carefully review the accompanying Subscription Agreement to determine the exemption requirements that apply to you.

Purchasers will be required to make certain representations in the Subscription Agreement, and the Corporation will rely on such representations, to establish the availability of the NI 45-106 Exemptions. No subscription will be accepted unless the Corporation is satisfied that the subscription is in compliance with applicable securities legislation. Investors other than individuals must also represent to the Corporation (and may be required to provide additional evidence at the request of the Corporation to establish) that such investor was not formed solely in order to make private placement investments that may not have otherwise been available to any persons holding an interest in such investor.

The following persons and entities may not invest in Class B Shares of the Corporation:

(a) "non-Canadians" within the meaning of the *Investment Canada Act* (Canada);

(b) "non-residents" of Canada, "tax shelters", "tax shelter investments" or any entities an investment in which would be a "tax shelter investment" within the meaning of the Tax Act;

(c) "financial institutions" within the meaning of section 142.2 of the Income Tax Act (Canada) (the "**Tax Act**"); or

(d) a partnership that does not have a prohibition against investment by the persons referred to in the foregoing paragraphs (a), (b) and (c).

Item 6. Income Tax Consequences and Deferred Tax Eligibility

You should consult your own professional advisors to obtain advice on the tax consequences that apply to you. All investors will be responsible for the preparation and filing of their own tax returns in respect of this investment.

In the opinion of the Corporation, the following summary describes the principal Canadian federal income tax considerations under the Tax Act generally applicable to a person who acquires Class B Shares pursuant to this Offering Memorandum and who, for purposes of the Tax Act and at all relevant times, is resident in Canada, holds the Class B Shares as capital property and deals at arm's length and is not affiliated with the Corporation. Generally, the Class B Shares will be considered to be capital property to a person provided the person does not hold the Class

B Shares in the course of carrying on a business and has not acquired the Class B Shares in one or more transactions considered to be an adventure in the nature of trade. Certain persons who might not otherwise be considered to hold their Class B Shares as capital property may, in certain circumstances, be entitled to have the Class B Shares, and all other "Canadian securities" (as defined in the Tax Act), owned by such persons, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a person (i) that is a "financial institution" (as defined in the Tax Act for the purposes of the mark-to-market rules); (ii) that is, or is controlled by, a "specified financial institution" (as defined in the Tax Act); (iii) to whom the functional currency reporting rules in section 261 of the Tax Act apply; or (iv) an interest in which would be a "tax shelter investment" (as defined in the Tax Act). In addition, this summary does not address the deductibility of interest by a person who has borrowed money or otherwise incurred debt to acquire Class B Shares.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced prior to the date hereof by the Minister of Finance (Canada) ("**Tax Proposals**") and the Corporation's understanding, based upon publicly available materials, of the current administrative and assessing policies of the Canada Revenue Agency. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular purchaser of Class B Shares. Consequently, prospective purchasers should seek independent professional advice regarding the tax consequences of investing in the Class B Shares, based upon their own particular circumstances.

The Corporation intends to file an election to become a public corporation for purposes of the Tax Act with effect from the beginning of its first taxation year and this summary assumes that such election will be filed in prescribed form and on a timely basis and that the Corporation will meet the requirements to be a public corporation no later than the timely filing of such election and at all material times thereafter. If the Corporation is not a public corporation at all material times the Class B Shares will not be a qualified investment for Deferred Plans and adverse tax consequences could result for such plans and their annuitants (as defined herein). One of the requirements for the Corporation to qualify as a public corporation is that it will have at least 150 separate holders of the Class B Shares, each holding a minimum of $500 worth of Shares and none of whom is an Insider of the Corporation. The Corporation may hold Closings of the Offering prior to this requirement being met and there is no guarantee that this requirement will be met. See "**Item 8 – Risk Factors – Tax Aspects**".

Dividends

Generally, taxable dividends received (or deemed to be received) on the Class B Shares will be included in the Shareholder's income. An amount paid by the Corporation upon a redemption, acquisition, or cancellation of the Class B Shares will be deemed to be a taxable dividend to the extent it exceeds the paid-up capital of the Class B Shares. A distribution on the winding-up, discontinuance or reorganization of the Corporation's business will be deemed to be a taxable

dividend to the extent the amount distributed exceeds the amount, if any, by which the paid-up capital in respect of the Shares is reduced upon the distribution.

A taxable dividend received (or deemed to be received) by an individual will be subject to the gross-up and dividend credit rules under the Tax Act normally applicable to taxable dividends received from a taxable Canadian corporation, as defined in the Tax Act. An enhanced dividend tax credit in respect of "eligible dividends" designated by the Corporation will be available to individual Shareholders. Taxable dividends received (or deemed to be received) by an individual (including certain trusts) may give rise to a liability for alternative minimum tax.

Taxable dividends received (or deemed to be received) by a corporation will be included in the corporate holder's income, but generally will be deductible in computing such holder's taxable income, subject to certain restrictions contained in the Tax Act. A holder that is a "private corporation" or a "subject corporation" (as defined in the Tax Act) may be liable to pay a refundable tax, generally imposed at 33⅓% on taxable dividends received, to the extent such dividends are deductible in computing the corporate Shareholder's taxable income.

Distributions in the form of return of capital by the Corporation will generally be deemed to have been paid as a dividend unless the payment is made by way of a redemption, acquisition or cancellation of Shares, or on the winding-up, discontinuance, or reorganization of the Corporation's business. Upon a winding-up of the Corporation's business, all or part of a distribution to Shareholders may be a return of capital that would not be deemed to be a dividend. A return of paid-up capital that is not deemed to be received by a holder as a dividend will reduce the adjusted cost base of a holder's Class B Shares. If such reduction causes the adjusted cost base of a holder's Shares to become a negative amount, the negative amount will be deemed to be a capital gain from a disposition of the Class B Shares and will be subject to tax under the Tax Act in the manner described below under the heading "Capital Gains and Losses". The adjusted cost base of the holder's Class B Shares immediately thereafter will be zero.

Capital Gains and Losses

A disposition or deemed disposition by a Shareholder will result in a capital gain (or capital loss) to the Shareholder to the extent that the proceeds of disposition of such Shares, net of reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Class B Shares. A Shareholder's adjusted cost base of the Class B Shares generally will be the Shareholder's subscription price for the Class B Shares, subject to certain adjustments in accordance with the Tax Act.

One-half of the capital gain realized by a Shareholder from a disposition or deemed disposition of Class B Shares must be included in computing the Shareholder's income as a taxable capital gain. One-half of a capital loss realized in a taxation year from a disposition or deemed disposition of Class B Shares will be deductible as an allowable capital loss against taxable capital gains realized in that year, and to the extent such allowable capital losses exceed taxable capital gains in the year, may be applied in the three previous taxation years or any subsequent taxation year, subject to certain restrictions contained in the Tax Act.

The amount of any capital loss realized by a corporation on the disposition of Shares may be reduced by the amount of any dividend received or deemed to be received by such corporation on such Class B Shares (or on substituted shares) as described in the Tax Act. Similar rules may

apply where a corporation is a member of a partnership or a beneficiary of a trust that, directly or indirectly, owns Class B Shares.

A Shareholder that is an individual or trust may be liable to pay alternative minimum tax as a result of realizing a capital gain. A Shareholder that is a Canadian-controlled private corporation, within the meaning of the Tax Act, will be liable to pay an additional refundable tax of 6⅔% on certain investment income, including taxable capital gains.

Deferred Plans

Provided the Corporation qualifies as a public corporation that is not a mortgage investment corporation (all within the meaning of the Tax Act), and subject to the Deferred Plans' investment policies, the Class B Shares, when issued, will be a qualified investment under the Tax Act for Deferred Plans. Provided the Class B Shares are a qualified investment under the Tax Act for Deferred Plans, any dividends received or receivable on the Class B Shares or gains realized upon a disposition or deemed disposition of the Class B Shares will not be taxable to Deferred Plans.

Generally, if the Corporation does not qualify or ceases to qualify as a public corporation at any time, the Class B Shares will not be, or will cease to be, qualified investments for Deferred Plans at that time. Where a Deferred Plan acquires or holds a Class B Share that is not, or that ceases to be, a qualified investment, adverse tax consequences may arise to the Deferred Plan and the annuitant, beneficiary, subscriber or holder (collectively, the "**annuitant**"), as the case may be, under the Deferred Plan, including that the Deferred Plan may become subject to a penalty tax, and the annuitant of such Deferred Plan may be deemed to have received income therefrom. Accordingly, Deferred Plans that propose to invest in Class B Shares should consult their own tax advisors before deciding to purchase Shares. See "**Item 8 – Risk Factors – Tax Aspects**".

If at any time the Class B Shares are a "prohibited investment" (as defined in the Tax Act) for an RRSP, RRIF or TFSA, the annuitant may be subject to adverse tax consequences. Generally, the Class B Shares should not be a prohibited investment under the Tax Act for an RRSP, RRIF or TFSA, provided that the annuitant (i) deals at "arm's length" with the Corporation, and (ii) does not have a "significant interest" in the Corporation (all for purposes of the Tax Act). Generally, an annuitant will not have a significant interest in the Corporation provided the annuitant, or the annuitant together with persons and partnerships with whom the annuitant does not deal at arm's length, does not own (nor is deemed to own pursuant to the Tax Act) directly or indirectly, 10% or more of the issued Shares or shares of any class of the capital stock of the Corporation. In addition, the Class B Shares will not be a prohibited investment if the Class B Shares are "excluded property" for purposes of the provisions of the Tax Act relating to prohibited investments. Prospective Subscribers should consult with their own tax advisors as to whether the Class B Shares would be prohibited investments under the Tax Act in their particular circumstances.

Investors should consult their own tax advisors regarding the tax implications of establishing, amending, terminating, or withdrawing amounts from a Deferred Plan.

Tax Considerations Pertaining to the Corporation

The Corporation will be subject to federal tax at ordinary corporate rates on income allocated to the Corporation from the Limited Partnership. The combined federal and British Columba corporate tax rate on ordinary business income is 26%.

The Corporation is subject to taxation in each taxation year on its taxable income for that year, including any income allocated to the Corporation from the Limited Partnership during the year. However, dividends received by the Corporation are generally deductible in computing its taxable income.

In computing its income from a taxation year for purposes of the Tax Act, the Corporation may deduct reasonable administrative and certain other general expenses incurred in the taxation year for the purpose of gaining or producing income from business or property.

Tax Considerations Pertaining to the Partnership

The Canadian federal income tax considerations applicable to holders of the Partnership Units, including the Corporation, are material to a person who acquires, holds or disposes of Shares pursuant to this Offering Memorandum. Notwithstanding that the Corporation may be affiliated with or not deal at arm's length with the Partnership for purposes of the Tax Act and subject to the general summary of the Canadian federal income tax consequences to the Corporation of its investment in the Partnership Units contained herein, reference may be made to the discussion under the heading "Item 6 – Income Tax Consequences and RRSP Eligibility" contained in the Partnership Offering Memorandum which disclosure is incorporated by reference herein.

In the event that the Corporation is affiliated, as this term is defined in the Tax Act, with the Partnership, any loss that would otherwise be realized by the Partnership on the transfer of its property to the Corporation, or a person affiliated with the Corporation, may be deemed to be nil and not realized until such property is disposed of by the Corporation, or the person affiliated with the Corporation, as the case may be, to a non-affiliated person. Where the realization of the Partnership losses are deferred as a result of the foregoing rules, the Corporation's portion of such losses that would otherwise be allocated to it will also be deferred. Generally speaking, the Corporation will be considered to be affiliated with the Partnership where the Corporation owns more than 50% of the issued and outstanding Partnership Units.

In the event that the Corporation and the Limited Partnership are considered not to be dealing with each other at arm's length, as this term is defined in the Tax Act, and a transfer of property between the Corporation and the Limited Partnership is not done at fair market value, certain provisions in the Tax Act may apply to deem the transfer to have been done at fair market value. Generally speaking, the Corporation will not be considered to be dealing with the Partnership at arm's length where the Corporation owns more than 50% of the issued and outstanding Limited Partnership Units.

Item 7. Compensation Paid to Sellers and Finders

The Class B Shares will be offered for sale by individual agents and finders. Agents and finders who sell Class B Shares pursuant to this Offering may receive a commission of 15% of the gross proceeds of the sale of the Class B Shares. This commission may be paid to SMG Securities Inc., which is a member of the SMG Group.

Item 8. Risk Factors

There are certain risks that potential subscribers should carefully consider, including the following factors.

Risks Factors Related to the Corporation and the Limited Partnership

The Corporation's current short and long term objective is to acquire Partnership Units. The Corporation does not intend to carry on any other business other than holding Partnership Units acquired by the Corporation. The Corporation's sole source of revenue is expected to be from distributions made by the Limited Partnership to its limited partners.

The Corporation's proposed investment in the Partnership involves a number of significant risks inherent to the Partnership. **Prospective investors should carefully consider the risk factors described under the heading "Risk Factors" in the Partnership Offering Memorandum in their assessment of the suitability of an investment in Class B Shares.**

Speculative Offering

The Class B Shares offered by this Offering Memorandum are speculative and there is no market for the Class B Shares, which are subject to resale restrictions imposed under applicable Canadian securities legislation. Refer to Item 10 - ***"Resale Restrictions"***.

No Resale Market

Although the Class B Shares are transferable subject to certain restrictions contained in the constating documents of the Corporation, there is no market through which the Class B Shares may be resold and none is expected to develop. Subscribers may not be able to resell Class B Shares purchased under this Offering Memorandum.

No Review by Regulatory Authorities

This Offering Memorandum constitutes a private offering of the Class B Shares in British Columbia pursuant to prospectus and registration exemptions under the securities laws of these provinces. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus, advertisement, or public offering of these Class B Shares. Neither this Offering Memorandum nor any other material relating to this Offering has been reviewed or considered by the British Columbia, the CRA, or any other governmental or regulatory authority.

Dividends

Although the Corporation intends to pay dividends on the Class B Shares, it may only do so if it receives distributions from the Limited Partnership on the Partnership Units it acquired. There are no assurances that the Corporation will receive any distributions or that it will have sufficient funds to pay dividends to holders of the Class B Shares.

Conflicts of Interest

Various conflicts of interest exist or may arise between the Corporation, the Limited Partnership and the General Partner, and other Limited Partnerships or entities within the SMG Group. Some of these conflicts may arise as a result of the power and authority of the General Partner to manage and operate the business and affairs of the Limited Partnership. These conflicts of interest may have a detrimental effect on the business of the Limited Partnership and, therefore, the Corporation. The General Partner will not engage in any business other than acting as general partner for the Limited Partnership. The General Partner's Affiliates may, and probably will, engage in other business ventures (the "**Conflicting Ventures**"), including, without limitation, acting as general partners, or

directors or officers of general partners, of other Limited Partnerships or entities which may invest in similar businesses. Neither the Limited Partnership nor any partners shall by virtue of the Limited Partnership Agreement or otherwise have any right, title or interest in or to such Conflicting Ventures.

Affiliates of the General Partner may, and probably will, earn finder's fees, placement fees and due diligence fees (collectively, "**Commissions**"), paid by clean energy sector companies in the form of monetary commissions, options, shares, rights to purchase shares, and/or share purchase warrants (without limitation), in consideration of its evaluation of clean energy sector companies and negotiation of terms with respect to financing from such companies, and shall have no duty to account for such fees to the Corporation, Limited Partnership, General Partner, or any of the Limited Partners (including the Corporation). Such fees shall be in line with normal practice and with levels prevailing in similar transactions where investment bankers and others who are at arm's length to the General Partner earn finder's fees, commission, and due diligence fees.

Affiliates of the General Partner may, and probably will, engage in selling of securities of issuers other than the Corporation and the Limited Partnership, some or all of which may be competing with the Corporation and the Limited Partnership for investors, as well as opportunities with clean energy sector companies. Moreover, the General Partner may make decisions to dispose of investments held by the Limited Partnership in the same clean energy sector companies in which Conflicting Ventures may wish to acquire an investment. Conversely, the General Partner may wish to acquire investments or other securities in the same clean energy sector companies in which Conflicting Ventures already hold securities, and which securities the Conflicting Ventures wish to dispose of. The Limited Partnership may acquire shares in clean energy sector companies, which are controlled by directors and officers of the General Partner or affiliates of the General Partner. Any of the aforementioned conflicts of interest, as well as others, may be difficult, if not impossible, to resolve equitably.

Tax Aspects

Canadian federal and provincial tax aspects and local tax aspects should be considered prior to investing in the Class B Shares (see "Item 6 – **Income Tax Consequences and Deferred Tax Eligibility"**. The return on a Shareholder's investment may be affected by changes in Canadian federal, provincial and local tax laws, as applicable. The discussion of income tax considerations in this Offering Memorandum is based upon current income tax laws and regulations. There can be no assurance that: (a) applicable tax laws, regulations or judicial or administrative interpretations will not be changed; (b) applicable tax authorities will not take a different view as to the interpretation or the application of tax laws and regulations than the Corporation or than as set out in this Offering Memorandum; or (c) the facts upon which the tax discussions set out in this Offering Memorandum are based are materially correct. Any of the preceding may fundamentally alter the tax consequences to investors of holding or disposing of Shares.

The return on a Subscriber's investment is affected by Canadian federal, provincial and local tax laws as they apply to the Corporation and the Partnership.

If, at any time, the Class B Shares are or become a prohibited investment under the Tax Act for an RRSP, RRIF or TFSA, the annuitant of the RRSP or RRIF or the holder of the TFSA may be subject to adverse tax consequences. Prospective purchasers should seek independent professional advice regarding the tax consequences of acquiring the Class B Shares in an RRSP, RRIF or TFSA.

Generally, if the Corporation does not qualify or ceases to qualify as a public corporation within the meaning of the Tax Act at any time, the Class B Shares will not be, or will cease to be, qualified investments for Deferred Plans and the income tax considerations described under "Item 6 – **Income Tax Consequences and Deferred Tax Eligibility**" would be materially and adversely different in certain respects. One of the requirements for the Corporation to qualify as a public corporation is that it will have at least 150 separate holders of Shares, each holding a minimum of $500 worth of Shares and none of whom is an Insider of the Corporation. The Corporation may hold Closings of the Offering prior to this requirement being met and there is no guarantee that this requirement will be met. Accordingly, Deferred Plans that propose to invest in the Class B Shares should consult their own tax advisors before deciding to purchase the Class B Shares.

The discussion of certain Canadian federal income tax considerations contained in this Offering Memorandum is provided for information purposes only and is not a complete analysis or discussion of all potential tax considerations that may be relevant to the acquisition of Shares.

All investors will be responsible for the preparation and filing of their own tax returns in respect of this investment. Prospective investors are urged to consult their own tax advisors, prior to investing in the Corporation, with respect to the specific tax consequences to them from the acquisition of Shares.

Refer also to Item 5 - ***"Potential Conflicts of Interest"***.

Item 9. Reporting Obligations

The Corporation is not a reporting issuer in any jurisdiction. It is therefore not required to disclose material changes which occur in its business and affairs, nor is it required to file with any securities regulatory authorities or provide security holders with interim financial statements.

The Corporation is required to place before the shareholders of a Corporation before every annual meeting of the Corporation the financial statements of the Corporation. The Corporation shall, not less than 21 days before each annual meeting of the shareholders of the Corporation or before the signing a resolution in lieu of an annual general meeting, provide a copy of the financial statements of the Corporation to each shareholder.

Financial or other information provided to you by the Corporation in the future may not by itself be sufficient to assess the performance of your investment.

Item 10. Resale Restrictions

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Restricted Period

Unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada.

Item 11. Purchasers' Rights

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

11.1 *Two Day Cancellation Right*

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the second business day after you sign the agreement to buy the securities.

11.2 *Statutory Rights of Action in the Event of a Misrepresentation - British Columbia*

If you are a resident of British Columbia and there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) the Corporation to cancel your agreement to buy these securities, or

(b) for damages against the Corporation, every director of the Corporation at the date of this Offering Memorandum and every person who signs this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the Subscription Agreement within 180 days after you signed the Subscription Agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years after you signed the Subscription Agreement to purchase the securities.

The foregoing rights are in addition to, and without derogation from, any other right or remedy available to you at law.

Item 12. Financial Statements

Attached as Exhibit "A" to this Offering Memorandum are the following financial statements of the Corporation:

Interim Financial Statements of BioPower Investment Corporation for the 4-day period since formation (April 13, 2015) to April 17, 2015.

EXHIBIT A
FINANCIAL STATEMENTS

BIOPOWER INVESTMENT CORPORATION

BioPower Investment Corporation

Financial Statements

For the fiscal period since incorporation to April 17, 2015

BioPower Investment Corporation
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BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

INDEPENDENT AUDITOR'S REPORT

To the Directors of BioPower Investment Corporation

We have audited the accompanying financial statements of BioPower Investment Corporation which comprise the statement of financial position as at April 17, 2015, and the statements of comprehensive loss, cash flows and changes in shareholders' deficit for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BioPower Investment Corporation as at April 17, 2015 and its financial performance and its cash flows for the period then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which indicates that for the period ended April 17, 2015, the Corporation has incurred a loss of $7,081 and, as at the date, has an accumulated deficit of $7,081. These items, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt upon BioPower Investment Corporation's ability to continue as a going concern.

(signed) "BDO CANADA LLP"

Chartered Accountants

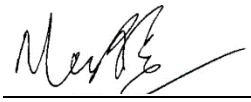
Vancouver, British Columbia
April 30, 2015

BioPower Investment Corporation
Statement of Financial Position
Expressed in Canadian Dollars

	April 17, 2015
Assets	
Current assets	
Cash (Note 5)	$ 100
Total assets	100
Current liabilities	
Accounts payable and accrued liabilities	$ 7,081
Total current liabilities	7,081
Shareholders' deficit	
Share capital (Note 6)	100
Deficit	(7,081)
Total Shareholders' deficit	(6,981)
Total liabilities and shareholders' deficit	$ 100

Approved on behalf of the Board of Directors by:

Hee Dong Hong



Meng Xu

The accompanying notes are an integral part of these financial statements.

BioPower Investment Corporation
Statement of Comprehensive Loss
Expressed in Canadian Dollars

4-Day Period from Formation to	April 17, 2015
Expenses	
Professional fees	$ 7,081
Total expenses	7,081
Loss from continuing operations	$ (7,081)
Total comprehensive loss for the period	$ (7,081)

The accompanying notes are an integral part of these financial statements.

BioPower Investment Corporation
Statement of Cash Flows
Expressed in Canadian Dollars

4-Day Period from Formation to		April 17, 2015
Cash flows from operating activities		
Loss for the period	$	(7,081)
Change in working capital accounts:		
Accounts payable and accrued liabilities		7,081
Total cash outflows from operating activities		-
Total cash outflows from investing activities	$	-
Cash flows from financing activities		
Proceeds from issuance of shares		100
Total cash inflows from financing activities	$	100
Total change in cash during the period	$	100
Cash, beginning of period	$	-
Cash, end of period	$	100

The accompanying notes are an integral part of these financial statements.

BioPower Investment Corporation
Statement of Changes in Shareholders' Deficit
Expressed in Canadian Dollars

	Share Capital	Deficit	Total
Balance, April 13, 2015 (incorporation)	$ 100	$ -	$ 100
Loss for the period		(7,081)	(7,081)
Balance, April 17, 2015	100	(7,081)	(6,981)

The accompanying notes are an integral part of these financial statements.

1. CORPORATE INFORMATION

On April 13, 2015, BioPower Investment Corporation (the "Corporation") was formed under the laws of the Province of British Columbia and commenced operations. The purpose of the Corporation is to issue Class B Common Shares to eligible investors to hold on a tax-deferred basis. The Corporation will in turn use the net proceeds to purchase units of SMG BioPower Limited Partnership (the "Limited Partnership"). The affairs of the Limited Partnership are governed by a limited partnership agreement (the "Limited Partnership Agreement") dated March 13, 2015.

The address of the Corporation's corporate office is unit 301 – 958 West 8th Avenue, Vancouver, British Columbia, Canada.

2. BASIS OF PREPARATION AND ADOPTION OF IFRS

a) Statement of Compliance

These financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are the Corporation's first financial statements prepared under IFRS. There is no impact from the adoption of IFRS on the Corporation's financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies, as IFRS is the only accounting framework adopted by the Corporation since formation.

These financial statements were authorized for issue by the Board of Directors on April 30, 2015. The Board of Directors have the power to amend and reissue the financial statements.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis which approximates the fair values.

The financial statements are presented in Canadian dollars, which is also the Corporation's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

c) Going Concern of Operations

The Corporation is a newly formed entity and there are currently no revenues generated to fund the anticipated general and administrative expenses and to settle its liabilities as they fall due.

2. BASIS OF PREPARATION AND ADOPTION OF IFRS (cont'd)

The financial statements were prepared on a going concern basis. The going concern basis assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. For the 4-day period ended April 17, 2015, the Corporation had no source of operating income and incurred a loss of $7,081 resulting from organizational expenses and consequently reported an accumulated deficit of $7,081. The Corporation intends to fund ongoing expenses by way of shareholder loans, share issuance or income distribution from the Limited Partnership. Given the start-up nature of the Corporation and the significant reliance on current and prospective shareholders' resources, there is material uncertainty that may cast significant doubt upon the Corporation's ability to continue to operate as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Cash

Cash includes funds held in a business chequing account with a Canadian Schedule I bank that is highly liquid. Cash is classified as loans and receivables.

b) Financial Instruments

Financial instruments are classified into the appropriate category based on the purpose for which the instrument was recognized. All transactions related to financial instruments are recorded on a trade date basis.

Loans and Receivables

These assets result from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand, and may include features of a derivative financial asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses.

Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Limited Partnership's financial assets designated as loans and receivables include cash.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Financial Assets

At each reporting date the Corporation assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred. Financial liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

The Corporation's liabilities designated as other financial liabilities include accounts payable and accruals.

c) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

d) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Corporation. Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Corporation's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

e) Standards, Amendments and Interpretations Not Yet Effective

Effective April 13, 2015 the Corporation adopted the following new and revised International Financial Reporting Standards ("IFRS") that were issued by the International Accounting Standards Board ("IASB").

- IAS 24 Related Party Disclosures

  The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment had no impact on the Corporation.

- IFRS 13 Fair Value Measurement

  The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). This amendment had no impact on the Corporation.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Corporation's financial statements are disclosed below. The Corporation is still evaluating the impact of these new standards and interpretations and intends to adopt these standards, if applicable, when they become effective:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- IFRS 9 Financial Instruments

  In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments ("IFRS 9") which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement ("IFRS 39") and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

- IAS 27 Equity Method in Separate Financial Statements (amendments)

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

- IAS 1 Presentation of Financial Statements (amendments)

  The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Company is in the process of evaluating the impact of these amendments.

- IFRS 15 Revenue from Contracts with Customers

  The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is January 1, 2017. The Company is in the process of evaluating the impact of the new standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Corporation makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.
The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

There are no significant accounting estimates and judgments during the period ended April 17, 2015.

5. CASH

Cash includes funds held in a business chequing account with a Canadian chartered bank that are highly liquid. Cash is classified as loans and receivables.

6. SHARE CAPITAL

a) Authorized

The authorized capital structure of the Company is as follows:

- Unlimited number of Class A voting, non-participating common shares with a $1.00 par value; and
- Unlimited number of Class B non-voting, participating common shares with a $10.00 par value.

b) Issued and Outstanding

The following table summarizes the Company shares issued and outstanding during the period presented:

	Number of Shares	Share Price	Amount
Class A Common Shares issued at incorporation on April 13, 2015	100	1.00	100
Balance at April 17, 2015	100	$ 1.00	$ 100

7. INCOME TAXES

Significant components of the Corporation's income tax expense are as follows:

		4-Day period ended April 17, 2015
Loss before income taxes	$	(7,081)
Statutory tax rate		13.5%
Recovery at statutory rate		(956)
Incorporation costs		281
Unrecognized deferred tax assets		675
	$	
Deferred tax recovery		-

Deferred Tax Assets and Liabilities

No deferred tax asset has been recognized in respect of the taxable losses and temporary differences, as it is not considered probable that sufficient future taxable profit will allow the deferred tax to be recovered. These non-capital losses are available for a period of twenty years from the end of the period.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Corporation is exposed to risks that arise from its use of financial instruments. This note describes the Corporation's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Corporation's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them during the course of the current period.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Corporation's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Corporation's finance function.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The risks that affect market prices which are relevant to the Corporation include foreign currency risk and interest rate risk.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and foreign currencies will affect the Corporation's operations and financial results. The Corporation does not have significant exposure to foreign exchange rate fluctuation because all balances and transactions are in Canadian Dollars.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation does not hold financial instruments that are sensitive to interest rate changes. The Corporation considers this risk to be immaterial.

b) Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Corporation consist primarily of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand.

The credit risk relating to cash is minimal as the financial institution the Corporation's chequing account is deposited with, is a Canadian chartered bank.

c) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. Management's liquidity risk management policy includes ensuring that the Corporation has sufficient cash on demand to meet expected operational expenses for a period of 90 days during a period of business interruption. The Corporation will monitor its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

The Statement of Financial Position carrying amount for cash and accounts payable and accrued liabilities approximates fair value due to their short-term and liquid nature.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

The Corporation did not have any financial instruments that are measured subsequent to initial recognition at fair value.

9. CAPITAL MANAGEMENT

The Corporation monitors its cash and shareholders' equity as capital. The Corporation's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development of the business.

The Corporation is not exposed to any externally imposed capital requirements, and in turn there have been no changes during the period in the Corporation's approach to capital management.

Item 13. Date and Certificate

CERTIFICATE

Dated: May 11, 2015

This Offering Memorandum does not contain a misrepresentation.

BIOPOWER INVESTMENT CORPORATION

Hee Dong Hong, Director and President

Chun Te (Peter) Wu, Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF BIOPOWER INVESTMENT CORPORATION

Hee Dong Hong, Director

Meng (Simon) Xu, Director

SCHEDULE "A"
Limited Partnership Offering Memorandum

SMG BIOPOWER LIMITED PARTNERSHIP

OFFERING MEMORANDUM

Dated for reference March 25, 2015

OFFERING MEMORANDUM
Date: March 25, 2015

SMG BIOPOWER LIMITED PARTNERSHIP
(the "**Limited Partnership**")

958 West 8th Avenue, Vancouver BC V5Z 1E4
T: 604-568-9869 F: 604-568-9830
E: general@smgasset.ca

Currently Listed or Quoted?	**These securities do not trade on any exchange or market.**
Reporting Issuer?	No
SEDAR Filer?	No

The Offering

Securities Offered:	Class A Limited Partnership Units (the "**Unit(s)**")
Price per Security:	$10 per Unit
Maximum/Minimum Offering:	$25,000,000 maximum offering (the "**Offering**") through the sale of up to 2,500,000 Units. **There is no minimum. Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**
Minimum Subscription Amount: (Canadian Residents)	$15,000 through the purchase of one thousand, five hundred (1,500) Units (or such lesser amount as the General Partner, in its sole discretion, may accept). No partial Units may be purchased.
Payment Terms:	Payment for the Units must be made in full by certified cheque, bank draft, electronic funds transfer, or other means satisfactory to the General Partner. Payment must be made to the Limited Partnership upon execution of an agreement (the "**Subscription Agreement**") or at such later date determined by the General Partner in its sole discretion. See Item 5.2 – ***"Subscription Procedure"***.
Proposed Closing Date(s):	Continuous offering until the maximum Offering is achieved. Closings may occur from time to time as subscriptions are received. However, it is anticipated that the closings will occur on each of June 30, 2015, September 30, 2015, December 31, 2015 and March 31, 2016.
Income Tax Consequences	There are important tax consequences to these securities. See Item 6 – ***"Income Tax Consequences and RRSP Eligibilities"***.

Selling Agent:	Yes. See Item 7 – ***"Compensation Paid to Sellers and Finders"***.

Resale Restrictions: You will be restricted from selling your securities for an indefinite period. See Item 10 – ***"Resale Restrictions"***.

Purchasers' Rights: You have two (2) business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 – ***"Purchasers' Rights"***.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 – *"Risk Factors"*.

The Limited Partnership is a limited partnership formed under the laws of the Province of British Columbia. The affairs of the Limited Partnership are governed by a limited partnership agreement (the "**Limited Partnership Agreement**") dated for reference the 6th day of March, 2015 and are subject to certain restrictions contained therein. BioPower Drytec Corp., the General Partner, (the "**General Partner**"), has exclusive authority to administer, manage, control and generally carry on the business of the Limited Partnership.

The Units are being offered by the Limited Partnership to provide capital in order to enable the Limited Partnership to make investments in the clean energy sector. Specifically, the Limited Partnership is mandated to: (i) invest: (A) directly in SMG Power LP, a significant shareholder of Altentech® Power Inc.; and (B) indirectly in Altentech® Power Inc. (together, the "**SMG Power Investment Mandate**"); (ii) finance two custom drying projects (the "**Drying Projects Investment Mandate**"); and (iii) finance the continued development of Mission Wood Pellet Inc. or entities or businesses engaged in the wood pellet industry (the "**Wood Pellet Investment Mandate**" and, together with the SMG Power Investment Mandate and the Drying Projects Investment Mandate, the "**Investment Mandates"**). Refer to Item 2 - ***"Business of SMG BioPower Limited Partnership"***.

Prospective investors should thoroughly review this Offering Memorandum and are advised to consult with their own legal and tax advisors concerning an investment in the Units.

This Offering Memorandum does not constitute, and may not be used for or in conjunction with, an offer or solicitation of the Units by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized by us or to any person to whom it is unlawful to make such an offer or solicitation, and this Offering Memorandum is not, and under no circumstances is to be construed as, a public offering or advertisement of the Units. You should inform yourself of, and observe all, legal requirements and restrictions of your jurisdiction of residence in respect of the acquisition, holding and disposition of the Units hereby offered.

The Units offered by this Offering Memorandum will be issued only on the basis of information contained in this Offering Memorandum and provided by the General Partner in writing, and no other information or representation is authorized or may be relied upon as having been authorized by the General Partner or the Limited Partnership. Any subscription for the Units hereby offered made by any person on the basis of statements or representations not contained in this Offering Memorandum or so provided, or inconsistent with the information contained herein or therein, shall be solely at the risk of such person. Neither the delivery of this Offering Memorandum at any time nor any sale to you of any of the Units hereby offered shall, under any circumstances, constitute a representation or create any implication that there has been no change in the business and affairs of the Limited Partnership since the date of the sale to you of the Units hereby offered or that the information contained herein is correct as of any time subsequent to that date.

This Offering Memorandum is highly confidential and has been prepared solely for delivery to and review by selected prospective purchasers of the Units hereby offered. This copy of the Offering Memorandum is personal to you and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the Units hereby offered. The distribution of this Offering Memorandum to any person other than you and those persons, if any, retained to advise you with respect hereto is unauthorized, and any disclosure of any of its contents without the prior written consent of the General Partner is prohibited. **By accepting delivery of this Offering Memorandum, you agree to the foregoing and undertake to make**

no photocopies of or to otherwise reproduce, in whole or in part, this Offering Memorandum or any documents relating hereto and, if you do not purchase any of the Units hereby offered or if the Offering is terminated, you agree to promptly return this Offering Memorandum and all such documents to the General Partner, if so requested by the General Partner.

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GLOSSARY

In this Offering Memorandum, unless the context otherwise requires, the following words or expressions have the following meanings:

"**Act**" means the Securities Act (British Columbia);

"**Altentech®**" means Altentech® Power Inc.

"**BCSC**" means the British Columbia Securities Commission;

"**CRA**" means the Canada Revenue Agency;

"**Drying Projects**" means the two custom drying projects, using Altentech®'s biomass drying system, that comprise the Drying Projects Investment Mandate;

"**Drying Projects Investment Mandate**" means the investment of approximately 50% of the net proceeds of the Offering to further the Drying Projects;

"**Founding Limited Partner**" means SMG Power LP;

"**General Partner**" means BioPower Drytec Corp., the general partner of the Limited Partnership;

"**IFRS**" means the International Financial Reporting Standards;

"**Investment Mandates**" means the Wood Pellet Investment Mandate, the SMG Power Investment Mandate and the Drying Projects Investment Mandate;

"**Limited Partners**" means the limited partners of the Limited Partnership;

"**Limited Partnership**" means SMG BioPower Limited Partnership;

"**Limited Partnership Agreement**" means the limited partnership agreement made as of March 13, 2015, a copy of which is attached as Schedule "A" to this Offering Memorandum;

"**Manager**" means SMG Asset Canada Inc.;

"**Management Fee**" means 5% of the net proceeds of the Offering to be paid to the Manager in consideration of the management services provided to the Limited Partnership which shall be paid by the Limited Partnership to the Manager in monthly instalments over a five year period in accordance with the terms of the Management Agreement;

"**MWPI**" means Mission Wood Pellet Inc.;

"**Offering**" means the offering of up to 250,000,000 Units at $10 per Unit;

"**Regulations**" means the principal Canadian federal income tax considerations under the Tax Act and the regulations thereto;

"**SMG BioPower Business**" means the clean energy business being carried out by the Limited Partnership, both directly, through the Drying Projects Investment Mandate, and indirectly, through its investment in Altentech® pursuant to the SMG Power Investment Mandate, and its investment in MWPI or similar projects pursuant to the Wood Pellet Investment Mandate;

"**SMG Group**" means, collectively, the General Partner, the Manager, SMG Securities Inc., SMG Power LP, the GP Shareholders, Altentech® , MWPI, Jung Moon and certain other related entities;

"**SMG Power Investment Mandate**" means (A) the investment in SMG Power LP, and (B) the investment in Altentech®;

"**SMG Power LP**" means SMG Power Limited Partnership, a limited partnership formed pursuant to the laws of British Columbia;

"**Subscription Agreement**" means the agreement for the subscription of Units;

"**Tax Act**" means the *Income Tax Act* (Canada);

"**Unit(s)**" means the Limited Partnership Class A Units being offered for sale under the Offering, representing an interest in the Limited Partnership.

"**Wood Pellet Investment Mandate**" means the investment of approximately 40% of the net proceeds of the Offering to further the construction and commissioning of a new plant in Mission, British Columbia, capable of industrial grade wood pellets used to replace coal in power generation facilities or the investment into other similar plants;

FORWARD LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements within the meaning of that phrase under applicable Canadian securities laws with respect to the SMG BioPower Business, the Limited Partnership and the General Partner, including the General Partner's views or predictions about possible future events or conditions, results of business operations and strategy, prospective results of operation, financial performance and condition of the Limited Partnership and the SMG BioPower Business. These statements may be written or graphically presented and generally can be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "forecast", "should" or "continue", or the negative thereof, or similar variations. Forward-looking statements reflect management's current views with respect to possible future events and conditions and, by their nature, are based on management's beliefs and assumptions and are subject to known and unknown risks and uncertainties, both general and specific to the Limited Partnership and the SMG BioPower Business. Actual events, conditions and results could differ materially from those expressed or implied by the forward-looking statements. Although the General Partner believes that the expectations reflected in such forward-looking statements are reasonable and represent the General Partner's internal projections, expectations and belief at this time, there can be no assurance whatsoever that those expectations will prove to be correct or as anticipated.

In particular, this Offering Memorandum contains forward-looking statements including, but not limited to those relating to, among other things: (i) the General Partner's view regarding the SMG BioPower Business; (ii) the Limited Partnership's fulfilment of the Investment Mandates; (iii) the availability of other clean energy-based business opportunities that are consistent with the Limited Partnership's investment objectives and criteria; (iv) the intention or the ability of the Limited Partnership to identify and complete the proposed investments in the SMG BioPower Business; (v) the estimated portion of the proceeds of this Offering, which will be invested in the various components of the Investment Mandates that comprise the SMG BioPower Business, (vi) any indications as to the expected future performance of the Limited Partnership; (vii) the revenue expectations regarding Altentech® and MWPI; (viii) the prospects for development of the SMG BioPower Business that the Limited Partnership has invested or may invest in; (ix) the prospects for the future sale of the products and processes developed by Altentech® and MWPI; and (x) opportunities for the refinancing of, or finding new investors for, the Limited Partnership or the SMG BioPower Business.

Such forward-looking statements are based on a number of assumptions that may prove to be incorrect. In addition to any other assumptions identified in this Offering Memorandum, assumptions have been made regarding, among other things: (i) the ability of Altentech® and MWPI to obtain equipment, services and supplies in a timely manner to carry out their activities; (ii) the ability of Altentech® and MWPI to successfully attract customers; (iii) the timely receipt of required regulatory approvals; (iv) the ability of the Limited Partnership to raise sufficient proceeds in the Offering to pursue its stated objectives or to obtain alternative financing on terms acceptable to the General Partner, or at all; and (v) currency, exchange and interest rates.

The forward-looking statements contained in this document are given as of the date hereof and should not be relied upon as representing the General Partner's views as of any date subsequent to the date of this Offering Memorandum. Except as otherwise required by law, the General Partner and the Limited Partnership do not intend, and assume no obligation, to update or revise these or any other forward-looking statements they may provide, whether as a result of new information, plans, events or otherwise. Readers are cautioned not to place undue reliance on these forward-

looking statements as there can be no assurance that the conditions, events, plans and assumptions on which they are based will occur. Readers should perform their own detailed, independent investigation and analysis of the General Partner and the Limited Partnership before making any investment decision and are encouraged to seek independent professional advice. All of the forward-looking statements in this document are expressly qualified by the above.

Important factors that could cause actual results to differ materially from the General Partner's expectations include, among other things: (i) the actual amount of funds raised in the Offering; (ii) risks and uncertainties involving the SMG BioPower Business; (iii) risks inherent in the research and development activities of, and marketing operations of, Altentech® and MWPI; (iv) the uncertainty of the clean energy sector business; (v) the uncertainty of estimates and projections relating to production, costs and expenses associated with the SMG BioPower Business including, in particular, the business of Altentech® and MWPI; (vi) potential delays or changes in plans with respect to Altentech®'s and MWPI's research and development projects and capital expenditures; (vii) the Limited Partnership's ability to secure additional financing; (viii) fluctuations in raw material prices, foreign currency exchange rates and interest rates; (ix) health, safety and environmental risks; (x) general economic and market factors, including commodity rates, interest rates, business competition, changes in government regulations or in tax laws; and (xi) those factors discussed or referenced in the "Risk Factors" section. Refer to Item 8 – "***Risk Factors***".

Readers are reminded that the foregoing list of factors should not be construed as exhaustive. The forward-looking statements contained in this Offering Memorandum are expressly qualified by this cautionary statement. Except as required by law, neither the Limited Partnership nor the General Partner undertakes any obligation to publicly update or revise any forward-looking statements.

INTRODUCTION

This continuous offering (the "**Offering**") by the Limited Partnership consists of a maximum of two million, five hundred thousand (2,500,000) Units. The Limited Partnership is a limited partnership formed under the laws of the Province of British Columbia. BioPower Drytec Corp. (the "**General Partner**"), a British Columbia corporation, serves as the managing general partner of the Limited Partnership. In consideration of serving as the managing general partner of the Limited Partnership, the General Partner will receive 20% of all profits generated by the Limited Partnership.

The business (the "**SMG BioPower Business**") of the Limited Partnership is to make investments in the clean energy sector pursuant to the Investment Mandates. The Limited Partnership may be involved in conducting other business that is ancillary or incidental to its principal business, and deriving income therefrom with a view to making a profit. The Limited Partnership may, in the future, participate with Altentech® and MWPI in the development of their products and processes. The Limited Partnership has the power to do any and every act and thing necessary, proper, convenient or incidental to the accomplishment of its business and purposes including, without limitation, owning or disposing of partnership interests, shares or other securities.

The proceeds of the Offering will be used by the Limited Partnership to: (i) invest (A) in SMG Power LP, a significant shareholder of Altentech® Power Inc. ("**Altentech®**") and (B) directly in Altentech® (together, the "**SMG Power Investment Mandate**"); (ii) invest in two custom drying projects (the "**Drying Projects Investment Mandate**"); and (iii) finance the continued development of Mission Wood Pellet Inc. or other entities or businesses involved in the production of industrial grade wood pellets (the "**Wood Pellet Investment Mandate**"). Refer to Item 2 - ***"Business of SMG BioPower Limited Partnership"***.

This is an offering of Limited Partnership Units and not a direct interest in Altentech® or MWPI, or in the Drying Projects. Each investor who acquires a Unit pursuant to this Offering will be a Limited Partner of the Limited Partnership in accordance with the Partnership Agreement and this Offering Memorandum. The rights and responsibilities of the limited partners (the "**Limited Partners**") and the General Partner are set out in the Partnership Agreement. By entering into a Subscription Agreement, you are agreeing to be bound by the terms and conditions of the Partnership Agreement.

Throughout this Offering Memorandum, we describe the business and financial position of the Limited Partnership as well as the business and financial position of the General Partner. The audited financial statements of the Limited Partnership and the General Partner as of March 17, 2015 are included in this Offering Memorandum under Item 12 – ***"Financial Statements"***. These financial statements are described in Canadian dollars and expressed in accordance with International Financial Reporting Standards ("**IFRS**").

Item 1. Use of Available Funds

1.1 *Available Funds*

		Assuming min. Offering[(1)]	Assuming max. offering
A.	Amount to be raised by this Offering	$0	$25,000,000
B.	Selling commissions and fees[(2)(3)]	$0	$4,750,000
C.	Estimated offering costs (e.g., legal, accounting, audit)	$50,000	$250,000
D.	Available funds: D = A - (B+C)	$(50,000)	$20,000,000
E.	Additional sources of funding (existing cash)	$135,000 (as at March 17, 2015)	$135,000(as at March 17, 2015)
F.	Working capital deficiency	$0	$0
G.	Total: G = (D+E) - F	$85,000	$20,135,000

(1) There is no minimum offering. The Limited Partnership will issue Units on a continuous basis to investors at a Subscription Price of $10 per Unit. Refer to Item 4.3 - ***"Prior Sales"***.

(2) Including the Management Fee, which will be a maximum of five percent (5%) of the gross proceeds of the Private Placement and is payable to the Manager in monthly instalments over a five-year period pursuant to the Management Agreement.

(3) The General Partner may engage an authorized Selling Agent(s) in any territory of Canada, the United States, or another foreign jurisdiction where a distribution of Units pursuant to this Offering Memorandum is authorized. The maximum commission or fee payable to such Selling Agent will be 15% of the Subscription Price. Refer to Item 7 - ***"Compensation Paid to Sellers and Finders"***.

1.2 *Use of Available Funds*

We plan to spend the available funds from the Offering as follows:

Description of intended use of available funds listed in order of priority[(2)]	Assuming Min. Offering	Assuming Max. Offering[(1)(2)]
SMG Power Investment Mandate	$0	$2,135,000
Drying Project Investment Mandate	$0	$10,000,000
Wood Pellet Investment Mandate	$0	$8,000,000

(1) Total available funds (assuming Maximum Offering) is estimated at $20,135,000.

(2) Use of available funds is listed in order of priority and may be re-allocated at the General Partner's sole discretion.

1.3 *Reallocation*

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons. See Item 2.2 - ***"Our Business"***.

Item 2. Business of SMG Biopower Limited Partnership

2.1 *Structure*

The Limited Partnership was formed in British Columbia on March 13, 2015 pursuant to a Certificate of Limited Partnership. The Limited Partnership is governed by the Limited Partnership Agreement and is subject to the provisions of the *Partnership Act*. The Limited Partnership will register under applicable partnership legislation of other provinces as and when it determines such registration is required or desirable.

The General Partner, BioPower Drytec Corp., is a company incorporated under the laws of British Columbia and will manage the affairs of the Limited Partnership. In consideration of serving as the general partner of the Limited Partnership, BioPower Drytec Corp., will receive 20% of all net profits generated by the Limited Partnership.

The shareholders of the General Partner are SMG Asset Canada Inc. (B.C, company owned controlled by Jung Moon), ISHE Holdings Ltd. (B.C, company owned and controlled by Hee Dong Hong), MFG Money Inc. (B.C, company owned and controlled by Wei Chen (Mike) Hsu), CT Business Solutions Inc. (B.C, company owned and controlled by Chun Te (Peter) Wu), and Meng (Simon) Xu (collectively the "**GP Shareholders**"), each holding 20% voting shares of the General Partner.

<u>Structure of the SMG Group and Related Party Transactions</u>

The SMG Group is made up of, collectively, the General Partner, the Manager, SMG Securities Inc., SMG Power LP, the GP Shareholders, MWPI, Altentech® , Jung Moon and certain other related entities. The proceeds of this Offering will be used to make investments in, and to make payments to, members of the SMG Group.

As disclosed elsewhere in this memorandum, SMG Securities Inc. may receive a commission of 15% on the entirety of the Offering. SMG Securities Inc. is indirectly controlled by Jung Moon, another related party. In addition, the Manager will receive the Management Fee. The Manager is also controlled by Jung Moon and owns 20% shares of the General Partner.

A portion of the Offering will be invested in each of SMG Power LP, MWPI and Altentech®. The general partner of SMG Power LP is SMG Drytec Corp. The GP Shareholders are also the shareholders of SMG Drytec Corp. SMG Power LP's primary investment is in Altentech®. Jung Moon also holds a significant interest in Altentech®. Finally, MWPI is indirectly controlled by Jung Moon.

2.2 *Our Business*

<u>Investment in SMG BioPower Business</u>

The General Partner has organized the Offering as a means by which individual investors can pool their funds so as to allow them the opportunity to invest in the clean energy sector generally

and, in particular, in the projects that will be funded by the Investment Mandates (the "**SMG BioPower Business**"). The SMG BioPower Business is comprised of the SMG Power Investment Mandate, the Wood Pellet Investment Mandate and the Drying Projects Investment Mandate.

The SMG Power Investment Mandate

The Limited Partnership intends to invest approximately 10% of the net proceeds of the Offering in either or both the SMG Power LP, a significant shareholder of Altentech®, and directly into equity or acquire debt of Altentech®. The Limited Partnership will acquire either or both of newly issued and previously issued units of SMG Power LP.

This investment will allow the Limited Partnership to participate in Altentech®'s commercial expansion and growth in the renewable energy sector.

SMG Power LP is a limited partnership formed pursuant to the laws of British Columbia. The General Partner of SMG Power LP is SMG Drytec Corp. The GP Shareholders are also the shareholders of SMG Drytec Corp. The objectives of SMG Power LP are to hold direct and indirect investments in Altentech® Power Inc., entities related to Jung Moon, and related biomass energy conversion projects with the intention to profit from these investment holdings. Total SMG Power LP units issued and outstanding as at the date of this Offering Memorandum is 757,505 of which 5 units are held by Hee Dong Hong as the initial limited partner on behalf of SMG Drytec Corp. Hee Dong Hong is the President of SMG Drytec Corp. SMG Power LP units are issued at a price of $10 per unit. Pursuant to the limited partnership agreement for SMG Power LP, unitholders are entitled to 80% of the net income or net loss of SMG Power LP. Such net income or net loss shall be allocated to the limited partners of record on the last day of the partnership's fiscal year on a pro-rata basis in accordance with their respective sharing ratios.

Altentech® Power Inc. is a company incorporated pursuant to the laws of British Columbia. SMG Power LP currently holds 43% of the outstanding shares of Altentech® Power Inc. Jung Moon, who is the sole shareholder of the Manager, holds 11% of the outstanding shares and the remaining 46% of the outstanding shares of Altentech® Power Inc. are held by 158 investors that are dealing at arms' length to SMG Power LP and Jung Moon. The top five shareholders and their relative percentage shareholding in Altentech® Power Inc. are as follows: SMG Power LP (43%), Jung Moon (11%), Lise Tuck (10%), Jean Louis Tanguay (9%), and Larry Taylor (6%). Jung Moon and Larry Taylor are directors of Altentech® Power Inc.

The current authorized share structure of Altentech® Power Inc. is an unlimited number of a single class of participating voting common shares without par value. SMG Power LP expects to profit from investments in Altentech® Power Inc. through dividends and/or the sale of Altentech® shares. The Limited Partnership may participate in the profit of Altentech® by investing in SMG Power LP or, in the event Altentech® issues additional shares from treasury, the Limited Partnership may acquire these newly issued shares of Altentech® directly.

The Wood Pellet Investment Mandate

The Limited Partnership intends to invest approximately 40% of the net proceeds of the Offering in MWPI and may invest a portion of this allocation in or other entities or businesses involved in the production of industrial grade wood pellets. The Limited Partnership intends acquire either or both of equity or debt of MWPI. This investment will allow the Limited Partnership to

participate in the continued development of MWPI. MWPI is a company incorporated pursuant to the laws of British Columbia.

On March 17, 2015, the Limited Partnership entered into a non-binding memorandum of understanding (a "**MOU**") with MWPI pursuant to which the Limited Partnership agreed to use commercially reasonable efforts to negotiate and complete a series of financing transactions pursuant to which $8,000,000 would be advanced to MWPI (either in the form of debt, equity or otherwise) by June 30, 2016.

In connection with the MOU, on March 19, 2015, the Limited Partnership agreed to lend MWPI $300,000 (the "**MWPI Loan**") pursuant to the terms of a promissory note dated the same date (the "**MWPI Promissory Note**"). Pursuant to the terms of the MWPI Promissory Note, the Limited Partnership has agreed to advance $125,000 by March 19, 2015 (advanced), $50,000 by March 20, 2015 (advanced) and $125,000 by April 3, 2015. The MWPI Loan bears interest at a rate of 12% per annum commencing on March 19, 2015 and matures on April 3, 2017. Interest is payable to the Limited Partnership semi-annually with the first payment due on October 1, 2015. After June 30, 2015, MWPI may prepay, in whole or in part, the MWPI Loan and all accrued interest without penalty.

The Biomass Drying Projects Investment Mandate

The Limited Partnership intends to invest approximately 50% of the net proceeds of the Offering to finance two custom biomass drying projects. The Limited Partnership may invest in these projects either or both through the incorporation of a new company and/or through direct project financing under an existing business entity.

This investment will allow the Limited Partnership to diversify its involvement in the biomass drying market.

The allocation of funds amongst the Investments Mandates may be modified from time to time at the sole discretion of the General Partner as deemed necessary to achieve the Limited Partnership's business objectives.

The Limited Partnership

The Limited Partnership was formed for the purposes of pursuing the Investment Mandates.

The Limited Partnership's primary business is funding businesses operating in the clean energy sector both directly, through the Drying Projects Investment Mandate and the Wood Pellet Investment Mandate, and indirectly, through its investment in Altentech® pursuant to the SMG Power Investment Mandate.

About Altentech®

Altentech® Power Inc. has developed a revolutionary drying technology, the Biovertidryer®. The Biovertidryer® has a number of competitive advantages over incumbent drying equipment. The physical footprint of the dryer is more than 50% smaller than a traditional rotary drum dryer and 80% smaller than a belt dryer of similar capacity. The Biovertidryer® reduces operating costs for the consumer due to the reduction in electricity required to run the dryer and through high thermal efficiency. These advances have been achieved through the controlled air flow within the dryer resulting in minimal heat loss and reduced ambient air intrusion. In addition, maintenance costs

are reduced and uptime is increased as a result of thoughtful and rigorous engineering. The Altentech® dryer exceeds the requirement of environmental emissions regulations in North America without any secondary scrubbing technology. The unique gravity-fed vertical design gives the operator optimal control of the fibre feed and finished product. Finally, the Biovertidryer® operates at significantly lower temperatures than incumbent rotary drum dryers, significantly reducing fire and explosion risks during operation.

Altentech® Power Inc. was incorporated in 2007. SMG Power LP began investing in Altentech® in 2012 and has since acquired significant ownership of the company. Since 2012, the SMG Group has worked with Altentech® to commission and build a demonstration prototype and a final commercial unit, which is currently being commissioned on an industrial site owned by the SMG Group in Mission, British Columbia.

Altentech® currently has received 13 patents, including patent approval from the European Patent Office representing 33 European Union member states. Patents received to date include: China, Russia, two in Canada, Australia, Indonesia, Ukraine, Philippines, Korea, Japan, Hong Kong, the European Patent Office, and USA. Within the European Patent System, Altentech is individually applying for patents in 19 countries: Austria, Belgium, Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Norway, Poland, Romania, Slovak Republic, Slovenia, Switzerland. Patents are still pending approval in Brazil and India.

The Altentech® Biovertidryer® is in the early commercialization stage and has secured a drying contract with Howe Sound Pulp and Paper. Upon successful completion of the contract with Howe Sound Pulp and Paper, its parent company has expressed interest in additional drying contracts. The Biovertidryer® 1.3 is expected to be commissioned in March 2015 and begin execution on drying contracts shortly thereafter.

Successful commissioning of the Biovertidryer® 1.3 in March 2015 will trigger the sale of two dryers to SMG Wood Pellet Inc. An Offer to Purchase has been negotiated and executed between the Altentech® and SMG Wood Pellet.

Altentech® was granted a preferential loan from the British Columbia Bioenergy Network ("**BCBN**") in December 2014 for $1,000,000.

About MWPI

Mission Wood Pellet Inc. ("**MWPI**") is a state-of-the-art pellet mill being built and commissioned by SMG Wood Pellet Inc., which is part of the SMG Group. MWPI is planning an installed production capacity of 225,000 metric tonnes (MTs) of wood pellets annually, with room for expansion to 250,000 MTs of production per year. Located in Mission, this facility is the first coastal wood pellet mill in British Columbia. This location was strategically chosen for access to abundant wood fibre supply, availability of industrial land suitable for a wood pellet operation, and a business-friendly community with local availability of skilled labour, services and support.

MWPI targets to produce industrial grade wood pellets to replace coal in power generation and provide thermal energy for industrial applications. In the medium term, MWPI targets to supply wood pellets to dedicated biomass power plants to supply power to industrial parks. MWPI will focus on using long-term offtake agreements with wood pellet end users to secure sales. MWPI is in the developmental stage as at the date of this Offering Memorandum. Planning and preparation began in the fourth quarter of 2013 and construction is expected to complete in the second half of

2015. The first permission from the Ministry of Environment for air discharge from the dryer during the commission period is effective as of February 20, 2015.

MWPI is currently negotiating long term offtake agreements with several South Korean industrial companies. Prospective customers would purchase wood pellets for a biomass power plant project to be constructed and commissioned by 2017. The biomass power plant project will be the first in a series of power plants dedicated to biomass power generation in Korea. In advance of sales to South Korean customers in 2017, MWPI targets to sell wood pellets to European countries and selected Asian countries.

About the Biomass Drying Projects

Custom biomass drying is a service provided by a drying operator to third parties. The Custom Drying process contemplated removes moisture from biomass materials (e.g., wood chips, wood residuals) using the Altentech® Biovertidryer® biomass drying system. The final product is typically burnt in industrial boilers to generate heat and steam for electricity generation. This concept can be used in various industries, including pulp and paper, cement production and most wood to energy conversion processes. The custom drying model can be employed both on-site in conjunction with existing operations for a specific consumer; or at an independent drying site where fibre can be transported to and from various consumers.

Custom biomass drying provides value to existing industry businesses utilizing biomass, and has great potential for expansion within the North America market and globally. Operational benefits and cost savings from utilizing our custom biomass drying services include, but are not limited to:

- Reduced or no capital expenditure for the client;
- A fixed price for moisture removal; and
- Reduced moisture content in feedstocks, creating the following:
    - Increased energy production efficiency;
    - Increased energy sales to third-party buyers;
    - Reduced logistics and handling costs from not moving water; and
    - Reduction of pollution penalties from new environmental policies mandated by governments and regulatory agencies.

Our immediate target customers for these custom drying projects are primarily pulp and paper companies. Expansion opportunities are available in two distinct ways: expanding into the global pulp and paper market, and expanding into other industries that use a boiler and require steam for electricity generation or any application that requires moisture to be removed from their feedstocks.

Investment in custom drying projects offers the following benefits:

- Custom biomass drying contracts will allow clients to gain the benefits of utilizing the Altentech® dryer with limited start-up expense and without the need for elaborate production equipment;
- Controlled management and ownership of the business;
- High capacity dryers allowing for multiple biomass drying contracts with a single dryer;
- Lower capital cost in comparison to building full production facilities i.e., wood pellet mills;

- Shorter start-up time and faster turnaround, enabling project implementation and profit generation in a shorter period of time;
- Promote the Altentech® Biovertidryer® and increases sales; and
- The opportunity to expand specialty biomass drying contracts globally through on-site installation opportunities.

The Limited Partnership Agreement

The Limited Partnership Agreement, a copy of which is attached as Schedule "A" to this Offering Memorandum, sets out the terms and conditions upon which the Limited Partnership is to be established and operated.

2.3 *Development of Business*

Development of the Business of Altentech®

Altentech® Power Inc. was incorporated in 2007 based upon a design for a vertical biomass drying unit proposed by the original founders. The design for the dryer has undergone multiple iterations since then. Altentech® and its dryer design have moved from R&D to proof of concept to early-stage commercialization for the Biovertidryer® 1.3 since 2012. An initial prototype unit, referred to as the D-10, was constructed and commissioned in 2011, first being installed in Nova Scotia and then moved to a site in Princeton, British Columbia. The D-10 prototype unit exhibited significant design flaws and a design overhaul was undertaken in 2012, led by an internal technical team. Altentech® engaged a leading mechanical engineering firm in BC, Noram Engineering, and an industry leading environmental and geotechnical engineering firm, Levelton Consultants, to redesign the D-10.

The Biovertidryer® 1.3 is the product of the redesign efforts. This reimagined drying unit incorporates all of the original elements of the D-10 prototype unit, as well as numerous modifications to improve capacity, performance, and environmental compliance. Extensive mechanical engineering and computational fluid dynamic modeling have provided compelling feedback that the Biovertidryer® 1.3 will perform up to the specifications set by Altentech® management and technical leads.

The first Biovertidryer® 1.3 was built by Axton Inc. in the summer of 2013. Assembly of the dryer began on the MWPI site in December 2014. Marketing efforts for the Biovertidryer® 1.3 began in early 2014 and have built a pool of interested prospective investors awaiting the successful operation of the first unit. Howe Sound Pulp and Paper will be the first commercial end users of the dryer through the drying contract secured with Altentech®.

To date, funding for Altentech® has been provided through third-party investors, the SMG Group, Natural Resources Canada (NrCan), and BCBN.

At the date of this Offering Memorandum, the dryer is on-site at MWPI. The dryer will be used to fulfill custom biomass drying orders for local customers using biomass for various applications, beginning with Howe Sound Pulp and Paper. This first installed unit will also be used as an operating model for prospective customer visits and to run additional air emissions and operating data tests.

Altentech® business is expected to expand primarily through dryer sales to customers, along with potential participation in strategic joint venture or consortium partner projects such as the custom biomass drying projects.

The Partnership intends to realize profits directly through Altentech® business growth and/or through the disposition of SMG Power LP units and/or Altentech® shares.

Development of the Business of MWPI

There is significant interest in wood pellet production and utilization globally. As a clean, renewable, high energy-density, easily transportable, and easy-to-use energy source, wood pellet demand is expected to increase steadily over the next decade, and expand into major markets such as Asia and Eastern Europe. The global demand for wood pellets is driven by government environmental policy changes and is less impacted by the prices of tradition fossil fuel sources such as oil and natural gas.

A business plan was developed in 2013 and development of the MWPI business model was undertaken in late 2013. MWPI will be a state-of-the-art wood pellet manufacturing facility and the first coastal BC wood pellet plant. MWPI targets to produce industrial grade wood pellets to replace coal in power generation and provide thermal energy for industrial applications. In the medium term, MWPI targets to supply wood pellets to dedicated biomass power plants to supply power to industrial parks. MWPI will focus on using long-term offtake agreements with wood pellet end users to secure sales.

Environmental Benefits

- The feedstock to produce wood pellets at MWPI will mainly be derived from forestry residuals, clean construction and demolition waste, and waste streams produced at local lumber mills. These residual streams currently provide little or no revenue to the mills producing them, and often cause emission and public safety problems due to self-combustion and decaying piles of fibre.
- The plant being proposed will exceed all permitting requirements and use state-of-the-art equipment. MWPI has engaged the District of Mission, the British Columbia Ministry of Environment, and other air quality stakeholders as part of its commitment to be transparent with partners, investors, and the public on air quality management processes.

Economic and Operational Advantages

- Contributing to industrial activity in British Columbia, specifically the District of Mission, by creating up to 30 full-time positions and offering many associated benefits to local businesses.
- Proximity to ports and Metro Vancouver.
- Efficient use of land space, and new and improved equipment and technologies.

Our Strategies

In order to maximize the environmental and economic benefits, MWPI has identified a number of strategies to ensure smooth operations and a favourable outcome:

- Early collaboration and engagement with governments and all key stakeholders in environmental management;
- Adoption of highly efficient and environmentally friendly woody biomass drying technology;
- Proximity and accessibility to Vancouver ports;
- Reducing delays and costs by positioning the fibre supplier and aggregator within a shared space, and providing an optimal return on investment through targeted volume production;
- Extensive fibre study performed and concluded in favour of MWPI; and
- Mitigating risks regarding environmental permitting issues by being proactive in informing the government of MWPI's intentions, formalizing a back-up source of residual fibre in the event of a shortage, and carefully monitoring the budget.

MWPI has done extensive research, analysis, and executed the groundwork in planning and organizing the Project. As at the date of this Offering Memorandum, the following project milestones have been achieved:

- Reached definitive long-term lease agreement on a production site in Mission, BC;
- Reached definitive fibre agreement with fibre agent for the delivery of required residual fibre for wood pellet production;
- secured residual fibre sources;
- Completed wood pellet plant design;
- Received competitive quotations on capital equipment;
- Placed equipment deposits on key production equipment;
- Obtained interim air discharge permit from the Ministry of Environment effective on February 20, 2015; and
- Engaged technical feasibility analysis on the use of a high-efficiency biomass dryer (Biovertidryer^{TM}) in the Project.

MWPI may engage the traditional European market for industrial wood pellets and/or the residential premium pellet market. Both of these European markets continue to experience strong demand growth because of tightening European energy policy across the 35 member states. As production facilities in the Asian markets are built, commissioned, converted or retrofitted to receive biomass fuel supplies, MWPI may engage European buyers for early production capacity on a per-contract basis. Once Asian purchasers are prepared to receive biomass shipments, the majority of MWPI production will be used to fill these long-term supply contracts.

SMG BioPower LP will realize profits through the establishment and growth of MWPI business and/or through the disposition of MWPI securities or ownership.

Development of the Drying Projects

Custom biomass drying projects are in the R&D phase. Custom biomass drying is a new niche market made possible by the Altentech® biomass drying technology of the Biovertidryer® 1.3. Due to the dryer's small size, modularity, electrical and throughput efficiency and safety, the Biovertidryer® makes it possible for biomass drying installations to use less auxiliary equipment and be less expensive for installation, real estate, and operation costs.

The business model for Custom biomass drying was developed in 2014 and since then, R&D has commenced to identify essential business components, operational and competitive advantages

and key markets. The first custom drying contract has been signed with Howe Sound Pulp and Paper in conjunction with Altentech®. This contract is anticipated to begin in the first quarter of 2015 and will provide an operational road map for future custom biomass drying installations.

Using the Altentech® Biovertidryer®, SMG BioPower LP plans to develop and put into operation two custom biomass drying installations. The two custom biomass projects will focus on the North American market for industrial thermal energy applications. There are numerous applications for thermal energy production, including steam power generation, direct biomass firing, co-firing with fossil fuels and secondary biomass production. There are various industries using biomass-based thermal energy for power production including pulp and paper mills and cement production facilities. By enabling end-users to set the drying specifications of their specific fibre, SMG's Custom Biomass Drying Projects aim to grow the number of biomass thermal energy users by providing easy access to the precise product end-users' need.

SMG BioPower expects to realize profits for investors on the operation and growth of the Custom Biomass Drying projects and/or through the trading of custom drying project securities or ownership.

2.4 *Long-Term Objectives*

The Partnership intends to use the net proceeds to accomplish the objectives outlined in the Investment Mandates, specifically:

- The Partnership intends to purchase newly issued and/or existing units of SMG Power LP and obtain a return on investment based on the growth of the Altentech® business and/or the disposition of Altentech® securities.
- The Partnership also intends to use a portion of net proceeds to finance the construction and commissioning of the MWPI wood pellet production plant and possibly provide short-term financing to MWPI as operational financing in the business's early stages.
- The Partnership intends to earn financing revenue on monies loaned to MWPI and obtain a return on any equity investments based on the growth of the MWPI business.
- The Partnership will also use a portion of the net proceeds to invest in two custom biomass projects and to obtain a return on investment for limited partners through the business of the custom biomass drying projects and/or the sale of ownership, interest or assets in the projects.

2.5 *Short-Term Objectives and How We Intend to Achieve Them*

During the next 18 months the Limited Partnership intends to pursue the Investment Mandates to invest in Altentech® and MWPI as it is able to, and to fund and advance the Biomass Drying Projects. The Limited Partnership may seek to amend the Limited Partnership Agreement to permit additional funds to be raised.

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete

Acquire units of SMG Power LP through purchase of newly issued or existing issued shares. Further invest in Altentech®, directly or indirectly.	0-12 months	$2,000,000
Prepare for and design two custom biomass drying projects: including securing custom drying customers, establishing a viable business plan, identifying key strategic business needs for the project, finding a site location, project design and engineering, and other related project costs	6-18 months	$5,000,000
Completion of construction and commissioning of the MWPI wood pellet operation and provide short-term financing in the business's early stages	0-18 months	$8,000,000

2.6 *Insufficient Funds*

The proceeds of this Offering may not be sufficient to accomplish all of the Limited Partnership's proposed objectives. The Limited Partnership may seek to raise additional funds through alternative financing. However, there is no assurance that such alternative financing will be available at all, or on terms that are acceptable. Refer to Item 8 - ***"Risk Factors"***.

2.7 *Material Agreements*

The material agreements of the Limited Partnership are the following:

(a) the Limited Partnership Agreement, made between the Limited Partners and the General Partner. A copy of the Limited Partnership Agreement is attached as Schedule "A" to this Offering Memorandum;

(b) the Management Agreement made between the General Partner on behalf of the Limited Partnership and the Manager; and

(c) the Loan Agreement made between the General Partner on behalf of the Limited Partnership and the Manager pursuant to which the Manager has agreed to loan funds to the General Partner to pay the Interest Payments

The following is a brief description of the key terms of each of these agreements:

Limited Partnership Agreement

The Limited Partnership Agreement was made among BioPower Drytec Corp. as the General Partner, SMG Power LP, as the Founding Partner and those persons who, from time to time will become Limited Partners of the Limited Partnership. The Limited Partnership Agreement, a copy of which is attached as Schedule "A" to this Offering Memorandum, sets out the terms and conditions upon which the Limited Partnership is to be established and operated. The General Partner will receive 20% of the profits generated by the Limited Partnership, with the remaining 80% of profits distributed pro-rata to the limited partners. See the disclosure under Item 5.1 "Terms of Securities".

Management Agreement

Under the terms of the Management Agreement, the Manager is to provide administrative services to the Limited Partnership, including without limitation the preparation of financial statements and tax returns and provision of office space and equipment, and for those services will receive the Management Fee. The Management Fee is equal to means 5% of the net proceeds of the Offering and shall be paid by the Limited Partnership to the Manager in monthly instalments over a five year period in accordance with the terms of the Management Agreement.

Loan Agreement

The Manager has agreed to loan the amount of the Interest Payments to the Limited Partnership in order to fund the Interest Payments payable to the Limited Partners noted below. The loan is being made on an interest free basis. In accordance with the terms of the Loan Agreement, the amount of Interest Payments advanced by the Manager to the Limited Partnership shall be repayable monthly over a three year period commencing on the date that the Limited Partners have received profit distributions equal to 10% of the gross proceeds of the Offering. If, at any point in time, the repayment of the Interest Payments to the Manager would cause the Limited Partnership to be in a deficit cash position, the repayment obligation shall be suspended. The repayment obligation shall be reinstated at such time as the Limited Partnership has sufficient funds to make the repayment without causing the Limited Partnership to be in a deficit cash position.

Item 3. Interests of Directors, Management, Promoters and Principal Holders

3.1 *Compensation and Securities Held*

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of minimum offering		Number, type and percentage of securities of the issuer held after completion of maximum offering	
			(#)	(%)	(#)	(%)
Hee Dong Hong, Coquitlam B.C	Director, President of the General Partner (since incorporation)	$nil	$nil	$nil	$nil	$nil
Meng (Simon) Xu, Burnaby B.C	Director, Secretary of the General Partner (since incorporation)	$nil	$nil	$nil	$nil	$nil
Wei Chen (Mike) Hsu, Burnaby B.C	Chief Operating Officer of the General Partner (since incorporation)	$nil	$nil	$nil	$nil	$nil
Chun Te (Peter) Wu, Richmond B.C	Chief Financial Officer of the General Partner (since incorporation)	$nil	$nil	$nil	$nil	$nil

3.2 *Management Experience*

The officers and directors of the General Partner are as follows:

Name	Principal occupation and related experience
Hee Dong Hong	Hee Dong Hong is a Director and the President of BioPower Drytec Corp., a Vice-President of SMG Advisors Inc., and a Senior Manager of SMG Securities Inc. Hee Dong has been a financial advisor for over 15 years and has worked with the SMG group of companies for over 10 years. Hee Dong has been active in the biomass energy markets since 2012.
Wei Chen (Mike) Hsu	Wei Chen (Mike) Hsu is the Chief Operating Officer for BioPower Drytec Corp., a Vice-President of SMG Advisors Inc., and the President of SMG Securities Inc. Mike is a Certified Financial Planner with a Bachelor's degree in Business Administration with a specialization in Finance from Simon Fraser University.
Chun Te (Peter) Wu	Chun Te (Peter) Wu is the Chief Financial Officer of BioPower Drytec Corp. and SMG Asset Canada Inc., and the Chief Compliance Officer and Secretary of SMG Securities Inc. Peter is a Certified General Accountant and Chartered Accountant with a Bachelor's degree in Commerce with a specialization in Accounting from the University of British Columbia.
Meng (Simon) Xu	Meng (Simon) Xu is a Director and Secretary of BioPower Drytec Corp, a Vice-President of SMG Advisors Inc., and a Senior Manager of SMG Securities Inc. Simon is a Certified Financial Planner and has a Master's degree in Economics from Simon Fraser University.

3.3 *Penalties, Sanctions and Bankruptcy*

No penalties or sanctions have been in effect during the last ten (10) years nor has there been any cease trade order issued that was in effect for more than thirty (30) days during the past ten (10) years against:

(a) any of the directors, executive officers or control persons of the Limited Partnership; or

(b) a company of which any of the directors, executive officers or control persons of the Limited Partnership was a director, executive officer or control person at the time.

None of the directors, executive officers or control persons of the Limited Partnership (or any company of which any of the directors, executive officers or control persons of the Limited Partnership was a director, executive officer or control person at that time) have ever declared bankruptcy or been involved in a voluntary assignment in bankruptcy or a proposal under any bankruptcy or insolvency legislation, or any proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets during the last ten (10) years.

3.4 *Indebtedness*

There is no indebtedness as at the date of this Offering Memorandum.

3.5 *Potential Conflicts of Interest*

None of the General Partner, or any director or officer of the General Partner are in any way limited or affected in its or their ability to carry on other business ventures for their own accounts and for the accounts of others, or are now, or intend in the future to be, engaged in the development of, investment in and management of other clean energy sector projects. None of these persons will have any obligation to account to the Limited Partnership or the Limited Partners for profits made in such other activities. Refer to Item 8 – ***"Risk Factors – Conflicts of Interest"***.

Item 4. Capital Structure

4.1 *Unit Capital of the Limited Partnership*

Description of security	Number authorized to be issued	Price per security	Number outstanding as at March 17, 2015	Number outstanding after min. offering	Number outstanding after max. offering
Class A Limited Partnership Units	2,500,000	$10.00	5	2,500,000	2,500,000
Class B Limited Partnership Units	250,000	$1.00	250,000	250,000	250,000

4.2 *Long-Term Debt*

Description of long term debt (including whether secured)	Interest rate	Repayment terms	Amount outstanding
N/A	N/A	N/A	N/A

While there is currently no long term debt outstanding, in accordance with the terms of the Loan Agreement, the Limited Partnership will borrow funds from the Manager in order to make the Interest Payments. These funds will be repayable from the profits of the Limited Partnership. See the disclosure below under the heading "Material Agreements".

Prior Sales

Limited Partnership

An aggregate of 2,500,000 Class A Limited Partnership Units are outstanding as at the date of this Offering Memorandum which represents the maximum offering. This is a new issue and accordingly there are no prior sales.

Class B Limited Partnership Units have been fully subscribed by the Founding Limited Partner, SMG Power LP. These units are not offered under this Offering Memorandum.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
March 13, 2015	Class B Limited Partnership Units	250,000	$1.00	$250,000

General Partner

The authorized share structure of the General Partner consists of an unlimited number of common shares, of which 100 common shares are issued and outstanding. The following table summarizes information about the share structure of the General Partner.

Date of issuance	Description of security issued	Number of securities issued	Price per security ($)	Total funds received ($)
February 26, 2015	Common Shares	100	$0.01	$1.00

Item 5. Description of Securities

We are offering for sale a maximum of 2,500,000 Units with no minimum offering. The holder of any Unit will be a Limited Partner of the Limited Partnership in accordance with the Limited Partnership Agreement attached hereto as Schedule "A". By subscribing for one or more Units, you are agreeing to be bound by the terms and conditions of the Limited Partnership Agreement.

You are advised to obtain independent legal advice regarding the terms and conditions of the Limited Partnership Agreement prior to subscribing for any Units.

5.1 *Terms of Securities*

The terms of the Units are set out in the Limited Partnership Agreement attached as Schedule "A". The following is a summary of the terms of the Units. Reference should be made to the Limited Partnership Agreement for a detailed description of these terms.

The interest of the Limited Partners in the Limited Partnership is divided into, and the Limited Partnership is authorized to issue, two classes of Units, the Class A and Class B Units.

Up to 2,500,000 Units are being offered for sale at a price of $10 per unit, for gross proceeds of up to $25,000,000. The 250,000 Class B Units have been issued to the Founding Limited Partner and are not offered under this Offering Memorandum. Each Class A and Class B Limited Partnership Units shall have attached thereto the same rights and obligations as, and shall rank equally with, each other Unit with respect to distributions, allocations and voting. At the time of Full Closing (as defined below), the General Partner shall review the allocation of voting, profit and loss between Class A Units and Class B Units and make the adjustment such that the voting, profit, and loss entitlement of Class B Units is limited to no more than 10% of the entire Limited Partnership. Full Closing is defined as the earliest of:

(a) Fulfilling the maximum subscription of $25,000,000;

(b) obtaining sufficient funding, at the General Partner's sole discretion, to achieve the short-term and long-term objectives; or

(c) March 31, 2017.

Distributions of cash, assets or other property of the Limited Partnership will be made to the Limited Partners, at the sole discretion of the General Partner and only after the payment or reservation of all amounts necessary for payment of expenses of the Limited Partnership, on the following basis:

(a) the General Partner shall receive, in its capacity as General Partner, 20% of all such distributions; and

(b) the Limited Partners shall receive the balance of such distributions in accordance with their respective proportionate interest in the Limited Partnership at the time of such distribution.

The subscriptions shall have multiple closing dates and are organized into four tranches calculated every quarter-end from the date of this Offering Memorandum, namely June 30, 2015 ("**Tranche 1**"), September 30, 2015 ("**Tranche 2**"), December 31, 2015 ("**Tranche 3**"), and March 31, 2016 ("**Tranche 4**"). Each tranche closing may be extended for up to a period of 90 days at the General Partner's sole discretion, and such extension shall cause the subsequent tranches to be extended by the same extension period.

On March 31, 2016 or such later date as may be determined by the General Partner (the "**Interest Adjustment Date**"), annual interest shall be paid to holders of the Units as follows: 8% on Tranche 1, 6% on Tranche 2, 4% on Tranche 3, 2% on Tranche 4, provided, for greater certainty that all such payments are annualized and pro-rated for partial year holding (the "**Interest Payments**").

The Interest Payments will be a one-time payment made on the Interest Payment Date and any subsequent distributions will be determined solely on the profit and loss of the Limited Partnership. **The Interest Payments paid to the Limited Partners on the Interest Adjustment Date are not distributions of actual profits generated by the Limited Partnership.**

Pursuant to the terms of the Loan Agreement entered into between the Manager and Limited Partnership, the Manager will advance funds to the Limited Partnership to pay the Interest Payments. The amount of Interest Payments advanced by the Manager shall be repayable monthly over a three year period commencing on the date that the Limited Partners have received profit distributions equal to 10% of the gross proceeds of the Offering. If, at any point in time, the repayment of the Interest Payments to the Manager would cause the Limited Partnership to be in a deficit cash position, the repayment obligation shall be suspended. The repayment obligation shall be reinstated at such time as the Limited Partnership has sufficient funds to make the repayment without causing the Limited Partnership to be in a deficit cash position. The loan by the Manager to the Limited Partnership is being made on an interest free basis.

Non-resident investors are not permitted to purchase Units of the Limited Partnership. Instead, such non-residents investors may invest a feeder corporation which will, in turn, acquire Units. A separate Offering Memorandum is available for non-resident investors.

In addition, Canadian residents may invest through a feeder corporation whereby Canadian resident subscribers may hold Units through an investment corporation as a tax deferred investment. Please refer to the offering memorandum of the Concurrent Offering for details.

5.2 ***Subscription Procedure***

(a) A purchaser can subscribe for the securities by receiving and reviewing this Offering Memorandum, completing and signing two copies of the Subscription Agreement and the Risk Acknowledgment Form and returning one signed copy of the Subscription Agreement and the Rick Acknowledgement Form together with a bank draft payable to SMG BioPower Limited Partnership and delivering them to SMG BioPower Limited Partnership at the address shown on the Subscription Agreement.

(b) The consideration will be held in trust for at least the mandatory two-day period and otherwise until the subscription is accepted by SMG BioPower Limited Partnership by signing the acceptance on the completed Subscription Agreement. The acceptance will normally take place on the next closing date shown on the Subscription Agreement. Closings may also occur periodically, as determined by the Limited Partnership.

<u>Distribution</u>

The Units are being offered to investors resident in the province of British Columbia pursuant to exemptions (the "**NI 45-106 Exemptions**") from the prospectus and, where applicable, the registration requirements afforded by NI 45-106 sections 2.3 (accredited investor exemption), 2.9 (offering memorandum exemption) and 2.10 (minimum amount investment exemption).

The NI 45-106 Exemptions relieve us from the obligation under applicable securities legislation to file and obtain a receipt for a prospectus. Accordingly, prospective investors will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

Please carefully review the accompanying Subscription Agreement to determine the exemption requirements that apply to you.

Purchasers will be required to make certain representations in the Subscription Agreement, and the General Partner will rely on such representations, to establish the availability of the NI 45-106 Exemptions. No subscription will be accepted unless the General Partner is satisfied that the subscription is in compliance with applicable securities legislation. Investors other than individuals must also represent to the General Partner (and may be required to provide additional evidence at the request of the General Partner to establish) that such investor was not formed solely in order to make private placement investments that may not have otherwise been available to any persons holding an interest in such investor.

The following persons and entities may not invest in Units of this Partnership:

(a) "non-Canadians" within the meaning of the *Investment Canada Act* (Canada);

(b) "non-residents" of Canada, "tax shelters", "tax shelter investments" or any entities an investment in which would be a "tax shelter investment" within the meaning of the Tax Act;

(c) "financial institutions" within the meaning of section 142.2 of the Income Tax Act (Canada) (the "**Tax Act**"); or

(d) a partnership that does not have a prohibition against investment by the persons referred to in the foregoing paragraphs (a), (b) and (c).

Item 6. Income Tax Consequences and RRSP Eligibility

You should consult your own professional advisers to obtain advice on the tax consequences that apply to you.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

INVESTORS ACQUIRING UNITS WITH A VIEW TO OBTAINING TAX ADVANTAGES SHOULD OBTAIN INDEPENDENT TAX ADVICE FROM A KNOWLEDGEABLE TAX ADVISOR.

Introduction

The following is a summary, as at the date of this Offering, of the principal Canadian federal income tax considerations under the Tax Act and the regulations thereto (the "**Regulations**") for a Limited Partner who acquires Units pursuant to this Offering.

This summary is applicable only to Limited Partners who pay the purchase price for their Units in full when due and who, for the purposes of the Tax Act, at all relevant times are resident in Canada and hold their Units as capital property. Provided a Limited Partner does not hold Units in the course of carrying on a business, and has not acquired Units as an adventure in the nature of trade, the Units should generally be considered to be capital property to the Limited Partner.

This summary is not applicable to a Limited Partner:

(a) who is a non-resident of Canada for purposes of the Tax Act;

(b) that is a "financial institution" as defined in subsection 142.2(1) of the Tax Act;

(c) that is a "principal-business corporation" as defined in subsection 66(15) of the Tax Act;

(d) whose business includes trading or dealing in rights, licences or privileges to explore for, drill for or take minerals, petroleum, natural gas or other related hydrocarbons; or

(e) an interest in which is a "tax shelter investment" as defined in subsection 143.2(1) of the Tax Act.

Except as otherwise indicated, this summary assumes that:

(a) the Units are not, and will not be, listed or traded on a stock exchange or other "public market" within the meaning of the Tax Act;

(b) other than the Units, there are no, and will not be any, other "investments" in the Limited Partnership as defined in subsection 122.1(1) of the Tax Act; and

(c) recourse for any borrowing or other financing made by a Limited Partner to fund payment of the subscription price is not limited and will not be deemed to be limited within the meaning of the Tax Act.

This summary is based on the assumption that all partners of the Limited Partnership are resident in Canada at all relevant times and that Units that represent more than 50% of the fair market value of all interests in the Limited Partnership are not held by "financial institutions" (as defined in subsection 142.2(1) of the Tax Act) at all relevant times.

This summary is of a general nature and is based on the current provisions of the Tax Act and Regulations, all amendments to the Tax Act and Regulations specifically proposed and publicly announced by the Minister of Finance prior to the date hereof ("**Tax Proposals**"), and tax counsel's understanding of the current administrative practices of the Canada Revenue Agency ("**CRA**"). Unless otherwise expressly stated, this summary assumes the Tax Proposals will be enacted as intended, and that legislative, judicial or administrative actions will not modify or change the statements expressed in this summary.

This summary is not intended to be, nor should it be construed as, legal or tax advice to prospective purchasers of Units. It is not practical to comment on all aspects of federal income tax law that may be relevant to each prospective purchaser of Units. The income tax considerations applicable to a prospective purchaser of Units will depend on a number of factors including applicable provincial tax legislation. Accordingly, each prospective purchaser of Units should obtain independent advice from a knowledgeable tax advisor as to the income tax considerations applicable to investing in Units based on the purchaser's own circumstances.

Computation of Income

The Limited Partnership itself is not liable for income tax, and is not required to file income tax returns other than annual information returns. However, the Limited Partnership must compute its income or loss under the Tax Act for each of its fiscal periods as if it were a separate person resident in Canada. A fiscal period of the Limited Partnership will end on December 31 each year and on its dissolution. Subject to the important restrictions described below under "Limitations on

Deductibility of Expenses or Losses of Limited Partnership", each Limited Partner will be required to include, or be entitled to deduct, in computing income for a taxation year, the Limited Partner's pro rata share of the income or loss, as the case may be, of the Limited Partnership that is allocated to the Limited Partner under the Limited Partnership Agreement for the fiscal period of the Limited Partnership ending in the Limited Partner's taxation year, whether or not any distribution of income has been made to the Limited Partner by the Limited Partnership.

Each Limited Partner will be required to file an income tax return reporting the Limited Partner's share of the Limited Partnership's income or loss. The General Partner confirms that the Limited Partnership will provide each Limited Partner with tax information relating to the Units of the Limited Partner, but it will not prepare or file income tax returns on behalf of any Limited Partner. Each Limited Partner is required to file an information return in prescribed form containing prescribed information for each fiscal period of the Limited Partnership. A return made by one Limited Partner is deemed to be made by each Limited Partner in the Limited Partnership. The General Partner is obliged to file the required information return under the Limited Partnership Agreement.

The costs associated with the organization of the Limited Partnership will not be fully deductible by the Limited Partnership in determining its income for the fiscal period in which they are incurred. Subject to the discussion below of the Proposed Loss Limitation Rule, organizational expenses incurred by the Limited Partnership are eligible capital expenditures, three-quarters of which may be deducted by the Limited Partnership at the rate of 7% per year on a declining balance basis (subject to proration where the taxation year is less than 365 days).

Generally, offering expenses are deductible over a 5-year period at the rate of 20% per year (subject to proration where the taxation year is less than 365 days). In the event that the Limited Partnership is dissolved and these expenses have not been fully deducted, in a taxation year ending after that time, the Limited Partner's pro rata share of the amount the Limited Partnership would have been entitled to deduct in its fiscal period ending in the taxation year if the Limited Partnership had continued to exist. Subject to the discussion below of the Proposed Loss Limitation Rule, other fees and expenses that are incurred by the Limited Partnership in the course of its ongoing business should be deductible in the year incurred to the extent that they are reasonable.

The Tax Act levies a special tax on the income of those Limited Partnerships that constitute a "SIFT Limited Partnership" ("**SIFT**"). A SIFT includes certain Canadian Limited Partnerships whose units are listed or traded on a stock exchange or other public market. If the Limited Partnership were to constitute a SIFT, certain taxes could apply to the Limited Partnership and to Limited Partners. However, based on the provisions of the Limited Partnership Agreement and the confirmation of the General Partner that the Units are not, and will not be, listed or traded on a stock exchange or other "public market" within the meaning of the Tax Act, and that there are no "investments", as defined in subsection 122.1(1) of the Tax Act, in the Limited Partnership other than the Units, the Limited Partnership should not constitute a SIFT.

Limitations on Deductibility of Expenses or Losses of Limited Partnership

Subject to the so-called "at-risk" rules in the Tax Act, a Limited Partner's share of business losses of the Limited Partnership for any fiscal year may be applied against the Limited Partner's income from any source to reduce net income for the relevant taxation year and, to the extent it

exceeds other income for that year, may be carried back three years and forward 20 years and applied against taxable income of such other years.

The "at-risk" rules may, in certain circumstances, limit the amount of deductions and losses that a Limited Partner may claim in respect of the Limited Partnership to the amount the Limited Partner has "at risk" in respect thereof. Under these rules, a Limited Partner cannot deduct losses of the Limited Partnership to the extent these amounts exceed the Limited Partner's "at-risk amount" in respect of the Limited Partnership. Based on the manner in which the Limited Partnership will operate and be financed as described in this Offering Memorandum, and the assumption that the financing for any portion of the subscription price for the Units is not limited or deemed to be limited within the meaning of the Tax Act, it is likely the "at-risk" rules will not limit a Limited Partner's deductions in respect of Limited Partnership losses. A sale of investments by the Limited Partnership in a fiscal year may give rise to a capital gain equal to the proceeds thereof less direct selling costs and the adjusted cost base of the investments. The full amount of the portion of such capital gain allocable to a Limited Partner would generally be recognized as an addition to the Limited Partner's at-risk amount at the Limited Partnership's fiscal year-end.

"**Prescribed benefit**" includes any amount, having regard to statements or representations made in respect of the Units, that may reasonably be expected to be received or made available to a Limited Partner (or to a person who does not deal at arm's length with a Limited Partner), which would have the effect of reducing the impact of any loss that the Limited Partner may sustain by virtue of acquiring, holding or disposing of any interest in the Units. A prescribed benefit also includes certain limited recourse amounts and certain amounts that are deemed to be limited recourse amounts.

For purposes of the Tax Act, a limited recourse amount is the unpaid principal amount of any debt for which recourse is limited, and the unpaid principal amount of any debt is deemed to be a limited recourse amount unless:

(a) bona fide written arrangements were made, at the time the debt was incurred, for payment of principal and interest within a reasonable period not exceeding 10 years (which may include a demand loan);

(b) the debt bears interest at a rate not less than the lesser of the rate prescribed in the Tax Act in effect at the time the indebtedness arose or the rate prescribed from time to time during the term of the debt; and

(c) the interest is paid in respect of the debt at least annually within 60 days of the end of the debtor's taxation year.

A Limited Partner's loss in a year may be limited by the Proposed Loss Limitation Rule, as described below.

Prospective purchasers of Units who propose to finance the acquisition of their Units should consult their own tax advisors.

On October 31, 2003, the Department of Finance announced the Proposed Loss Limitation Rule relating to the deductibility of losses under the Tax Act. Under the Proposed Loss Limitation Rule, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit

from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If enacted as proposed, the Proposed Loss Limitation Rule will apply to taxation years commencing after 2004.

While the specific application of the Proposed Loss Limitation Rule to Limited Partners will ultimately be a question of fact in any case, it could apply to limit losses realized by the Limited Partnership and allocated to the Limited Partners, and to any losses realized by the Limited Partners from interest expense in a year or the deduction of offering expenses and the Agents' fee after the dissolution of the Limited Partnership. On February 23, 2005, the Minister of Finance (Canada) announced that alternative proposals to replace the Proposed Loss Limitation Rule would be released at an early opportunity. As of the date hereof, no alternative proposal has been released. There can be no assurance that such alternative proposals will not adversely affect Limited Partners.

Income Tax Withholding and Installments

Limited Partners who are employees and have income tax withheld at source from their employment income may request that the CRA exercise its discretionary authority and authorize a reduction of such withholding.

Limited Partners who are required to pay income tax on an installment basis may take into account their share, subject to the "at-risk" rules described above, of any loss of the Limited Partnership in determining their installment remittances.

Adjusted Cost Base of Units

Subject to any adjustments required by the Tax Act, a Limited Partner's adjusted cost base of a Unit will generally consist of the purchase price paid for the Unit, increased by any share of income allocated to the Limited Partner in respect of the Unit (including a pro rata share of any capital gains realized by the Limited Partnership) and reduced by any share of losses (including a pro rata share of any capital losses realized by the Limited Partnership) allocated to the Limited Partner, and the amount of any distributions made to the Limited Partner from the Limited Partnership in respect of the Unit.

Where the total of any such reductions to the adjusted cost base of a Unit exceeds the original cost of the Unit plus any such increases to the adjusted cost base of the Unit at the end of a fiscal period of the Limited Partnership, such excess ("negative amount") will be deemed to be a capital gain of the Limited Partner in respect of the Unit at that time. While there can be no assurance, it is not anticipated that Limited Partners will realize such a capital gain.

Disposition of Limited Partnership Units

A disposition by a Limited Partner of Units held by the Limited Partner as capital property will result in a capital gain, or capital loss, to the extent that the Limited Partner's proceeds of disposition net of reasonable disposition costs exceed, or are exceeded by, as the case may be, the adjusted cost base of the Units immediately prior to disposition. One-half of the amount of a capital gain is a "taxable capital gain", and is required to be included in computing a Limited Partner's income in the year. One-half of a capital loss is an "allowable capital loss", and is deductible only against taxable capital gains for the year. The unused portion of a capital loss may be carried back three years or forward indefinitely in accordance with the rules of the Tax Act.

A Canadian-controlled private corporation, as defined in the Tax Act, may be subject to an additional refundable tax of 6 $^{2/3\%}$ of certain investment income, which includes taxable capital gains. It should be noted that corporations with a "significant interest" (more than 10%) in the Limited Partnership and off-calendar year end may be subject to an additional income inclusion. This type of Limited Partner is highly encouraged to seek independent tax advice.

A Limited Partner who is considering a disposition of Units during a fiscal period of the Limited Partnership should obtain tax advice before doing so. Only a person who is a Limited Partner at the end of a fiscal period of the Limited Partnership will be entitled to a pro rata share of the Limited Partnership's income, or loss, in that fiscal period.

Transfer of Limited Partnership's Assets on Dissolution

A transfer of the Limited Partnership's assets on dissolution of the Limited Partnership, could result in taxable capital gains to the Limited Partners. However, the form of any such dissolution transaction and the tax consequences associated with it can only be ascertained with any degree of certainty at the time the Limited Partnership is to be dissolved. Consequently, Limited Partners are encouraged to seek independent income tax advice regarding any particular proposal regarding dissolution of the Limited Partnership.

Alternative Minimum Tax

Under the Tax Act, Limited Partners who are individuals (and certain trusts) must compute their potential liability for alternative minimum tax. In general, the tax payable by such Limited Partner for a taxation year is the greater of the tax otherwise determined and the amount of alternative minimum tax, which is computed at a rate of 15% applied against the amount by which the Limited Partner's "adjusted taxable income" for the year exceeds the Limited Partner's basic exemption which, in the case of an individual (other than certain trusts) is $40,000. In computing adjusted taxable income, a Limited Partner must generally include, amongst other things, all taxable dividends (without application of the gross-up), 80% of net capital gains and certain deductions and credits otherwise available that are disallowed, including amounts in respect of all resources expenditures and flow-through shares and any losses of the Limited Partnership.

Whether and to what extent the tax liability of a Limited Partner is increased by the alternative minimum tax will depend on the amount of the Limited Partner's income, the sources from which it is derived and the nature and amount of any deductions claimed.

Any additional tax payable by an individual for the year resulting from the application of the alternative minimum tax will be deductible in any of the seven immediately following taxation

years in computing the amount that would, but for the alternative minimum tax, be the individual's tax otherwise payable for the year.

Non-Eligibility for Investment in Deferred Income Plans

Generally, a Unit will not be a qualified investment under the Tax Act for registered retirement savings plans, registered disability savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans or tax-free savings accounts.

Item 7. Compensation Paid to Sellers and Finders

The Units will be offered for sale by individual agents and finders. Agents and finders who sell Units pursuant to this Offering may receive a commission of 15% of the gross proceeds of the sale of the Units. This commission may be paid to SMG Securities Inc., which is a member of the SMG Group.

Item 8. Risk Factors

There are certain risks that potential subscribers should carefully consider, including the following factors.

Business Start-up Risks

Starting a business, especially one based on new technology, involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. There is no assurance that a profitable market for the SMG BioPower Business, including the products and processes developed by Altentech® and MWPI and the Drying Projects, will be created within a reasonable period of time, nor any assurance that the products and processes developed by Altentech® and MWPI or the Drying Projects will be brought into a state of commercial production. The business start-up risks include the risk that: there is a lack of specific management skills and other technical skills; management lacks a regulatory and business track record; the SMG BioPower Business is dependent on key employees; there are no established suppliers or customers; the agreements necessary to conduct business are yet to be consummated; the processes and products are not yet proven in the marketplace; and that there may be other similar processes and products with superior characteristics.

Volatile Nature of the Clean Energy Sector

The clean energy sector is volatile and may contract during periods of economic slowdown, or government cutbacks, as well as where there is an oversupply of a particular product, process or service provider. Moreover, the clean energy sector is affected by extensive government regulation, restrictions on production, tax increases, expropriation of property, and pollution controls, all of which could negatively affect the value of Units.

Clean Energy Sector Companies

The business activities of clean energy sector companies are speculative and may be adversely affected by factors outside the control of those companies. In addition, many clean energy sector companies will not have a history of earnings. Most or all of the Limited Partnership's assets will be invested in Altentech® and MWPI, each of which has a small market capitalization and no history of earnings.

Clean Energy Sector Company Disclosure

There is no assurance that disclosure of Altentech® or MWPI, or information relating to the status of the Drying Projects, will be accurate, and there is a risk that false or even fraudulent disclosure may occur, and this may result in the eventual collapse of the value of Altentech®, MWPI or the Drying Projects. The standards of financial and other disclosure for private companies are still quite poor.

No Assurance of a Positive Return

Because of market fluctuations in the values of the investments to be held by the Limited Partnership, there is no assurance of a positive return on a Limited Partner's original investment. The investment involves a high degree of risk and should be considered only by those persons who can afford a loss of their entire investment.

Speculative Offering

The Units offered by this Offering Memorandum are speculative and there is no market for the Units which are subject to resale restrictions imposed under applicable Canadian securities legislation. Refer to Item 10 - ***"Resale Restrictions"***.

Size of Offering

The size of the Offering will directly affect the degree of risk. A shortage of capital increases the risk that the business will fail. In addition, if an amount that is less than the maximum Offering is sold, the General Partner's ability to invest in the Investment Mandates, including its investment in Altentech®, MWPI or the Drying Projects may be impaired, and therefore the intended business and investment strategy of the Limited Partnership may not be fully met.

Possible Loss of Limited Liability

Legislation with respect to limited partnerships provides that a Limited Partner benefits from limited liability unless, in addition to exercising his or her rights and powers as a limited partner, he or she takes part in the management or control of the business of the limited partnership.

No Resale Market

Although the Units are transferable subject to certain restrictions contained in the Limited Partnership Agreement, there is no market through which the Units may be resold and none is expected to develop. Subscribers may not be able to resell Units purchased under this Offering Memorandum. In addition, fluctuations in the market values of the investments acquired by the Limited Partnership may occur for a number of reasons beyond the control of the General Partner or the Limited Partnership and there is no assurance that an adequate market will exist for the securities acquired by the Limited Partnership or by the Limited Partners on dissolution of the Limited Partnership or earlier. The Limited Partnership will endeavour to provide Limited Partners with enhanced liquidity for their Units, and a liquidity alternative may be proposed to the Limited Partners, but there can be no assurance that such endeavours or proposals, as applicable, will be successful or receive the requisite approvals. Refer to Item 6 - ***"Income Tax Consequences and RRSP Eligibility - Transfer of Limited Partnership Assets on Dissolution"***.

No Review by Regulatory Authorities

This Offering Memorandum constitutes a private offering of the Units in British Columbia pursuant to prospectus and registration exemptions under the securities laws of these provinces. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus, advertisement, or public offering of these Units. Neither this Offering Memorandum nor any other material relating to this Offering has been reviewed or considered by the British Columbia, the CRA, or any other governmental or regulatory authority.

Share Prices & Resale Restrictions

The investments purchased by the Limited Partnership in Altentech® and MWPI may be issued to the Limited Partnership at prices greater than the market prices of such investments, and Limited Partners must rely entirely on the discretion of the General Partner in negotiating the pricing of those securities. In addition, the investments purchased by the Limited Partnership are illiquid. The effect of such lack of liquidity could include the inability of the Limited Partnership to sell its investment into the market at advantageous or timely market prices, or ever.

Rate of Return

There is no assurance that an investment in the Limited Partnership will earn a specified rate or return, or even any return, over the life of the Limited Partnership.

Dividends or Cash Distributions

The Limited Partnership intends to pay an annual interest or dividend and is not precluded from paying additional interest or dividends or other cash distributions to Limited Partners prior to the dissolution of the Limited Partnership; however, there are no assurances that the Limited Partnership will have sufficient funds to do so.

Clean Energy Sector Companies may fail to comply with provisions of agreements concluded with the Limited Partnership

The General Partner will consider technical reports made available to it in making an investment decision, but will not necessarily require a technical report to be provided by either Altentech® or MWPI before entering into agreements with either of those companies. Limited Partners must rely upon the discretion of the General Partner in entering into any agreements with either Altentech® or MWPI, and in determining whether to dispose of investments owned by the Limited Partnership.

Management of the General Partner does not consist of individuals whose principal occupation is making investment decisions or evaluating clean energy sector companies or companies in general. None of the management of the General Partner will devote his full time to the business and affairs of the Limited Partnership or the General Partner. Limited Partners who are not willing to rely on the discretion of the General Partner, or would second-guess investment decisions made by the General Partner, should not purchase Units.

Dependence on Key Personnel

The loss of any of the management of the General Partner or of either Altentech® or MWPI would likely have a material adverse effect on the management and business of the Limited Partnership.

Competition

The Limited Partnership will be competing with numerous other groups, some possessing greater financial resources and technical and investment expertise, in the search for the best investment opportunities.

Return of Contributions

Limited Partners remain liable to return to the Limited Partnership such part of any amount distributed to them as may be necessary to restore the capital of the Limited Partnership to the amount existing before such distribution if, as a result of any such distribution, the capital of the Limited Partnership is reduced and the Limited Partnership is unable to pay its debts as they become due.

Financial Resources of the General Partner

While the General Partner has unlimited liability for the obligations of the Limited Partnership and has agreed to indemnify the Limited Partners in certain circumstances, the General Partner does not have and is not expected to have significant financial resources which would enable it to satisfy the obligations of the Limited Partnership, or to satisfy the obligations of the General Partner to indemnify the Limited Partner in certain circumstances. Prospective investors should not rely on the General Partner to provide any additional capital or loans to the Limited Partnership in the event of any contingency. In addition, the General Partner and the Limited Partnership are newly established, with no previous operating history.

Tax-Related Risks

No assurance can be given that federal or provincial income tax legislation will not be amended or that announced changes to such legislation will not be adopted (including, in limited circumstances, on a retroactive basis) in such a manner as to fundamentally alter the tax consequences of holding or disposing of Units. There is a possibility that the CRA may deny the deductibility of fees paid to the General Partner in certain circumstances, resulting in a loss of a deduction in computing the Limited Partnership's income, which would otherwise be allocable to Limited Partners. To the extent that the amount paid to the General Partner exceeds reimbursements for offering expenses, the CRA may assert that an entitlement of the General Partner to the excess is more appropriately treated as an entitlement to share in any income of the Limited Partnership as a partner and, therefore, may not result in a deduction in computing the Limited Partnership's income. If the CRA successfully applied any such treatment, then a loss of the Limited Partnership otherwise allocable to the Limited Partners would be reduced or denied to the extent of such deduction. If any Limited Partner is not a resident of Canada at the time of the dissolution of the Limited Partnership, any distribution of undivided interests in the assets of the Limited Partnership may not be effected on a tax-deferred basis. The CRA may disagree whether the undivided interests in securities of clean energy companies distributed to Limited Partners on the dissolution of the Limited Partnership may be partitioned on a tax-deferred basis.

Conflicts of Interest

Various conflicts of interest exist or may arise between the Limited Partnership and the General Partner, and other Limited Partnerships or entities of which affiliates of the General Partner are general partners, or for which affiliates of the General Partner act as managers. Some of these conflicts may arise as a result of the power and authority of the General Partner to manage and operate the business and affairs of the Limited Partnership. These conflicts of interest may have a detrimental effect on the business of the Limited Partnership. The General Partner will not engage

in any business other than acting as general partner for the Limited Partnership. The General Partner's Affiliates may, and probably will, engage in other business ventures (the "**Conflicting Ventures**"), including, without limitation, acting as general partners, or directors or officers of general partners, of other Limited Partnerships or entities which may invest in similar businesses. Neither the Limited Partnership nor any partners shall by virtue of the Limited Partnership Agreement or otherwise have any right, title or interest in or to such Conflicting Ventures.

Affiliates of the General Partner may, and probably will, earn finder's fees, placement fees and due diligence fees (collectively, "**Commissions**"), paid by clean energy sector companies in the form of monetary commissions, options, shares, rights to purchase shares, and/or share purchase warrants (without limitation), in consideration of its evaluation of clean energy sector companies and negotiation of terms with respect to financing from such companies, and shall have no duty to account for such fees to the Limited Partnership, General Partner, or any of the Limited Partners. Such fees shall be in line with normal practice and with levels prevailing in similar transactions where investment bankers and others who are at arm's length to the General Partner earn finder's fees, commission, and due diligence fees.

Affiliates of the General Partner may, and probably will, engage in selling of securities of issuers other than the Limited Partnership, some or all of which may be competing with the Limited Partnership for investors, as well as opportunities with clean energy sector companies. Moreover, the General Partner may make decisions to dispose of investments held by the Limited Partnership in the same clean energy sector companies in which Conflicting Ventures may wish to acquire an investment. Conversely, the General Partner may wish to acquire investments or other securities in the same clean energy sector companies in which Conflicting Ventures already hold securities, and which securities the Conflicting Ventures wish to dispose of. The Limited Partnership may acquire shares in clean energy sector companies, which are controlled by directors and officers of the General Partner or affiliates of the General Partner. Any of the aforementioned conflicts of interest, as well as others, may be difficult, if not impossible, to resolve equitably.

Refer also to Item 5 - ***"Potential Conflicts of Interest"***.

Item 9. Reporting Obligations

The Limited Partnerships' reporting obligations are set out in the Limited Partnership Agreement and are limited. The Limited Partnership intends to invest, directly or indirectly, in Altentech®, MWPI and the Drying Projects, none of which have any requirements for financial or other disclosure. Consequently, the investors in the Limited Partnership cannot expect to have material financial and business information concerning Altentech®, MWPI and the Drying Projects, made available to them. The General Partner is not required to send you any documents on an annual or ongoing basis other than those which are required by the Limited Partnership Agreement.

No corporate or securities information about the issuer is available from a government, securities regulatory authority or regulator, self-regulatory organization or quotation and trade reporting system.

Item 10. Resale Restrictions

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless

you comply with an exemption from the prospectus and registration requirements under securities legislation.

Restricted Period

Unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the date the Limited Partnership becomes a reporting issuer in any province or territory of Canada.

Item 11. Purchasers' Rights

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

11.1 *Two Day Cancellation Right*

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the second business day after you sign the agreement to buy the securities.

11.2 *Statutory Rights of Action in the Event of a Misrepresentation - British Columbia*

If you are a resident of British Columbia and there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) the Limited Partnership to cancel your agreement to buy these securities, or

(b) for damages against the Limited Partnership, every director of the Limited Partnership at the date of this Offering Memorandum and every person who signs this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the Subscription Agreement within 180 days after you signed the Subscription Agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years after you signed the Subscription Agreement to purchase the securities.

The foregoing rights are in addition to, and without derogation from, any other right or remedy available to you at law.

Item 12. Financial Statements

Attached as exhibits to this Offering Memorandum are the following financial statements of the Limited Partnership and the General Partner.

Exhibit A - Interim Financial Statements of SMG BioPower Limited Partnership for the 4-day period since formation (March 13, 2015) to March 17, 2015.

Exhibit B - Interim Financial Statements of BioPower Drytec Corp. for the 19-day period since incorporation (February 26, 2015) to March 17, 2015.

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EXHIBIT A
FINANCIAL STATEMENTS

SMG BIOPOWER LIMITED PARTNERSHIP

4-DAY PERIOD SINCE FORMATION (MARCH 13, 2015)

TO MARCH 17, 2015 (AUDITED)

SMG BioPower Limited Partnership

Financial Statements

For the fiscal period since formation to March 17, 2015

SMG BioPower Limited Partnership
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INDEPENDENT AUDITOR'S REPORT

To the Directors of BioPower Drytec Corp. as General Partner of SMG BioPower Limited Partnership

We have audited the accompanying financial statements of SMG BioPower Limited Partnership which comprise the statement of financial position as at March 17, 2015, and the statement of comprehensive loss, cash flows and changes in partners' equity for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SMG BioPower Limited Partnership as at March 17, 2015 and its financial performance and cash flows for the period then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which indicates that for the period ended March 17, 2015, the Limited Partnership is dependent on its ability to raise sufficient financing to fund the operations of its investee entities and incurred a loss of $45,544. These items, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt upon the Limited Partnership's ability to continue as a going concern.

(signed) "BDO Canada LLP"

Chartered Accountants

March 25, 2015

SMG BioPower Limited Partnership
Statement of Financial Position
Expressed in Canadian Dollars

		March 17, 2015
Assets		
Current assets		
Cash (Note 5)	$	135,050
Due from related party (Note 6)		115,000
Total current assets		250,050
Total assets	$	250,050
Liabilities and partners' equity		
Current liabilities		
Accounts payable and accrued liabilities	$	45,544
Total current liabilities		45,544
Partners' deficit		
Partners' equity (Note 7)		204,506
Total partners' deficit		204,506
Total liabilities and partners' deficit	$	250,050

Signed by the Directors of BioPower Drytec Corp., as the General Partner of the Limited Partnership

Hee Dong Hong

Meng Xu

The accompanying notes are an integral part of these financial statements.

SMG BioPower Limited Partnership
Statement of Comprehensive Loss
Expressed in Canadian Dollars

4-Day Period from Formation to	March 17, 2015
Revenue	$ -
Expenses	
Professional fees	45,544
Total expenses	45,544
Loss from continuing operations	$ (45,544)
Total comprehensive loss for the period	$ (45,544)

The accompanying notes are an integral part of these financial statements.

SMG BioPower Limited Partnership
Statement of Cash Flows
Expressed in Canadian Dollars

4-Day Period from Formation to		March 17, 2015
Cash flows from operating activities		
Loss for the period	$	(45,544)
Change in working capital accounts:		
Accounts payable and accrued liabilities		45,544
Total cash outflows from operating activities	$	-
Total cash outflows from investing activities	$	-
Cash flows from financing activities		
Proceeds from issuance of LP units		135,050
Total cash inflows from financing activities	$	135,050
Total change in cash during the period	$	135,050
Cash, beginning of period	$	-
Cash, end of period	$	135,050

The accompanying notes are an integral part of these financial statements.

SMG BioPower Limited Partnership
Statement of Changes in Partners' Equity
Expressed in Canadian Dollars

	Limited Partners	General Partner	Total
Partners' equity, March 13, 2015	$ -	$ -	$ -
Partners' contributions	250,000	50	250,050
Loss for the period	(36,435)	(9,109)	(45,544)
Partners' equity, March 17, 2015	213,565	(9,059)	204,506

The accompanying notes are an integral part of these financial statements.

1. CORPORATE INFORMATION

On March 13, 2015, SMG BioPower Limited Partnership (the "Limited Partnership") was formed under the laws of the Province of British Columbia and commenced operations. The affairs of the Limited Partnership are governed by a limited partnership agreement (the "Limited Partnership Agreement") dated March 13, 2015. The Limited Partnership is formed for the primary purposes of achieving returns for its limited partners by investing, directly or indirectly, in each SMG Power Limited Partnership, Altentech Power Inc., Mission Wood Pellet Inc. or entities or businesses involved in the production of biomass fuel products and the enhancement of related technologies (collectively the "BioPower Drytec Businesses"). These entities are considered to be related parties under IAS 24 Related Party Disclosures as they have common shareholders.

The General Partner, BioPower Drytec Corp. (the "General Partner"), as stated in the Limited Partnership Agreement, has the authority to administer, manage, control and generally carry on the business of the Limited Partnership. Pursuant to the Limited Partnership Agreement, 80% of the net income or loss and any distributions of the Limited Partnership will be allocated pro-rata to the Limited Partners, and the General Partner is to be allocated 20%.

The address of the Limited Partnership's corporate office is unit 301 – 958 West 8th Avenue, Vancouver, British Columbia, Canada.

2. BASIS OF PREPARATION AND ADOPTION OF IFRS

a) Statement of Compliance

These financial statements of the Limited Partnership have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are the Limited Partnership's first financial statements prepared under IFRS. There is no impact from the adoption of IFRS on the Limited Partnership's financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies, as IFRS is the only accounting framework adopted by the Limited Partnership since formation.

These financial statements were authorized for issue by the Board of Directors of BioPower Drytec Corp., as the General Partner of the Limited Partnership on March 25 2015.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis which approximates the fair values.

The financial statements are presented in Canadian dollars, which is also the Limited Partnership's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Limited Partnership's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2. BASIS OF PREPARATION AND ADOPTION OF IFRS (cont'd)

c) Going Concern of Operations

The economic viability and future profits of the Limited Partnership is dependent on its ability to raise sufficient financing to fund the operations of its investee entities which in turn, are expected to provide investment return to the Limited Partnership upon full commercialization. Due to the start-up nature of the Limited Partnership and the investee entities involved, there is no assurance that positive returns may be realized.

During the 4-day period ended March 17, 2015, the Limited Partnership incurred a loss of $45,544. The start-up nature and short-period loss indicate the existence of a material uncertainty that may cast significant doubt upon the Limited Partnership's ability to continue to operate as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Financial Instruments

Financial instruments are classified into the appropriate category based on the purpose for which the instrument was recognized. All transactions related to financial instruments are recorded on a trade date basis.

Loans and Receivables

These assets result from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand, and may include features of a derivative financial asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses.

Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Limited Partnership's financial assets designated as loans and receivables include cash and amounts due from related parties.

Changes in the fair values of derivative instruments are recognized in the statement of operations in the period for which the change in fair value occurs. During the period there was no change in the fair value of these financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Financial Assets

At each reporting date the Limited Partnership assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred. Financial liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

The Limited Partnership's liabilities designated as other financial liabilities include accounts payable and accruals.

b) Income Taxes

The taxation payable (or recoverable) on the Limited Partnership profits (or losses) is the liability of the General Partner and Limited Partners. Consequently, neither partnership taxation nor related deferred taxation are accounted for in these financial statements. The Limited Partnership is not a taxable entity.

c) Partners' Equity

Limited Partners' equity is classified as equity. Pursuant to the Limited Partnership Agreement, no partner shall be entitled to a return, or to demand a return, of any portion of the Partners' Capital Contribution or be entitled to any fixed or guaranteed distribution or allocation of profit.

d) Issue Costs

Incremental costs directly attributable to the issue of new Limited Partnership units or items of similar nature are shown in the Partners' Equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Standards, Amendments and Interpretations Not Yet Effective

Effective March 13, 2015 the Limited Partnership adopted the following new and revised International Financial Reporting Standards ("IFRS") that were issued by the International Accounting Standards Board ("IASB").

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Limited Partnership.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

  These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Limited Partnership as it does not have any offsetting arrangements.

- IFRIC 21 Levies

  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Limited Partnership as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Limited Partnership's financial statements are disclosed below. The Limited Partnership is still evaluating the impact of these new standards and interpretations and intends to adopt these standards, if applicable, when they become effective:

- IFRS 9 Financial Instruments

  In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments ("IFRS 9") which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement ("IFRS 39") and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

- IAS 24 Related Party Disclosures

  The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

- IFRS 13 Fair Value Measurement

  The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

- IAS 27 Equity Method in Separate Financial Statements (amendments)

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Limited Partnership makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

There are no significant accounting estimates and judgments during the period ended March 17, 2015.

5. CASH

Cash includes funds held in a business chequing account with a Canadian chartered bank that are highly liquid. Cash is classified as loans and receivables.

6. RELATED PARTIES

The following is a summary of the Limited Partnership's related party balances during the period presented:

	4-Day period ended March 17, 2015
Due from related party	$ 115,000

Due from related party represents amount due from SMG Power Limited Partnership, the initial limited partner relating to the subscription of Class B limited partnership units. The amount has been recognized as a financial asset as the Limited Partnership has a contractual right to receive cash from SMG Power Limited Partnership. On March 20, 2015 SMG Power Limited Partnership settled a further $50,000 of this balance.

7. PARTNERS' EQUITY

a) Authorized

The interests of the Limited Partners in the Partnership shall be divided into, and the Partnership is authorized to issue, an unlimited number of Class A Units and Class B Units. Each Unit shall have attached thereto the same rights and obligations as, and shall rank equally with, each other Unit with respect to distributions, allocations and voting and, for greater certainty, the Class A Units and Class B Units shall, in all circumstances except if prohibited by law, vote together as one class.

b) Issued and Outstanding

The following table summarizes the Limited Partnership units issued and outstanding during the fiscal period:

	Number of Units	**Unit Price**	**Amount**
Balance at March 13, 2015	-		$ -
Class B units issued	250,000	1	250,000
Class A units issued (General Partner's Interest)	1	50	50
Balance at March 17, 2015	250,001		$ 250,050

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Limited Partnership is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Limited Partnership is exposed to risks that arise from its use of financial instruments. This note describes the Limited Partnership's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Limited Partnership's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them during the course of the current period.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Limited Partnership's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Limited Partnership's finance function.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The risks that affect market prices which are relevant to the Limited Partnership include foreign currency risk and interest rate risk.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and foreign currencies will affect the Limited Partnership's operations and financial results. The Limited Partnership does not have significant exposure to foreign exchange rate fluctuation because all balances and transactions are in Canadian Dollars.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Limited Partnership does not hold financial instruments that are sensitive to interest rate changes. The Limited Partnership considers this risk to be immaterial.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

b) Credit Risk

Credit risk is the risk of financial loss to the Limited Partnership if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Limited Partnership consist primarily of cash and loans receivable. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand.

The credit risk relating to cash is minimal as the financial institution the Limited Partnership's chequing account is deposited with, is a Canadian chartered bank.

c) Liquidity Risk

Liquidity risk is the risk that the Limited Partnership will not be able to meet its financial obligations as they become due. Management's liquidity risk management policy includes ensuring that the Limited Partnership has sufficient cash on demand to meet expected operational expenses for a period of 90 days during a period of business interruption. The Limited Partnership will monitor its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amount for cash approximates fair value due to their short-term and liquid nature. Fair values of loans receivable are determined by analyzing the present value of discounted future cash flows less any impairment. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

The Limited Partnership did not have any financial instruments that are measured subsequent to initial recognition at fair value.

9. CAPITAL MANAGEMENT

The Limited Partnership monitors its cash and partners' equity as capital. The Limited Partnership's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development of the business.

The Limited Partnership is not exposed to any externally imposed capital requirements, and in turn there have been no changes during the period in the Limited Partnership's approach to capital management.

10. POST BALANCE SHEET EVENTS

On March 19, 2015 and March 20, 2015 SMG BioPower Limited Partnership advanced promissory loan notes totaling $125,000 and $50,000 respectively to Mission Wood Pellet Inc., a company which utilizes forestry residuals to create wood pellets with high energy content.

The promissory loan note terms commence on March 19, 2015 (the "First Advance Date") and will become due on April 3, 2017 (the "Maturity Date"). The promissory loan notes are unsecured and interest is charged at 12%, payable semi-annually.

EXHIBIT B

FINANCIAL STATEMENTS

BIOPOWER DRYTEC CORP.

19-DAY PERIOD SINCE INCORPORATION (FEBRUARY 26, 2015)

TO MARCH 17, 2015 (AUDITED)

BioPower Drytec Corp.

Financial Statements

For the fiscal period since incorporation to March 17, 2015

BioPower Drytec Corp.
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INDEPENDENT AUDITOR'S REPORT

To the Directors of BioPower Drytec Corp.

We have audited the accompanying financial statements of BioPower Drytec Corp. which comprise the statement of financial position as at March 17, 2015, and the statement of comprehensive loss, cash flows and changes in equity for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BioPower Drytec Corp. as at March 17, 2015 and its financial performance and cash flows for the period then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which indicates that for the period ended March 17, 2015, the Company has incurred a loss of $5,050 and, as at that date, has an accumulated deficit of $5,050. These items, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern.

(signed) “BDO Canada LLP”

Chartered Accountants

March 25, 2015

BioPower Drytec Corp.
Statement of Financial Position
Expressed in Canadian Dollars

		March 17, 2015
Assets		
Current assets		
Cash (Note 5)	$	450
Total current assets		450
Total assets	$	450
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	$	5,000
Total current liabilities		5,000
Non-current liabilities		
Due to related parties (Note 7)		499
Total non-current liabilities		499
Shareholders' deficit		
Share capital (Note 8)		1
Deficit		(5,050)
Total shareholders' deficit		(5,049)
Total liabilities and shareholders' deficit	$	450

Signed on behalf of the Board of Directors by:

Hee Dong Hong

Meng Xu

The accompanying notes are an integral part of these financial statements.

BioPower Drytec Corp.
Statement of Comprehensive Loss
Expressed in Canadian Dollars

19-Day Period from Incorporation to	March 17, 2015
Revenue	$ -
Expenses	
Professional fees	5,000
Total expenses	5,000
Share of loss of associate (Note 6)	50
Loss from continuing operations	$ (5,050)
Total comprehensive loss for the period	$ (5,050)

The accompanying notes are an integral part of these financial statements.

BioPower Drytec Corp.
Statement of Cash Flows
Expressed in Canadian Dollars

19-Day Period from Incorporation to		March 17, 2015
Cash flows from operating activities		
Loss for the period	$	(5,050)
Share of loss of associate		50
Change in working capital accounts:		
Accounts payable and accrued liabilities		5,000
Due to related parties		499
Total cash outflows from operating activities	$	499
Cash flows from investing activities		
Investment in associate		(50)
Total cash outflows from investing activities	$	(50)
Cash flows from financing activities		
Proceeds from issuance of shares		1
Total cash inflows from financing activities	$	1
Total change in cash during the period	$	450
Cash, beginning of period	$	-
Cash, end of period	$	450

The accompanying notes are an integral part of these financial statements.

BioPower Drytec Corp.

Statement of Changes in Shareholders' Deficit

19-Day Period from Incorporation to March 17, 2015

	Share capital	Deficit	Total
Balance, February 26, 2015 (incorporation)	$ 1	-	$ 1
Loss for the period	-	(5,050)	(5,050)
Balance, March 17, 2015	$ 1	$ (5,050)	$ (5,049)

The accompanying notes are an integral part of these financial statements.

1. CORPORATE INFORMATION

BioPower Drytec Corp. (the "Company" or "General Partner") was incorporated under the Business Corporations Act of British Columbia on February 26, 2015. The Company as the general partner, entered into a limited partnership agreement (the "Limited Partnership Agreement") dated March 13, 2015 with SMG Power Limited Partnership as the initial limited partner (the "Initial Limited Partner") to form SMG BioPower Limited Partnership (collectively the "Limited Partnership"). The Limited Partnership is formed for the primary purposes of achieving returns for its limited partners by investing, directly or indirectly, in each SMG Power Limited Partnership, Altentech Power Inc., Mission Wood Pellet Inc. or entities or businesses involved in the production of biomass fuel products and the enhancement of related technologies (collectively the "BioPower Drytec Businesses"). These entities are considered to be related parties under IAS 24 Related Party Disclosures as they have common shareholders.

The Company is the General Partner and has general authority to administer, manage, control and generally carry on the business of the Limited Partnership. Pursuant to the Limited Partnership Agreement, 80% of the net income or loss and any distributions of the Limited Partnership will be allocated pro rata to the Limited Partners, and the General Partner is to be allocated 20%.

The address of the Company's corporate office is unit 301 – 958 West 8th Avenue, Vancouver, British Columbia, Canada.

2. BASIS OF PREPARATION AND ADOPTION OF IFRS

a) Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are the Company's first financial statements prepared under IFRS. There is no impact from the adoption of IFRS on the Company's financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies, as IFRS is the only accounting framework adopted by the Company since incorporation.

These financial statements were authorized for issue by the Board of Directors on March 25 2015.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis which approximates the fair values.

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2. BASIS OF PREPARATION AND ADOPTION OF IFRS (cont'd)

c) Going Concern of Operations

The Company is a newly formed entity and there are currently no revenues generated to fund the anticipated general and administrative expenses and to settle its liabilities as they fall due. The ultimate success of the Company is dependent on the Limited Partnership's ability to fundraise to support the BioPower Drytec businesses, which in turn may provide income for the Company. As at the date of these financial statements, no profits have been realized on the BioPower Drytec Businesses due to the new formation of the Limited Partnership.

The financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. For the 19-day period ended March 17, 2015, the Company had no source of operating income and incurred a loss of $5,050 resulting from organizational expenses and consequently reported an accumulated deficit of $5,050. The Company intends to fund ongoing expenses by way of shareholder loans or income distribution from the Limited Partnership. Given the start-up nature of the Company and the significant reliance on shareholders' resources, there is material uncertainty that may cast significant doubt upon the Company's ability to continue to operate as a going concern due to the aforementioned conditions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Cash

Cash includes funds held in a business chequing account with a Canadian Schedule I bank that is highly liquid. Cash is classified as loans and receivables.

b) Financial Instruments

Financial instruments are classified into the appropriate category based on the purpose for which the instrument was recognized. All transactions related to financial instruments are recorded on a trade date basis.

Loans and Receivables

These assets result from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand, and may include features of a derivative financial asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Limited Partnership's financial assets designated as loans and receivables include cash.

Changes in the fair values of derivative instruments are recognized in the statement of operations in the period for which the change in fair value occurs. During the period there was no change in the fair value of these financial assets.

Impairment of Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred. Financial liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

The Company's liabilities designated as other financial liabilities include accounts payable and accruals and due to related parties.

c) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

d) Investment in Associate

Where the Company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. The Limited Partnership is classified as an associate in the financial statements of the Company. Investments in associates are initially recognized in the statement of financial position at cost. The Company's share of post-acquisition profits and losses is recognized in the statement of comprehensive income, except that losses in excess of the Company's investment in the associate are not recognized unless there is an obligation to make good on those losses, which is limited to the Company's asset balance. Profits and losses arising on transactions between the Company and its associates are recognized only to the extent of unrelated investors' (or limited partners) interest in the associate. The Company's share in the associate's profits and losses resulting from these related party transactions is eliminated against the carrying value of the associate.

e) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

f) Standards, Amendments and Interpretations Not Yet Effective

The Limited Partnership adopted the following new and revised International Financial Reporting Standards ("IFRS") that were issued by the International Accounting Standards Board ("IASB").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Limited Partnership.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

  These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Limited Partnership as it does not have any offsetting arrangements.

- IFRIC 21 Levies

  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Limited Partnership as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Limited Partnership's financial statements are disclosed below. The Limited Partnership is still evaluating the impact of these new standards and interpretations and intends to adopt these standards, if applicable, when they become effective:

- IFRS 9 Financial Instruments

  In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments ("IFRS 9") which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement ("IFRS 39") and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- IAS 24 Related Party Disclosures

  The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

- IFRS 13 Fair Value Measurement

  The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

- IAS 27 Equity Method in Separate Financial Statements (amendments)

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

There are no significant accounting estimates and judgments during the period ended March 17, 2015.

5. CASH

Cash includes funds held in a business chequing account with a Canadian chartered bank that are highly liquid. Cash is classified as loans and receivables.

6. INVESTMENT IN ASSOCIATE

The Company is the General Partner of SMG BioPower Limited Partnership and is responsible for making operational and financial decisions of the Limited Partnership. As such, the Company is considered to have the power to exercise significant influence over the affairs of the Limited Partnership. The Company's investment in the Limited Partnership thus meets the definition of an associate and requires the equity method of accounting. For the 19-day period ended March 17, 2015, the Investment in Associate was initially recognized at cost and that cost approximates fair value.

The Company's share of post-acquisition losses of the Limited Partnership has exceeded the Company's investment in the associate. Such losses are not recognized in these financial statements as there is no obligation to make good these losses.

The below table summarizes the change in equity investment during the period had the investment in associate been accounted for in these financial statements:

	Partners' Contributions	Loss of Associate Not Recognized	Total
Balance, February 26, 2015	$ -	$ -	$ -
Contribution on inception	50	-	50
Share of loss of associate	(50)	(9,059)	(9,109)
Balance, March 17, 2015	$ -	$ (9,059)	$ (9,059)

The General Partner has unlimited liability for the debts, liabilities, losses and obligations of the Partnership to the full extent of the General Partner's assets.

7. RELATED PARTIES

The following is a summary of the Company's related party balances during the period presented:

	As at March 17, 2015
Due to related parties	$ 499

Due to related parties represents amounts due to the Company's founding shareholders. The amount is non-interest bearing and is repayable on demand.

8. SHARE CAPITAL

a) Authorized

The authorized share capital of the Company is as follows:

- Unlimited number of Class A Common Shares with a $0.01 par value;
- Unlimited number of Class B Common Shares with a $0.01 par value;
- Unlimited number of Class C Common Shares with a $0.01 par value;
- Unlimited number of Class D Common Shares with a $0.01 par value; and
- Unlimited number of Class E Common Shares with a $0.01 par value.

b) Issued and Outstanding

The following table summarizes the Company shares issued and outstanding during the period presented:

	Number of Shares	Share Price	Amount
Shares issued at incorporation on February 26, 2015	100	$ 0.01	$ 1.00
Class A Common Shares	20	0.01	0.20
Class B Common Shares	20	0.01	0.20
Class C Common Shares	20	0.01	0.20
Class D Common Shares	20	0.01	0.20
Class E Common Shares	20	0.01	0.20
Balance at March 17, 2015	100	$ 0.01	$ 1.00

9. INCOME TAXES

Significant components of the Company's income tax expense are as follows:

	19-Day period ended March 17, 2015
Loss for the year	$ (5,050)
Recover at statutory rate – 13.5%	(682)
Deferred tax recovery	$ (682)

Deferred Tax Assets and Liabilities

No deferred tax asset has been recognized in respect of the taxable losses and temporary differences, as it is not considered probable that sufficient future taxable profit will allow the deferred tax to be recovered.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them during the period.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The risks that affect market prices which are relevant to the Company include foreign currency risk and interest rate risk.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation because all balances and transactions are in Canadian Dollars.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not hold financial instruments that are sensitive to interest rate changes. The Company considers this risk to be immaterial.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and loans receivable. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand.

The credit risk relating to cash is minimal as the financial institution the Company's chequing account is deposited with, is a Canadian chartered bank.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Management's liquidity risk management policy includes ensuring that the Company and the Limited Partnership has sufficient cash on demand to meet expected operational expenses for a period of 90 days during a period of business interruption. The Company will monitor its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amount for cash approximates fair value due to their short-term and liquid nature. Fair values of loans receivable are determined by analyzing the present value of discounted future cash flows less any impairment. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

The Company did not have any financial instruments that are measured subsequent to initial recognition at fair value.

12. CAPITAL MANAGEMENT

The Company monitors its cash and shareholders' equity as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development of the business.

The Company is not exposed to any externally imposed capital requirements, and in turn there have been no changes during the period in the Company's approach to capital management.

Item 13. Date and Certificate

CERTIFICATE

Dated: March 25, 2015

This Offering Memorandum does not contain a misrepresentation.

SMG BIOPOWER LIMITED PARTNERSHIP BY ITS GENERAL PARTNER BIOPOWER DRYTEC CORP.

Hee Dong Hong, Director and President

Chun Te (Peter) Wu, Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF THE GENERAL PARTNER BIOPOWER DRYTEC CORP.

Hee Dong Hong, Director

Meng (Simon) Xu, Director

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SCHEDULE "A"
Limited Partnership Agreement

SMG BIOPOWER LIMITED PARTNERSHIP

LIMITED PARTNERSHIP AGREEMENT

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This Limited Partnership Agreement is dated for reference the 13th day of March, 2015,

BETWEEN:

BIOPOWER DRYTEC CORP., a body corporate incorporated pursuant to the BCBCA

(hereinafter referred to as the "**General Partner**")

OF THE FIRST PART

AND:

SMG POWER LIMITED PARTNERSHIP, a limited partnership formed pursuant to the Partnership Act

(hereinafter referred to as the "**Initial Limited Partner**")

OF THE SECOND PART

AND:

Each of those Persons who from time to time is accepted as and becomes a limited partner of the Partnership formed pursuant to this Agreement in accordance with the terms and conditions of this Agreement

(together with the Initial Limited Partner, the "**Limited Partners**" and individually a "**Limited Partner**")

OF THE THIRD PART

WHEREAS:

A. The General Partner and the Initial Limited Partner have agreed to establish a limited partnership pursuant to the terms of this Agreement;

B. The Partnership intends to invest in the clean energy sector pursuant to the Investment Mandate (the "**SMG BioPower Business**");

C. The General Partner has determined to offer Units of the Partnership by way of private placement in certain provinces and territories of Canada for the primary purpose investing in the SMG BioPower Business and funding certain of the ongoing costs of the Partnership and maintaining such interests and will admit subscribers for Units as Limited Partners; and

D. It is considered necessary and desirable to enter into this Agreement to set out the terms and conditions upon which the Partnership is to be established and operated.

In consideration of the covenants, representations and agreements contained herein, and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, in addition to any terms defined parenthetically herein, the following terms shall have the following meanings unless the context otherwise requires:

"**Accountants**" means such firm of accountants as may be appointed by the General Partner from time to time as accountants for the Partnership;

"**affiliate**" or "**associate**" means a Person who is affiliated or associated with the Person who is the object of the description for the purposes of the BCBCA;

"**Agent Commissions**" means all commissions, fees and other compensation payable, if any, to a selling agent with respect to any offering or sale of Units;

"**Agreement**" means this agreement, including the Schedules to this agreement, as amended or supplemented from time to time, and "herein", "hereby", "hereof', "hereunder", "hereto" and similar expressions mean or refer to this Agreement and not to any particular provision of this Agreement;

"**Altentech®**" means Altentech Power Inc. a company incorporated pursuant to the BCBCA;

"**BCBCA**" means the *Business Corporations Act* (British Columbia);

"**Capital Contribution**" means, with respect to any Partner, means the amount of capital contributed by such Partner to the Partnership in accordance with Article 4 hereof;

"**Certificate**" means the certificate in respect of the Partnership filed pursuant to the Partnership Act, as amended from time to time in accordance with all notices to amend such certificate that are filed and recorded as aforesaid;

"**Class A Unit**" means one Class A unit of the Partnership representing an equal and undivided interest in the Partnership (subject to the interest of the General Partner therein) entitling the holder thereof to the rights, restrictions, privileges and obligations of a Limited Partner as provided in this Agreement;

"**Class B Unit**" means one Class B unit of the Partnership representing an equal and undivided interest in the Partnership (subject to the interest of the General Partner therein) entitling the

holder thereof to the rights, restrictions, privileges and obligations of a Limited Partner as provided in this Agreement;

"**Drying Projects**" means the two custom drying projects, using Altentech®'s biomass drying system;

"**Excise Tax Act**" means the *Excise Tax Act* (Canada);

"**Extraordinary Resolution**" means a resolution approved by not less than 66% of the votes cast by those Limited Partners who vote and are entitled to vote in person or by proxy at a duly convened meeting of Limited Partners, or at any adjournment thereof, called in accordance with this Agreement, or a written resolution signed in one or more counterparts by Limited Partners holding in the aggregate not less than 66% of the aggregate number of votes held by those Limited Partners who are entitled to vote with respect to such resolution at such meeting;

"**Fiscal Year**" has the meaning ascribed thereto in Section 6.7;

"**Full Closing**" means the earlier of the following:

(a) the date on which an aggregate of 2,500,000 Class A Units have been issued;

(b) the date on which the Limited Partnership has obtaining sufficient funding to achieve the short-term and long-term objectives as determined in the sole discretion of the General Partner; and

(c) March 31, 2017.

"**General Partner**" means BioPower Drytec Corp. and each other party who becomes an additional or substituted General Partner pursuant to the terms and conditions of this Agreement;

"**Income Tax Act**" means the *Income Tax Act* (Canada), as amended and supplemented from time to time;

"**Initial Limited Partner**" means SMG Power Limited Partnership;

"**Interest**" means any debt, financial instruments or equity acquired by the Partnership;

"**Interest Adjustment Date**" means March 31, 2016 or such later date as may be determined by the General Partner;

"**Interest Payments**" has the meaning ascribed thereto in Section 5.11;

"**Investment Mandate**" means the investment by the Partnership in (a) Altentech® through a direct investment and through an investment in the Initial Limited Partner which is a significant shareholder of Altentech®; (b) MWPI or entities or businesses involved in the production of wood pellets; and (c) the Drying Projects.

"**Limited Partners**" means the Initial Limited Partner and each of those Persons who from time to time is accepted as and becomes a limited partner of the Partnership in accordance with the terms and conditions of this Agreement, including the General Partner if and when it holds Units;

"**Loan Agreement**" means the agreement entered into between the Limited Partnership and the Manager pursuant to which the Manager has agreed to loan the Limited Partnership an amount equal to the Interest Payments;

"**Management Agreement**" means the agreement to be entered into between the Limited Partnership and the Manager pursuant to which the Manager shall provide certain administrative services to the Limited Partnership;

"**Manager**" means SMG Asset Canada Inc. a company incorporated pursuant to the laws of British Columbia and held and controlled by Jung Moon;

"**Management Fee**" has the meaning set out in Section 7.3;

"**MWPI**" means Mission Wood Pellet Inc. a company incorporated pursuant to the BCBCA and indirectly held and controlled by Jung Moon;

"**Net Income**" or "**Net Loss**" means, with respect to any fiscal period, the net income or net loss, as the case may be, of the Partnership as determined by the General Partner in accordance with Canadian generally accepted accounting principles;

"**Offering Memorandum**" means the offering memorandum prepared by the Partnership and the General Partner used in the sale of Class A Units pursuant to the Private Placement;

"**Ordinary Resolution**" means a resolution approved by more than 50% of the votes cast by those Limited Partners who vote and are entitled to vote in person or by proxy at a duly convened meeting of Limited Partners, or at any adjournment thereof, called in accordance with this Agreement, or a written resolution signed in one or more counterparts by Limited Partners holding in the aggregate more than 50% of the aggregate number of votes held by those Limited Partners who are entitled to vote with respect to such resolution at such meeting;

"**Partners**" means the General Partner and the Limited Partners collectively, and "**Partner**" means any one of them;

"**Partnership**" means SMG BioPower Limited Partnership, a limited partnership formed pursuant to the terms of this Agreement under the Partnership Act;

"**Partnership Act**" means the *Partnership Act* (British Columbia);

"**Person**" includes an individual, corporation, partnership, party, trust, fund, association and other organized group of persons and the personal or other legal representative of a person to whom the context can apply according to law;

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"**Private Placement**" means the private placement of up to 2,500,000 Units contemplated by the Partnership and described in Section 4.4;

"**Qualified Person**" means a Person in respect of which, if such Person were to become a Limited Partner, the representations of such Person contained in Section 13.2(a) would be true;

"**Register**" means the register of Partners maintained or caused to be maintained pursuant to Section 6.10;

"**Registrar and Transfer Agent**" means the registrar and transfer agent for the Units referred to in Section 6.10;

"**Resident**" means a Person (other than a partnership) that is resident in Canada for the purposes of the Income Tax Act, and a "Canadian partnership" as defined in the Income Tax Act;

"**Sharing Ratio**" with respect to any Limited Partner and any Units, means the proportion that the number of Units held by such Limited Partner constitutes of the aggregate number of Units held by all Limited Partners;

"**SMG Group**" means the General Partner, the Manager, the Initial Limited Partner, Jung Moon, Altentech®, MWPI, associates or affiliates of the foregoing and their respective directors, officers and shareholders;

"**Subscription Agreement**" means a subscription agreement for the acquisition of Units from the Partnership in such form as is approved from time to time by the General Partner;

"**Units**" means the Class A Units and the Class B Units ;

"**Unit Certificate**" means a certificate representing ownership of Unit(s), which certificate shall be substantially in the form attached hereto as Schedule B or such other form as is approved from time to time by the General Partner; and

"**Unqualified Limited Partner**" means a Limited Partner in respect of which any of the representations of such Limited Partner contained in Section 13.2(a)(iii), (iv) or (v) ceases to be true.

1.2 Schedules

The following Schedules form part of this Agreement:

Schedule A - Transfer Form
Schedule B - Unit Certificate

1.3 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

1.4 Section References

Unless the contrary intention appears, references in this Agreement to an Article, Section or Schedule by number or letter or both refer to the Article , Section or Schedule, respectively, bearing that designation in this Agreement.

1.5 Number and Gender

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa; and words importing gender include all genders.

1.6 Date for Actions

In the event that the date on which any action is required to be taken hereunder by any of the parties is not a business day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a business day in such place.

1.7 Statutes

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations or other administrative authority promulgated thereunder from time to time in effect.

1.8 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

ARTICLE 2
THE PARTNERSHIP

2.1 Formation of Partnership

The General Partner and the Initial Limited Partner hereby form and enter into the Partnership, a limited partnership to be governed by the laws of British Columbia and the terms and conditions of this Agreement.

2.2 Name

The name of the Partnership shall be "SMG BioPower Limited Partnership", or such other name as the General Partner may determine from time to time, of which notice to amend the Certificate is filed and recorded pursuant to the Partnership Act.

2.3 Number of Partners

The Partnership will at all times have at least one General Partner and one or more Limited Partners.

2.4 Maintaining Status of Limited Partnership

The General Partner will be the general partner of the Partnership, will do all things and will cause to be executed and filed such certificates, declarations, instruments and documents as may be required under the laws of the Province of British Columbia or the laws of Canada or the laws of any other province or territory or state having jurisdiction, to reflect the constitution of the Partnership from time to time. The General Partner and each Limited Partner will execute and deliver as promptly as possible any certificates, declarations, instruments and documents that may be necessary or desirable to accomplish the purposes of this Agreement or to give effect to the formation, continuance, operation or dissolution of the Partnership under any and all applicable laws. The General Partner will take all necessary actions on the basis of information available to it in order to maintain the legal status of the Partnership as a limited partnership under the Partnership Act.

2.5 Principal Office

The principal office of the Partnership shall be #301 – 958 West 8th Avenue, Vancouver, British Columbia, V5Z 1E4. The General Partner may change the principal office of the Partnership to such other office or offices in the Province of British Columbia as the General Partner may from time to time determine provided that the General Partner gives notice of such change to the Limited Partners. The General Partner may establish such other place or places of business of the Partnership as it may determine from time to time.

ARTICLE 3
PURPOSE AND FUNCTION OF THE PARTNERSHIP

3.1 Purpose and Function of the Partnership

The Partnership is formed for the primary purposes of achieving returns for its Partners by investing, directly or indirectly, in each SMG Power Limited Partnership, Altentech®, MWPI or entities or businesses involved in the production of wood pellets and in the Drying Projects.

3.2 Powers

The purposes of the Partnership set forth in Section 3.1 and the powers vested in the General Partner described in Section 6.5 shall be construed as both purposes and powers of the Partnership. The Partnership shall have, without limitation, the power to do, or cause to be done, any and all acts and things necessary, convenient or incidental to the accomplishment of the purposes of the Partnership, and the enumeration in Section 6.5 of any means by which the purposes of the Partnership may be accomplished shall not limit or be construed so as to limit the powers which may be exercised by the Partnership.

ARTICLE 4
ADMISSION OF LIMITED PARTNERS AND CAPITAL CONTRIBUTIONS

4.1 Division into Units

The interests of the Limited Partners in the Partnership shall be divided into, and the Partnership is authorized to issue, an unlimited number of Class A Units and Class B Units. Each Unit shall have attached thereto the same rights and obligations as, and shall rank equally with, each other Unit with respect to distributions, allocations and voting and, for greater certainty, the Class A Units and Class B Units shall, in all circumstances except if prohibited by law, vote together as one class.

4.2 Initial Limited Partner

The Initial Limited Partner shall contribute $250,000 as the initial Capital Contribution to the Partnership in exchange for the issuance of 250,000 Class B Units. Notwithstanding the foregoing, upon the occurrence of Full Closing, the Initial Limited Partner shall surrender for cancellation to the Partnership such number of Class B Units in order that the total number of Class B Units held by the Initial Limited Partner will not exceed ten percent (10%) of the total outstanding Units.

4.3 Fractional Units

A Unit may be divided or split into fractions, and the Partnership will record any subscription for, assignment of, or otherwise recognize any interest in less than a whole Unit. Unless the context otherwise requires, any reference to a Unit or Units in this Agreement will be deemed to include a reference to a fraction of a Unit.

4.4 Additional Limited Partners

The General Partner may, subject to the other provisions of this Agreement, admit Limited Partners from time to time by the offering, sale and issuance of further Units pursuant to the Private Placement. The Private Placement will consist of the offering by the Partnership of a maximum of 2,500,000 Class A Units at a price of $10.00 per Class A Unit. The General Partner may determine the other terms and conditions of such offering and sale of the Class A Units thereunder and may do all such things as may be necessary or advisable to give effect to such offering and sale (including, without limitation, the filing of the Offering Memorandum (or any amendment thereto), the payment of issue expenses and the entry into of agreements to pay Agent Commissions with respect to the offering or sale of Class A Units). Each Person subscribing for Class Units pursuant to the Private Placement must complete, execute and deliver to, or to the order of, the General Partner, a Subscription Agreement and any other documents deemed necessary by the General Partner to comply with applicable securities laws and the terms and conditions of issue. A subscriber for Class A Units shall become a Limited Partner upon the acceptance by the General Partner of the subscriber's Subscription Agreement and other documents and payment of such Limited Partner's Capital Contribution and, thereupon, the Limited Partners hereby consent to the admission of, and will admit, additional Limited Partners to the Partnership without further act of the Partners.

4.5 Amendment of Certificate

Upon compliance with the other terms and conditions of this Agreement, if required by the Partnership Act the General Partner shall amend the Certificate to include the name of each additional Person intended to become a Limited Partner as a Limited Partner, the amount and conditions of such Person's Capital Contribution to the Partnership and such other information as is required to be stated in the Certificate, and shall make such other filings and recordings as may be required by law.

4.6 Refusal of Subscriptions

The General Partner may, for any reason in its absolute discretion, refuse to accept any subscription for a Unit. In the event of any such refusal, the General Partner shall cause the return of the subscriber's Subscription Agreement, accompanying documents and any contribution of capital to the subscriber.

4.7 No Additional Capital Contributions - Limited Partners

No Limited Partner shall be required to make any contribution to the capital of the Partnership in excess of the subscription price that such Limited Partner has agreed to pay to the Partnership for its Units.

4.8 Capital Contribution - General Partner

The General Partner, in its capacity as general partner of the Partnership, shall contribute to the capital of the Partnership an amount equal to $50.00. The General Partner may subscribe and purchase Units on the same terms and conditions as the Limited Partners.

ARTICLE 5
ACCOUNTS, ALLOCATIONS AND DISTRIBUTIONS

5.1 Capital Accounts

The General Partner shall establish and maintain on the books of the Partnership a capital account for the General Partner and each of the Limited Partners, which account shall be credited with each contribution to the capital of the Partnership made by the Partner in accordance with the terms of this Agreement and credited or debited, as the case may be, with amounts of capital allocated or distributed to the Partner from time to time.

5.2 Current Accounts

The General Partner shall establish and maintain on the books of the Partnership a current account for the General Partner and each of the Limited Partners, which account shall be credited with all amounts, other than capital, in respect of which Partners are entitled to be credited, and debited with all amounts, other than capital, in respect of which Partners are to be charged, all in accordance with Canadian generally accepted accounting principles.

5.3 Allocations of Income

Net Income or Net Loss of the Partnership for a Fiscal Year shall be allocated as follows:

(a) General Partner - the General Partner shall be allocated, in its capacity as General Partner, 20% of the Net Income or Net Loss; and

(b) Limited Partners - the balance of the Net Income or Net Loss shall be allocated to Limited Partners of record on the last day of the Fiscal Year (including, if applicable, the General Partner in its capacity as a Limited Partner) in accordance with their respective Sharing Ratios at that time.

5.4 Distributions

After payment and reservation of all amounts necessary for payment for all expenses of the Partnership (including any tax withholding obligations, the payment of the Management Fee and repayment of the Interest Payments) and reservation of such amounts as in the opinion of the General Partner are necessary having regard to the then current and anticipated resources of the Partnership and its commitments and anticipated commitments, distributions of cash, assets or property of the Partnership (whether resulting from revenue or income earned by the Partnership or from the proceeds of sale of any of the assets of the Partnership including any amounts distributed pursuant to Section 12.4) will be made, at the sole discretion of the General Partner, to the Partners as follows:

(a) General Partner - subject to paragraph (c) below, the General Partner shall receive, in its capacity as General Partner, 20% of such distributions;

(b) Limited Partners - subject to paragraph (c) below, the balance of such distributions shall be made to Limited Partners of record on the last day of the Fiscal Year (including, if applicable, the General Partner in its capacity as a Limited Partner) in accordance with their respective Sharing Ratios at that time; and

(c) in no event, and notwithstanding any other provisions of this Agreement, shall the aggregate of amounts distributed to the General Partner or any particular Limited Partner be greater than the sum of the income (net of losses) allocated to such Partner or any prior owner of such Partner's Units and the amount of the Capital Contributions made to the Partnership by such Partner or any prior owner of such Partner's Units.

The manner and timing of such distributions will be in the sole discretion of the General Partner. Any amount withheld by the General Partner and paid over to a taxing authority shall be treated as actually distributed to the Partner in respect of whom such withholding and payment was made.

5.5 Return of Capital

No Partner shall be entitled to a return, or to demand a return, of any portion of such Partner's Capital Contribution or be entitled to any distribution or allocation except as provided in this Agreement.

5.6 No Interest Payable on Accounts

Except as provided herein, no Partner has the right to receive interest on any credit balance in accounts maintained on the books of the Partnership and no Partner is liable to pay interest to the Partnership on any deficit in any accounts maintained on the books of the Partnership.

5.7 Allocations for Income Tax Purposes

The net income, gains, losses, deductions or credits of the Partnership for purposes of the Income Tax Act, or similar legislation of a province or territory of Canada or in South Korea, which may vary from the Net Income or Net Loss for that Fiscal Year, shall be allocated in the same proportions as set forth in Section 5.3.

5.8 Authority to Withhold; Treatment of Withheld Tax

(a) Notwithstanding any other provision of this Agreement, each Partner hereby authorizes the Partnership or its duly appointed agent to withhold and to pay over, or otherwise pay, any withholding or other taxes that the Partnership or such agent may be required to withhold or pay (pursuant to the Income Tax Act, or any provincial, territorial or foreign tax law) with respect to amounts allocable to such Partner or as a result of such Partner's participation in the Partnership, and in the event of any such payment or withholding:

(i) the Partnership shall provide notice to such Partner of any such payment required to be made as soon as practicable;

(ii) if and to the extent that the Partnership is required to withhold or pay any such withholding or other taxes, such Partner shall be deemed for all purposes of this Agreement to have received a distribution from the Partnership, effective as of the time such withholding or other tax is required to be paid, to the extent that such Partner (or any successor to such Partner's interest in the Partnership) would have received a distribution but for such withholding or other taxes; and

(iii) to the extent that the aggregate of actual distributions and distributions deemed to be made pursuant to this Section 5.8 to a Partner for any period exceeds the distributions that such Partner would have received for such period but for such withholding, the General Partner shall notify such Partner as to the amount of such excess and such Partner shall immediately remit payment to the Partnership of the amount of such excess by wire transfer.

(b) The provisions of Section 5.8(a) shall apply to a distribution in-kind, mutatis mutandis, based on the fair value of such distribution.

(c) Any withholdings referred to in this Section 5.8 shall be made at the maximum applicable rate under applicable law unless the General Partner shall have received an opinion of counsel or other evidence, reasonably satisfactory to the General Partner, to the effect that a lower rate is applicable, or that no withholding is applicable.

5.9 Limitation on Distributions

No distributions shall be made unless, after making the distribution, sufficient property of the Partnership remains to satisfy all liabilities of the Partnership. Notwithstanding anything contained herein, including without limitation Section 4.7, the General Partner may require the Limited Partners to, and shall itself, return (in proportion to the distribution made thereto) all or part of such distributions as have rendered the Partnership unable to satisfy all liabilities of the Partnership and may require any Limited Partner to, and shall itself, forthwith return to the Partnership any amount distributed to such Partner in excess of such Partner's entitlement.

5.10 Unclaimed Interest or Distribution

If the General Partner shall hold any part of any otherwise distributable amount which is unclaimed or which cannot be paid to a Limited Partner for any reason, the General Partner shall be under no obligation to invest or reinvest such amount but shall only be obliged to hold it in a current non-interest bearing account pending payment to the Person or Persons entitled thereto for a period commencing on the date upon which the amount became due and payable to such Limited Partner and ending six years following the date of the dissolution of the Partnership in accordance with the provisions hereof. The General Partner shall, as and when required by law and this Agreement, and may at any time prior to such required time, pay all or part of any such distributable amount so held to the Public Trustee of the Province of British Columbia or other appropriate government official or agency, whose receipt shall be a good discharge and release of the obligations of the General Partner hereunder with respect to such distributable amount.

5.11 Interest Payment

(a) Upon the occurrence of the Interest Adjustment Date, the Limited Partnership shall make the following payments to holders of Class A Units:

(i) for Limited Partners who acquire Class A Units on or prior to June 30, 2015 or such later date as may be determined by the General Partner, an annual interest payment equal 8% of the purchase price paid by such Limited Partner;

(ii) for Limited Partners who acquire Class A Units on or prior to September, 2015 or such later date as may be determined by the General Partner, an

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annual interest payment amount equal 6% of the purchase price paid by such Limited Partner;

(iii) for Limited Partners who acquire Class A Units on or prior to December 31, 2015 or such later date as may be determined by the General Partner, an annual interest payment equal to 4% of the purchase price paid by such Limited Partner; and

(iv) for Limited Partners who acquire Class A Units on or prior to March 31, 2016, an annual interest payment equal to 2% of the purchase price paid by such Limited Partners;

provided, for greater certainty, that the above payments shall be annualized and prorated for partial year holding prior to the Interest Adjustment Date (collectively, the "**Interest Payments**"). The Interest Payments will be made to the Limited Partners within 30 days of Interest Adjustment Date.

(b) Each of the Limited Partners acknowledges that the Interest Payments are not distributions of profits generated by the Partnership and have been funded pursuant to the terms of the Loan Agreement. In accordance with the terms of the Loan Agreement, each Limited Partner acknowledges that the Partnership is required to repay the Interest Payments to the Manager out of the profits of the Partnership commencing on the date that the Limited Partners have received profit distributions equal to 10% of gross proceeds of the Private Placement.

ARTICLE 6
POWERS, RIGHTS AND DUTIES OF THE GENERAL PARTNER

6.1 Management of Partnership

The General Partner shall, subject to the provisions of this Agreement, manage and control the affairs of the Partnership, represent the Partnership and make all decisions regarding the affairs of the Partnership. No person dealing with the Partnership shall be required to inquire into the authority of the General Partner to take any action or to make any decision in the name of the Partnership.

6.2 Duties of the General Partner

The General Partner covenants that it will exercise its powers and discharge its duties under this Agreement honestly and in good faith, and that it will exercise the care, diligence and skill of a reasonably prudent person. The General Partner will be entitled to retain advisors, experts and consultants to assist it in the exercise of its powers and the performance of its duties hereunder.

6.3 Transactions Involving Affiliates or Associates

The validity of a transaction, agreement or payment involving the Partnership and an affiliate or associate of the General Partner is not affected by reason of the relationship

between the General Partner and the affiliate or associate or by reason of the approval or lack thereof of the transaction, agreement or payment by the directors of the General Partner, any or all of whom may be officers, directors, or employees of, or otherwise interested in or related to such affiliate or associate.

6.4 Safekeeping of Assets

The General Partner is responsible for the safekeeping and use of all of the funds of the Partnership, whether or not in its immediate possession or control, and will not employ or permit another to employ the funds or assets of the Partnership except for the exclusive benefit of the Partnership.

6.5 Powers of General Partner

(a) In addition to the powers and authorities possessed by the General Partner pursuant to the Partnership Act or conferred by law or elsewhere in this Agreement, the General Partner shall, subject to the provisions of Section 6.5(b), have the power and authority to manage and control the affairs of the Partnership and to do, or cause to be done, on behalf of and in the name of the Partnership any and all acts necessary, convenient or incidental to the activities of the Partnership without further approval of the Limited Partners, including without limitation the power and authority:

(i) to acquire and hold Interests on behalf of the Partnership;

(ii) to pay the Partnership's share of all expenses related to the Interest;

(iii) to apply for and obtain any and all financing required or as the General Partner determines advisable to carry out the purposes of the Partnership, and to grant such debentures, promissory notes, mortgages, deeds of trust, security interests and other encumbrances and charges on the Interests and any other assets of the Partnership as the General Partner may determine necessary or advisable in connection with such financing;

(iv) to procure all insurance for the Partnership;

(v) to pay all debts and financial obligations of the Partnership;

(vi) to negotiate, enter into, execute and carry out agreements by or on behalf of the Partnership involving matters or transactions that are necessary or appropriate for or incidental to, carrying on the Partnership's affairs;

(vii) to manage and control all of the activities of the Partnership and to take all measures necessary or appropriate for the Partnership's property or ancillary thereto and to ensure that the Partnership complies with all necessary reporting and administrative requirements;

(viii) to manage, administer, conserve and dispose of any Interest (or any portion thereof or interest therein) and any and all other assets of the Partnership, and in general to engage in any and all phases of the Partnership's affairs and to delegate, if the General Partner so chooses in its sole discretion, the management and administration of the Interest;

(ix) to conclude agreements with third parties, including associates of, affiliates of, and any other parties related to, the General Partner:

(A) for the provision of services to the Partnership, and

(B) to delegate to any such Person any power or authority of the General Partner hereunder where, in the discretion of the General Partner, it would be advisable to do so (provided that such agreement or de legation will not relieve the General Partner of any of its obligations hereunder);

(x) to decide in its sole and entire discretion of any additional time when property of the Partnership shall be distributed to the Partners and the amount of any such distribution;

(xi) notwithstanding Section 6.13(b), where the General Partner determines that it is not appropriate or advisable for the assets of the Partnership to be held or registered in the name of the Partnership, to hold the assets of the Partnership in the name of the General Partner or in the name of an affiliate of the General Partner, or another nominee as nominee for the Partnership;

(xii) to employ such Persons necessary or appropriate (including associates of, affiliates of, and any other parties related to, the General Partner) to carry out the affairs of the Partnership and/or to assist it in the exercise of its powers and the performance of its duties hereunder and to pay such fees, expenses, salaries, wages and other compensation to such Persons as it shall in its sole discretion determine;

(xiii) to acquire Units from Limited Partners;

(xiv) to make any and all expenditures and payments which it, in its sole discretion, deems necessary or appropriate in connection with the management of the affairs of the Partnership and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation: (i) all legal, accounting and other related expenses incurred in connection with the organization and financing of the Partnership and the ongoing operation and administration of the Partnership; and (ii) any fees payable to the General Partner, and to borrow on behalf of the Partnership such funds necessary or advisable to fund such expenditures and payments;

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(xv) to open and operate one or more bank accounts in order to deposit and to distribute funds of the Partnership and to appoint from time to time signing officers and to draw cheques and other payment of monies, provided Partnership funds are not commingled with the General Partner's funds;

(xvi) to file tax returns or information returns of the Partnership required by the Income Tax Act, or any other taxation or similar laws or required by any governmental or like authority;

(xvii) to maintain proper books and records reflecting the activities of the Partnership;

(xviii) subject to the provisions of this Agreement, to admit any Person as a Limited Partner;

(xix) to make any election, determination, application or designation or similar document or instrument on behalf of the Partnership that may be required or desirable under the Income Tax Act, the Excise Tax Act, any other similar legislation of a province or territory of Canada or foreign state, or any and all applications for governmental grants or other incentives;

(xx) to execute any and all deeds, documents and instruments and to do all acts as may be necessary or desirable in the opinion of the General Partner to carry out the intent and the purpose of this Agreement;

(xxi) to cause the Partnership to make any necessary withholdings of taxes in respect of allocations of Net Income or distributions of cash or property to the Partners;

(xxii) to attend to all required registrations, accounting, filing and reporting obligations, collections, remittances and other activities of the Partnership in respect of the Excise Tax Act, and any other applicable federal, provincial or territorial or foreign commodity taxes, sales taxes and similar taxes; and

(xxiii) to commence and defend any and all legal proceedings for and on behalf of the Partnership as the General Partner may deem necessary or advisable,

and the General Partner may contract with any person, including an affiliate or associate of the General Partner, to carry out any of the duties of the General Partner and may delegate to such person any power and authority of the General Partner hereunder, but no such contract or delegation shall relieve the General Partner of any of its duties or obligations hereunder.

(b) Subject to the provisions of the Partnership Act, unless authorized by an Extraordinary Resolution, the General Partner, on behalf of the Partnership, will

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not be entitled to extend the Partnership's investment activities beyond the Investment Mandate.

6.6 Records of the Partnership

The General Partner shall maintain complete and adequate books (including without limitation those referred to in Sections 5.1 and 5.2) and records of the affairs of the Partnership. Subject to applicable laws, such books and records shall (until the expiry of one year following the termination of the Partnership) be kept available for inspection and audit by any Limited Partner or his duly authorized representatives (at the expense of such Limited Partner) on not less than 72 hours (excluding Saturdays, Sundays, and statutory holidays) notice to the General Partner, during normal business hours at the principal office of the Partnership. Notwithstanding the foregoing, but subject to applicable law, Limited Partners shall not have access to or be provided with information with respect to the affairs of the Partnership if such disclosure is prohibited by law or agreement or if, in the reasonable opinion of the General Partner, it is in the interests of the Partnership that such information be kept confidential.

6.7 Fiscal Year

The first fiscal period of the Partnership shall end on December 31, 2015 and, thereafter, unless otherwise determined by the General Partner, the Fiscal Year of the Partnership shall be the period from and including January 1 to and including December 31 of the particular calendar year. Each such period shall be referred to as a "Fiscal Year".

6.8 Accountants

The General Partner shall appoint an independent and qualified firm of Chartered Professional Accountants to act as the Accountants of the Partnership and to review and report to the Partners with respect to the financial statements of the Partnership as at the end of, and for, each Fiscal Year commencing for the first Fiscal Year ending after the first closing of the Private Placement provided that the General Partner may, at any time and from time to time, change the Accountants of the Partnership.

6.9 Reporting

The General Partner shall forward, or cause to be forwarded, to each Limited Partner:

(a) within 180 days of the end of each Fiscal Year (or such shorter period as is prescribed by applicable securities legislation) commencing for the first Fiscal Year ending after the first closing of the Private Placement, notice to reader financial statements of the Partnership;

(b) within 90 days of the end of each Fiscal Year commencing for the first Fiscal Year ending after the first closing of the Private Placement, all income tax reporting information necessary to enable the Limited Partner to file a Canadian return with respect to the Limited Partner's participation in the Partnership in such Fiscal Year; and

(c) within the time periods prescribed, any other information or documents required to be provided to the Limited Partners under applicable securities or other legislation.

6.10 Registrar and Transfer Agent

The General Partner shall either act as registrar and transfer agent for the Units or appoint a duly qualified and properly licensed trust or other company for such purpose at the cost of the Partnership and in such capacity the Registrar and Transfer Agent shall maintain and keep a register (the "**Register**") comprised of:

(a) a list of the name and last known residence address of each Partner, including a designation of whether the Partner is a General Partner or a Limited Partner, and the number of Units held by such Partner;

(b) particulars of the registration of Units;

(c) particulars of the assignment of Units;

(d) a copy of the Certificate and any amendments thereto;

(e) a copy of this Agreement and any amendments hereto; and

(f) such other records as are required by applicable law.

Upon request, a Limited Partner or his duly authorized representative shall be entitled to inspect, and at its expense receive a copy of, the Register.

6.11 Conflict of Interest

The Limited Partners acknowledge that the members of the SMG Group may and are permitted to be engaged in and continue in other businesses in which the Partnership will not have an interest and which may be competitive with the activities of the Partnership. Without limitation, members of the SMG Group may, and are permitted to, act as a partner, shareholder, director, officer, employee, consultant, joint venturer, advisor or in any other capacity or role whatsoever of, with or to, other entities, including limited partnerships, which may be engaged in all or some of the aspects of the affairs of the Partnership and may be in competition with the Partnership.

Members of the SMG Group hold an interest in Altentech®, MWPI, the Initial Limited Partner and the Drying Projects and may continue to hold an interest after the Partnership acquires the Interest. Members of the SMG Group will be sales agents for the Partnership for the sales of Units and they (and their respective employees) will receive fees and commissions with respect thereto. The General Partner may propose from time to time that the Partnership enter into contractual arrangements with members of the SMG Group for the provision of certain services and/or for other purposes including, without limiting the generality of the foregoing, borrowing funds from members of the SMG Group.

6.12 Consent to Conflict

The Limited Partners agree that the activities and facts as set forth in Section 6.11 shall not constitute a conflict of interest or breach of fiduciary duty to the Partnership or the Limited Partners, the Limited Partners hereby consent to such activities and the Limited Partners waive, relinquish and renounce any right to participate in, and any other claim whatsoever with respect to, any such activities. The Limited Partners further agree that neither the General Partner nor any other party referred to in Section 6.11 will be required to account to the Partnership or any Limited Partner for any benefit or profit derived from any such activities or from such similar or competing activity or any transactions relating thereto by reason of any conflict of interest or the fiduciary relationship created by virtue of the position of the General Partner hereunder.

6.13 Conduct of Partnership Affairs

The General Partner agrees to conduct the affairs of the Partnership in the following manner:

(a) funds of the Partnership will not be commingled with any other funds of the General Partner or any other Person unless a banking facility agreement is in place and that property accounting records are maintained on an on-going basis;

(b) subject to Section 6.5(a)(xi), title to the assets of the Partnership shall be held in the name of the Partnership or in the name of the General Partner for the sole benefit of the Partnership, or in the name of any other Person or entity as may be required by law for the sole benefit of the Partnership;

(c) other than activities permitted to achieve the Investment Mandate, the Partnership shall not make loans to, nor guarantee the obligations of, the General Partner or any associate or affiliate of the General Partner or any of their respective directors or officers;

(d) the General Partner will obtain and maintain or cause to be obtained and maintained insurance in such amounts and with such coverage as in the judgment of the General Partner may be advisable with respect to the activities of the Partnership; and

(e) where services are supplied to the Partnership by the General Partner or any associate or affiliate of the General Partner or any of their respective directors or officers, the cost of such services to the Partnership shall not exceed the fair market value thereof.

ARTICLE 7
REIMBURSEMENT AND REMUNERATION OF GENERAL PARTNER AND THE MANAGER

7.1 Expenses

The General Partner may from time to time incur reasonable costs and expenses on behalf and for the account of the Partnership, and any such costs and expenses incurred by the General Partner on behalf or for the account of the Partnership shall be reimbursed by the Partnership to the extent required or, in the event that funds on hand are insufficient for such reimbursement, may be incurred by the General Partner and shall be considered an advance to the Partnership from the General Partner. The General Partner shall not be obligated to advance any amount to the Partnership.

7.2 Borrowing Costs

The General Partner is entitled to reimbursement by the Partnership of any advance by the General Partner to the Partnership together with interest thereon at the rate of interest and expense relative thereto at which such amounts could be borrowed by the General Partner from its bankers.

7.3 Management Fee

The Partnership shall pay to the Manager a management fee in monthly instalments over a five year period equal to five percent (5%) of the gross proceeds of the Private Placement (the "**Management Fee**").

ARTICLE 8
LIABILITY OF PARTNERS

8.1 Liability of General Partner

The General Partner has unlimited liability for the debts, liabilities, losses and obligations of the Partnership to the full extent of the General Partner's assets.

8.2 Liability of Limited Partners

Subject to the provisions of the Partnership Act and any specific assumption of liability, the liability of each Limited Partner for the debts, liabilities, losses and obligations of the Partnership is limited to the aggregate of the amount of the Limited Partner's Capital Contribution, any additional amount the Limited Partner has agreed to contribute to the capital of the Partnership, such Limited Partner's share of the undistributed assets of the Partnership, and the amount required to be returned by the Limited Partner to the Partnership pursuant to Section 5.9. A Limited Partner shall have no further liability for such debts, liabilities, losses or obligations and shall not be liable for any further calls, assessments or contributions to the Partnership.

8.3 Limitation on Authority of Limited Partners

A Limited Partner may from time to time inquire as to the state and progress of the activities of the Partnership and may provide comment as to its management; however, no Limited Partner will, in its capacity as Limited Partner:

(a) take part in the control of the business of the Partnership;

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(b) transact any affairs on behalf of the Partnership or execute any document which binds or purports to bind the Partnership, the General Partner or any other Limited Partner as such;

(c) hold such Limited Partner out as having the power or authority to bind the Partnership, the General Partner or any Limited Partner as such;

(d) have any authority to undertake any obligation or responsibility on behalf of the Partnership (except that the General Partner may act on behalf of the Partnership notwithstanding that it may also be a Limited Partner); or

(e) have any right to bring any action for partition or sale in connection with the Interest or any other assets of the Partnership, or register or permit any lien or charge in respect of the Units of such Limited Partner to be filed or registered or remain undischarged against the Interest or any other assets of the Partnership in respect of such Limited Partner's interest in the Partnership.

The Limited Partners will comply with the provisions of all applicable legislation, including the Partnership Act, in force or in effect from time to time and will not take any action which will jeopardize or eliminate the status of the Partnership as a limited partnership.

8.4 Liability of Limited Partners Upon Dissolution

It is acknowledged and agreed by the Limited Partners that upon dissolution of the Partnership, the Limited Partners may receive undivided interests in the Partnership assets and will there after no longer have limited liability with respect to the ownership of such assets.

8.5 Maintenance of Limited Liability

The Partnership and the General Partner shall, to the greatest extent practical, endeavour to maintain the limited liability of the Limited Partners under applicable laws of the jurisdictions in which the Partnership carries o n or is deemed to carry on its affairs.

8.6 General Partner Liability to Limited Partners

(a) The General Partner shall not be liable to any Limited Partner in tort, contract or otherwise, in connection with any matter pertaining to the Partnership or the SMG BioPower Business, the exercise by the General Partner of, or any failure by the General Partner to exercise, any power, authority or discretion conferred under this Agreement, the Management Agreement, or any agreement referred to in such agreements, including, without limitation:

(i) any mistake or error in judgment;

(ii) any act or omission believed in good faith to be within the scope of authority of the General Partner conferred by this Agreement;

(iii) any act or omission believed in good faith to be within the scope of authority of the General Partner or the Manager conferred by the Management Agreement;

(iv) any action taken or suffered or omitted to be taken in good faith in reliance on any do cum et that is prima facie properly executed, or taken or not taken pursuant to any Ordinary Resolution or Extraordinary Resolution;

(v) any action taken or suffered or omitted to be taken that resulted in the depreciation of or loss in the value of the Interest or any other investment in the SMG BioPower Business;

(vi) any inaccuracy in any evaluation or assessment provided by the General Partner or the Manager or any appropriately qualified Person, and any reliance on any such evaluation or assessment;

(vii) any reliance in good faith on any communication from any appropriately qualified Person as to any matter, fact or opinion; and

(viii) any action or failure to act of any Person to who m the General Partner has, as permitted hereby, delegated any of its duties hereunder;

provided that the foregoing provisions of this Section 8.6(a) shall not relieve the General Partner from liability for its own gross negligence, wilful misconduct or fraudulent act.

(b) Notwithstanding Section 6.5(a), if the General Partner or any associate or affiliate of the General Partner has retained a valuator, auditor, engineer or other expert or advisor or legal counsel with respect to any matter connected with the exercise of its powers, authorities or discretions or the carrying out of its duties under this Agreement, the General Partner may act or refuse to act based on the reliance by the General Partner, in good faith, on advice of such expert, advisor or legal counsel and the General Partner shall not be liable for, and shall be fully protected from , any loss or liability occasioned by any action or refusal to act based on the reliance by the General Partner, in good faith, on advice of any such expert, advisor or legal counsel.

8.7 General Partner Indemnity

The General Partner shall indemnify and hold harmless the Partnership from and against all costs incurred and damages suffered by the Partnership as a result of gross negligence, wilful misconduct or fraudulent act by the General Partner or as a result of any act or omission by the General Partner not believed in good faith by the General Partner to be within the scope of authority of the General Partner conferred by this Agreement.

ARTICLE 9
UNIT CERTIFICATES

9.1 Unit Certificate

Subject to Section 9.3, the General Partner shall issue to each Limited Partner a Unit Certificate in the form set out in Schedule B attached hereto, or in such form as may be approved from time to time by the General Partner, specifying the number of Units held by such Limited Partner. Each Unit Certificate shall be signed by at least one officer or director of the General Partner and countersigned by or on behalf of the Registrar and Transfer Agent. Any such signatures may be printed or otherwise mechanically reproduced and, in such event, a Unit Certificate is as valid as if signed manually notwithstanding that any person whose signature is so printed or mechanically reproduced shall have ceased to hold the office that such officer or director is stated on the Unit Certificate to hold. A Unit Certificate may be delivered to a Limited Partner entitled thereto by being mailed by prepaid post addressed to the address of such Limited Partner shown in the Register (or in the case of a Unit Certificate issued in the name of two or more Persons, to the Person whose name first appears on the Unit Certificate), and none of the Partnership, the General Partner or the Registrar and Transfer Agent shall be liable for any loss occasioned to any Limited Partner by reason that the Unit Certificate so posted is lost or stolen from the mail or is not delivered.

9.2 Lost Unit Certificate

Where a Partner claims that a Unit Certificate representing a Unit recorded in the name of such Partner has been defaced or apparently lost, destroyed or wrongly taken, the Registrar and Transfer Agent shall cause a new Unit Certificate to be issued in substitution for such Unit Certificate provided that such Limited Partner, if requested by the General Partner:

(a) files with the General Partner or Registrar and Transfer Agent a form of proof of loss and an indemnity bond in a form and in an amount satisfactory to the General Partner to indemnify and hold harmless each of the Partnership, the General Partner and the Registrar and Transfer Agent from any costs, damages, liabilities or expense s suffered or incurred as a result of or arising out of issuing such new Unit Certificate; and

(b) satisfies such other requirements as are reasonably imposed by the General Partner or Registrar and Transfer Agent, including, but not limited to, delivery of a form of proof of loss,

or satisfies such other requirements as are reasonably imposed, in the alternative, by the General Partner or the Registrar and Transfer Agent.

9.3 Registered Holders of Units

Where a Unit is subscribed for by, or assigned to, two or more Persons, or a Unit Certificate is issued in the name of two or more Persons:

(a) the name of each Person shall be shown on the Unit Certificate in respect of the Unit;

(b) the Unit shall be presumed by the Partnership to be held jointly;

(c) the Unit Certificate shall be delivered to the Person whose name appears first on the Register in respect of the Unit;

(d) amounts distributed by the Partnership in respect of the Unit may be sent to the Person whose name appears first on the Register in respect of the Unit or to such one of them as the joint holders direct in writing, and any one of such Persons may give effectual receipts for any monies or assets distributed in respect of the Unit and the other of such Persons shall have no further recourse against the Partnership; and

(e) any one of such Persons may vote in respect of the Unit as if that Person were solely entitled thereto, but if more than one of such Persons is present or is represented at a meeting, the Person whose name appears first on the Register in respect of the Unit shall alone be entitled to vote in respect thereof.

ARTICLE 10
ASSIGNMENTS AND TRANSFERS OF UNITS

10.1 Transfer of Interest of General Partner

Except as otherwise provided herein, the General Partner may not sell, assign, transfer or otherwise dispose of its interest in the Partnership as general partner, without the prior approval of the Limited Partners given by Extraordinary Resolution except if such sale, assignment, transfer or disposition is to an affiliate of the General Partner or is pursuant to or in connection with an amalgamation or merger of the General Partner and the surviving or continuing body corporate is the General Partner. Any such sale, assignment, transfer or other disposition requiring approval as provided herein that is made without such approval will not relieve the General Partner of the obligations of the General Partner set forth in this Agreement.

10.2 Transfer or Assignment of Unit

Except as otherwise provided in this Agreement, a Unit may be transferred or assigned by a Limited Partner or such Limited Partner's agent duly authorized in writing without restriction and no such transfer or assignment will require approval or consent from the General Partner or any other Limited Partner. However, the transferor and transferee of a Unit must comply with the applicable securities legislation in connection therewith and the transferor, or his duly authorized agent, shall:

(a) surrender, or cause to be surrendered, to the Registrar and Transfer Agent the Unit Certificate representing the Units being transferred or assigned;

(b) deliver, or cause to be delivered, to the General Partner and the Registrar and Transfer Agent, a duly completed transfer substantially in the form attached

hereto as part of Schedule A, completed and executed by such Limited Partner or his duly authorized agent, as well as such other documents required in such transfer form or required by the General Partner or the Registrar and Transfer Agent pursuant to the provisions of such transfer form;

(c) cause the transferee or assignee to deliver to the Registrar and Transfer Agent a duly completed declaration substantially in the form attached hereto as part of Schedule A and to agree to be bound by the terms of this Agreement and to assume the obligations of a Limited Partner under this Agreement, in form and substance satisfactory to the General Partner; and

(d) cause the transferee or assignee to pay the reasonable fees and expenses of the Registrar and Transfer Agent in connection with the transfer or assignment unless the General Partner agrees to pay such fees and expenses,

and satisfy such other requirements as are reasonably imposed, in the alternative, and given by the General Partner. If the transferee or assignee is entitled to become a Limited Partner pursuant to the provisions hereof, the General Partner is hereby authorized by the Limited Partners to admit the transferee or assignee to the Partnership as a Limited Partner and the Partners hereby consent to the admission of, and will admit, the transferee or assignee to the Partnership as a Limited Partner without further act of the Partners.

A transferee of Units will automatically become bound by and subject to this Agreement, without execution of further instruments, and, without limiting the generality of the foregoing, such transferee shall be deemed to make all of the re presentations and warranties, covenants, agreements and acknowledgments of a Limited Partner pursuant to this Agreement and to grant the power of attorney as set out in Article 18.

If the transferor or assignor of a Unit is a firm or a corporation, or purports to assign such Unit in any representative capacity, or if a transfer or assignment results from the death, mental incapacity or bankruptcy of a Limited Partner or is otherwise involuntary, the assignor or his legal representative shall furnish to the General Partner and the Registrar and Transfer Agent such documents, certificates, assurances, court orders and other materials as the General Partner and the Registrar and Transfer Agent may reasonably require to cause such transfer or assignment to be effected.

The Registrar and Transfer Agent will:

(a) record in the Register any assignment or transfer made in accordance with this Agreement;

(b) make such filings and cause to be made such recordings as are required by law in connection with such assignment or transfer; and

(c) forward notice of such assignment or transfer to the transferee.

10.3 Rejection of Transfer

Notwithstanding any other provisions contained herein, the General Partner has the right, in its sole and absolute discretion, to reject any transfer, in whole or in part, for any reason, including without limitation:

(a) the fact, or the General Partner's belief, that any of the representations and warranties to be provided by the transferee in the transfer form are untrue;

(b) in the opinion of counsel to the Partnership, such transfer would result in the violation of any applicable securities laws or any of the provisions of this Agreement; or

(c) the transfer would cause or be likely to cause the Partnership to be classified as a "SIFT partnership" under the Income Tax Act.

The General Partner has the right to deny any transfer where there has been default in payment of any amount to the Partnership by the transferor or transferee, including the subscription price of any Unit held by the transferor or transferee, until all amounts required to be paid (including interest, if any) have been paid in full.

10.4 Ongoing Obligation of Limited Partner

No transfer or assignment of a Unit made pursuant to the foregoing provisions of this Article shall relieve the Limited Partner of any obligation which has accrued or was incurred prior to the effective date of such transfer or assignment.

10.5 Transferees or Assignees Who Are Not Substituted Limited Partners

A transferee or assignee of a Unit or a Person who has become entitled to a Unit by operation of law who has not complied with Section 10.2 has no rights as a Limited Partner except as provided in the Partnership Act.

10.6 Pledge of a Unit

Subject to the other applicable terms of this Agreement, a Limited Partner may, but only after the purchase price for that Unit has been paid in full, mortgage, pledge, charge or grant a security interest in a Unit as security for a loan to or an obligation of such Limited Partner. Notwithstanding anything in this Agreement, neither the General Partner nor the Registrar and Transfer Agent is obliged to recognize or acknowledge any such mortgage, pledge, charge or security interest, and unless and until a Unit is transferred in accordance with this Agreement, only the registered holder of the Unit shall be recognized by the General Partner and the Registrar and Transfer Agent, and all distributions shall be made to such registered holder.

10.7 Parties Not Bound to See to Trust or Equity

Neither the Registrar and Transfer Agent nor the General Partner shall be bound to see to the execution of any trust (whether express, implied or constructive), charge, pledge, or

equity to which any Unit or any interest therein is subject, nor to ascertain or inquire whether any sale or assignment of any Unit or any interest therein by any Limited Partner is authorized by such trust, charge , pledge or equity, nor to recognize any Person as having any interest in any Unit, except for the Person recorded on the Register as the holder of such Unit. The receipt by any Person in whose name a Unit is recorded on the Register shall be a sufficient discharge for all monies, securities and other property payable, issuable or deliverable in respect of such Unit and from all liability therefor. The Partnership, the General Partner and the Registrar and Transfer Agent shall be entitled to treat the Person in whose name any Unit Certificate is registered as the absolute owner thereof.

10.8 Compulsory Acquisition of Units

(a) In this Section 10.8:

(i) "**Dissenting Limited Partner**" means a Limited Partner who does not accept an Offer referred to in Section 10.8(b) and includes any transferee or assignee of the Unit of a Limited Partner to whom such an Offer is made, whether or not such transferee or assignee is recognized under this Agreement;

(ii) "**Offer**" means an offer to acquire outstanding Units where, as of the date of the offer to acquire, the Units that are subject to the offer to acquire, together with the Offeror's Units, constitute in the aggregate 20% or more of all outstanding Units;

(iii) "**offer to acquire**" includes an acceptance of an offer to sell;

(iv) "**Offeror**" means a Person, or two or more Persons acting jointly or in concert, who make an Offer to acquire Units;

(v) "**Offeror's Notice**" means the notice described in Section 10.8(c); and

(vi) "**Offeror's Units**" means Units beneficially owned, or over which control or direction is exercised, on the date of an Offer by the Offeror, any affiliate or associate of the Offeror or any Person or company acting jointly or in concert with the Offeror.

(b) If an Offer for all of the outstanding Units (other than Units held by or on behalf of the Offeror or an affiliate or associate of the Offeror) is made and:

(i) within the time provided in the Offer for its acceptance or within 120 days after the date the Offer is made, whichever period is the shorter, the Offer is accepted by Limited Partners holding at least 66% of the outstanding Units, other than the Offeror's Units;

(ii) the Offeror is bound to take up and pay for, or has taken up and paid for the Units of the Limited Partners who accepted the Offer; and

(iii) the Offeror complies with Sections 10.8(c) and 10.8(e);

the Offeror is entitled to acquire, and the Dissenting Limited Partners are required to sell to the Offeror, the Units held by the Dissenting Limited Partners for the same consideration per Unit payable or paid, as the case may be, under the Offer.

(c) Where an Offeror is entitled to acquire Units held by Dissenting Limited Partners pursuant to Section 10.8(b), and the Offeror wishes to exercise such right, the Offeror shall send by registered mail within 30 days after the date of termination of the Offer a notice (the "**Offeror's Notice**") to each Dissenting Limited Partner stating that:

(i) Limited Partners holding at least 66% of the outstanding Units, other than Offeror's Units, have accepted the Offer;

(ii) the Offeror is bound to take up and pay for, or has taken up and paid for, the Units of the Limited Partners who accepted the Offer;

(iii) Dissenting Limited Partners must transfer their respective Units to the Offeror on the terms on which the Offeror acquired the Units of the Limited Partners who accepted the Offer within 21 days after the date of the sending of the Offeror's Notice; and

(iv) Dissenting Limited Partners must send their respective Unit Certificates to the Registrar and Transfer Agent within 21 days after the date of the sending of the Offeror's Notice.

(d) A Dissenting Limited Partner to whom an Offeror's Notice is sent pursuant to Section 10.8(c) shall, within 21 days after the sending of the Offeror's Notice, send his Unit Certificate to the Registrar and Transfer Agent, duly endorsed for transfer.

(e) Within 21 days after the Offeror sends an Offeror's Notice pursuant to Section 10.8(c), the Offeror shall pay or transfer to the Registrar and Transfer Agent, or to such other person as the Registrar and Transfer Agent may direct, the cash or other consideration that is payable to Dissenting Limited Partners pursuant to Section 10.8(b).

(f) The Registrar and Transfer Agent, or the person directed by the Registrar and Transfer Agent, shall hold in trust for the Dissenting Limited Partners the cash or other consideration it receives under Section 10.8(e). The Registrar and Transfer Agent, or such person, shall deposit cash in a separate account (which need not be an interest- bearing account) in a Canadian chartered bank, and shall place other consideration in the custody of a Canadian chartered bank or similar institution for safekeeping.

(g) Within 30 days after the date of the sending of an Offeror's Notice pursuant to Section 10.8(c), the Registrar and Transfer Agent, if the Offeror has complied with Section 10.8(e), shall:

(i) do all acts and things and execute and cause to be executed all instruments as in the Registrar and Transfer Agent's opinion may be necessary or desirable to cause the transfer of the Units of the Dissenting Limited Partners to the Offeror;

(ii) send to each Dissenting Limited Partner who has complied with Section 10.8(d) the consideration to which such Dissenting Limited Partner is entitled under this Section 10.8; and

(iii) send to each Dissenting Limited Partner who has not complied with Section 10.8(d) a notice stating that:

(A) his Units have been transferred to the Offeror;

(B) the Registrar and Transfer Agent or some other person designated in such notice is holding in trust the consideration for such Units; and

(C) the Registrar and Transfer Agent, or such other person, will send the consideration to such Dissenting Limited Partner as soon as practicable after receiving such Dissenting Limited Partner's Unit Certificate and/or such other documents as the Registrar and Transfer Agent, or such other person may require, in lieu thereof;

and the Registrar and Transfer Agent is hereby appointed the agent and attorney of the Dissenting Limited Partners for the purposes of giving effect to the foregoing provisions.

(h) An Offeror cannot make an Offer for Units unless, concurrent with the communication of the Offer to any Limited Partner, a copy of the Offer is provided to the General Partner and the Registrar and Transfer Agent.

ARTICLE 11
TERM

11.1 Term

The Partnership will be formed upon the filing and recording of the Certificate under the Partnership Act and will continue until terminated upon the earlier of December 31, 2050 or the occurrence of any event described in Section 12.2 and, in any case, after the completion of the liquidation of the Partnership and the distribution of all funds remaining after payment of all of the debts, liabilities and obligations of the Partnership to its creditors, in accordance with the provisions of this Agreement and upon compliance with the requirements of the Partnership Act and any other applicable legislation.

ARTICLE 12
DISSOLUTION AND TERMINATION

12.1 No Dissolution

Notwithstanding any rule of law to the contrary, the Partnership shall not be terminated and dissolved except in the manner provided in this Agreement. Without limiting the generality of the foregoing, other than as set out in Section 12.2, the Partnership shall not be terminated or dissolved by the admission of any new Partner or by the withdrawal, removal, retirement, death, mental incompetence, disability, incapacity, liquidation, dissolution, winding up or other legal incapacity of a Partner, or by the insolvency or bankruptcy of a Partner or by the assignment of a Partner's property in trust for the benefit of the Partner's creditors.

12.2 Events of Dissolution

The Partnership shall dissolve upon the earlier of the expiration of its term as described in Section 11.1 or the occurrence of any one of the following events:

(a) the authorization of the dissolution of the Partnership by Extraordinary Resolution;

(b) the happening of an event that makes it unlawful for the affairs of the Partnership to be carried on or for the Partners to carry on the affairs of the Partnership in partnership; or

(c) the Partnership has sold or otherwise disposed of its entire Interest; and, in any case, after the completion of the liquidation of the Partnership and distribution to the Limited Partners of all funds or assets remaining after payment of all debts, liabilities and obligations of the Partnership to its creditors.

12.3 Liquidating Trustee

Upon dissolution of the Partnership, the liquidating trustee (which will be the General Partner unless the General Partner is unable or unwilling to act, in which event the liquidating trustee shall be selected by Ordinary Resolution) shall proceed diligently to wind up the affairs of the Partnership and distribute the assets of the Partnership in accordance with Section 12.4. Subject to Section 12.4, the liquidating trustee may manage and control the affairs of the Partnership with all of the power and authority of the General Partner. The liquidating trustee shall be paid its reasonable fees and disbursements in carrying out its duties as such. Allocations and distributions shall continue to be made during the period of liquidation in the same manner as before dissolution. The liquidating trustee shall have full right and unlimited discretion to determine the time, manner and terms of any sale or sales of Partnership assets pursuant to such liquidation, having due regard to the activity and condition of the relevant market and general financial and economic conditions.

12.4 Distribution of Assets

The liquidating trustee shall settle the Partnership accounts as expeditiously as possible and, in the following order, shall:

(a) sell and liquidate some or all of the assets of the Partnership and pay or compromise the liabilities of the Partnership;

(b) place in escrow a cash reserve fund for contingent liabilities, in an amount determined by the liquidating trustee to be appropriate for such reserve fund, to be held for such period as the liquidating trustee regards as reasonable and then to be distributed pursuant to Sections 12.4(c) and 12.4(d);

(c) pay the General Partner the amount of any costs, expenses, fees or other amounts which the General Partner is entitled to receive from the Partnership; and

(d) distribute the remaining assets including proceeds of sale, subject to any applicable withholding taxes or other applicable taxes, to the General Partner and the Limited Partners in accordance with Article 5.

12.5 Reports

Within a reasonable time following the completion of the liquidation of the Partnership's assets, the liquidating trustee shall forward or cause to be forwarded to each of the Partners an audited statement, with respect to the assets and liabilities of the Partnership as of the d ate of the completion of the liquidation, and each Partner's share of the distributions pursuant to Section 12.4.

12.6 No Other Right

No Partner shall have any right to demand or receive property, other than cash, upon dissolution of the Partnership.

12.7 Final Filing

Upon completion of the liquidation of the Partnership and the distribution of all Partnership assets, the Partnership shall dissolve and terminate and the liquidating trustee shall execute and record a declaration of dissolution as well as any other documents required to effect the dissolution and termination of the Partnership.

ARTICLE 13
REPRESENTATIONS

13.1 Status of General Partner

The General Partner represents and warrants and covenants to each Limited Partner that:

(a) it is and will continue to be a corporation duly incorporated under the Business Corporations Act;

(b) it is or will become registered, and will maintain such registration, to do business, and has or will acquire all requisite licenses and permits to carry on the affairs of the Partnership, in all jurisdictions in which the Partnership activities render such registration, license or perm it necessary;

(c) it has the capacity and corporate authority to act as General Partner, and the performance of its obligations hereunder as General Partner do not and will not conflict with or breach its charter documents, by-laws, or any agreement by which it is bound; and

(d) it is a Resident.

13.2 Status of Each Limited Partner

(a) Each Limited Partner represents and warrants and covenants to each other Limited Partner and to the General Partner that:

(i) such Limited Partner, if a corporation, is a valid and subsisting corporation, has the necessary corporate capacity and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder, and has taken all necessary corporate action in respect thereof and that it has purchased its Units as principal for its own account, or, if a partnership, syndicate or other form of unincorporated organization, has the necessary legal capacity and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof, and that it has purchased its Units as principal for its own account;

(ii) such Limited Partner, if an individual, is of the full age of majority and has the legal capacity and competence to execute this Agreement and take all action pursuant hereto, and that it has purchased its Units as principal for its own account;

(iii) such Limited Partner is a Resident and that such Limited Partner will maintain such status at all times that such Limited Partner owns Units;

(iv) no interest in such Limited Partner is or will be a "tax shelter investment" for the purposes of the Income Tax Act;

(v) such Limited Partner has not financed the acquisition of its Units with borrowings for which recourse is limited , or is deemed to be limited , for the purposes of the Income Tax Act;

(vi) such Limited Partner will promptly provide such evidence of the status of such Limited Partner as the General Partner may request from time to time; and

(vii) except with the prior written consent of the General Partner, such Limited Partner will not knowingly cause or permit its interest in the Partnership to be "listed or traded on a stock exchange or other public market" within the meaning of that phrase in section 197 of the Income Tax Act.

(b) Each Limited Partner covenants that:

(i) such Limited Partner will ensure that such Limited Partner's status as described in Section 13.2(a) will not be modified, that such Limited Partner will provide written confirmation of such status to the General Partner upon request and that such Limited Partner will not transfer such Limited Partner's Units in whole or in part to a Person in respect of which the representations and warranties set forth in Section 13.2(a) would be untrue; and

(ii) such Limited Partner will immediately notify the General Partner in writing if such Limited Partner fails to comply with the covenants in this Section 13.2(b).

Prior to any Limited Partner becoming an Unqualified Limited Partner, such Limited Partner will transfer its Units to a Qualified Person. In the event that such Limited Partner fails to transfer its Units to a Qualified Person within 30 days of the giving by the General Partner of a notice to such Unqualified Limited Partner to so transfer its Units, the General Partner will be entitled, subject to compliance with applicable securities laws, to sell such Units on behalf of such Unqualified Limited Partner on such terms and conditions as it deems reasonable and may itself become the purchaser of such Units. On any such sale by the General Partner the price will be the fair market value for such Units as determined by an independent appraiser appointed by the General Partner, whose appraisal will be final and binding on the Partnership, the General Partner and the Unqualified Limited Partner. The cost of such appraisal will be borne by the Unqualified Limited Partner whose Units are sold by the General Partner and may be deducted from the proceeds of such sale together with any other expenses incurred in connection therewith.

In the event of any such sale, the Unqualified Limited Partner whose Units are sold shall thereafter have the right only to receive the net proceeds of such sale (including after deduction of the amounts referred to above), less any amounts required to be withheld under the provisions of the Income Tax Act, or any other similar or other taxation legislation of Canada or a province or territory of Canada or foreign state, and such Unqualified Limited Partner shall thereafter not be entitled to any of the rights of a Limited Partner hereunder in respect of the Units so sold.

The General Partner shall have the sole right and authority to make any determination required or contemplated under this Section 13.2. The General Partner shall make

on a timely basis all determinations necessary for the administration of the provisions of this Section 13.2 and, without limiting the generality of the foregoing, if the General Partner considers that there are reasonable grounds for believing that a Limited Partner has become an Unqualified Limited Partner, the General Partner shall make a determination with respect to the matter. Any such determination shall be conclusive, final and binding except to the extent modified by any subsequent determination by the General Partner.

Notwithstanding anything contained herein, in the event that the General Partner determines that a Limited Partner has become an Unqualified Limited Partner, then such Unqualified Limited Partner shall be deemed to have ceased to be a Limited Partner in respect of all of the Units held by it effective immediately prior to the date of contravention and shall not be entitled to any voting rights with respect to Units after such date and shall not be entitled to any distributions of the Partnership which accrue after such date and such Units shall be deemed not to be outstanding until acquired by a Qualified Person (on their own behalf or on behalf of a beneficial owner of Units), provided that other holders of Units shall not be entitled to any portion of such distributions paid in respect of Units that have been so deemed not to be outstanding which may accrue after the date upon which such Units are deemed to no longer be outstanding.

13.3 Survival of Representations

The representations contained in this Article shall survive execution of this Agreement and each party is obligated to ensure the continuing accuracy of each representation made by it throughout the term of the Partnership.

ARTICLE 14
CHANGE OF GENERAL PARTNER

14.1 Continuance of the General Partner

The General Partner will continue as general partner of the Partnership until termination of the Partnership unless the General Partner resigns or is removed in accordance with this Agreement.

14.2 Resignation of the General Partner

(a) The General Partner may not resign as such unless it has given at least 180 days' written notice to the Limited Partners of such intention and nominates a qualified successor whose appointment is approved by Ordinary Resolution and who accepts such position within such period, provided that if no successor is so approved within such 180 day period then the General Partner shall have the sole right to appoint a new general partner and such appointee up on its acceptance of such appointment shall become the new General Partner.

(b) Upon the dissolution, liquidation, bankruptcy, insolvency, winding-up, the making of any assignment for the benefit of creditors of the General Partner or the appointment o f a trustee, receiver, receiver and manager or liquidator of the General Partner, provided that the trustee, receiver, receiver and manager or

liquidator performs its functions for 60 consecutive days, a new general partner shall be appointed by the Limited Partners by Ordinary Resolution within 180 days' notice of such event and the General Partner shall be deemed to have resigned as such, provided that the General Partner shall not cease to be the general partner of the Partnership until the appointment of a new general partner.

14.3 Removal of General Partner

The General Partner may be removed as general partner of the Partnership by an Extraordinary Resolution, but only if at the time of such Extraordinary Resolution the General Partner is in default of a material obligation of the General Partner contained in this Agreement, such default has continued for at least 60 days following receipt of notice from any Limited Partner requiring the General Partner to remedy such default and the Extraordinary Resolution removing the General Partner also appoints a new general partner as successor. Except as provided in the next sentence, the General Partner, its affiliates, its associates and their directors and officers, shall not be entitled to vote on the removal of the General Partner as general partner of the Partnership. Notwithstanding the previous sentence, any Units acquired or held by the Manager will be entitled to be voted on the removal of the General Partner.

14.4 Consequences of Transfer

Upon the admission of a new General Partner:

(a) the new General Partner shall become a party to this Agreement by signing a counterpart hereof and agree to be bound by the terms of this Agreement and to assume the obligations, duties and liabilities of the departing General Partner hereunder as and from the date the new General Partner becomes a party to this Agreement;

(b) the new General Partner will purchase and the departing General Partner will sell the interest of the departing General Partner in the Partnership (excluding any Units held by the departing General Partner) at a purchase price of $50.00;

(c) the new General Partner will pay to the departing General Partner the amount of any costs, expenses or other amounts owed by the Partnership to the departing General Partner and such other amounts to which the departing General Partner is entitled to reimbursement thereof pursuant to this Agreement or any other agreement to which the departing General Partner is a party with the Partnership, whether, in the case of such latter agreements, the departing General Partner is entitled to such reimbursement by the Partnership or by a third party or otherwise;

(d) the departing General Partner will do all things and take all steps to effectively transfer title to all Partnership assets, the records and management of the Partnership and the interest of the departing General Partner in the Partnership to the new General Partner; and

(e) the departing General Partner shall file all amendments to the Certificate and all other instruments or documents necessary to record the admission of the new General Partner or qualify or continue the Partnership as a limited partnership.

14.5 Indemnification

Upon the removal or resignation of the General Partner, the Partnership shall release and hold harmless, and the Limited Partners shall release, the General Partner, its affiliates and associates, and its and their respective officers, directors, shareholders and employees, from any and all costs, damages, liabilities or expenses incurred by the General Partner or the Partnership in connection with the Partnership's activities or otherwise as a result of o arising out of events occurring after such resignation or removal other than those caused by or deriving from any grossly negligent or fraudulent act or wilful misconduct of the General Partner.

14.6 Continuity of Partnership

In the event of the bankruptcy, insolvency, dissolution, liquidation, winding up, resignation or deemed resignation of the General Partner, the affairs of the Partnership shall be continued without interruption by any new General Partner or remaining General Partner, as the case may be.

ARTICLE 15
MEETINGS

15.1 Consents Without Meeting

The General Partner may secure the consent or agreement of any Limited Partner to any matter requiring such a consent or agreement in writing, and such consents or agreements in writing may be used in conjunction with votes given at a meeting of Limited Partners or without a meeting of Limited Partners to secure the necessary consent or agreement hereunder. Accidental omission to send a written form of Ordinary Resolution or Extraordinary Resolution to any Limited Partner for signature will not invalidate such resolution provided that such written resolution has been signed in one or more counterparts by a sufficient percentage of the Limited Partners to pass such resolution in accordance with the pro visions of this Agreement.

15.2 Meetings

The General Partner may convene meetings of the Limited Partners at any time and, upon the written request of one or more Limited Partners holding not less than 25% of the number of all issued and outstanding Units (the "**Requisitioning Partners**"), will convene a meeting of the Limited Partners. If the General Partner fails or neglects to call such a meeting within 60 days of receipt of written request of the Requisitioning Partners, then any Requisitioning Partners may convene such meeting by giving written notice to the General Partner and the Limited Partners in accordance with this Agreement, signed by such person or persons as the Requisitioning Partners specify. Every meeting, however convened, will be conducted in accordance with this Agreement. There is no requirement to hold annual general meetings; however, the General Partner may call periodic information meetings from time to

time to advise Limited Partners as to the status of the SMG BioPower Business and the Partnership's affairs.

15.3 Place of Meeting

Every meeting of Limited Partners will be held at such place in the City of Vancouver, British Columbia, as the General Partner or the Partner calling the meeting, as the case may be, may determine.

15.4 Notice of Meeting

All notices of meetings of Limited Partners will be given to Limited Partners at least 21 and not more than 60 days prior to the meeting. Such notice will specify the time, date and place where the meeting is to be held and will specify, in reasonable detail, all matters which are to be the subject of a vote at such meeting and provide sufficient information to enable Limited Partners to make a reasoned judgment on all such matters. It will not be necessary for any such notice to set out the exact text of any resolution proposed to be passed at the meeting, provided that the subject matter of any such resolution is fairly set out in the notice or schedule thereto. Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any Limited Partner will not invalidate the proceedings at that meeting.

15.5 Chairman

The President of the General Partner, or in his absence any officer of the General Partner, shall be the chairman of all meetings. If no such person is present or all such persons refuse to act, those Limited Partners present in person or represented by proxy at the meeting shall choose, by Ordinary Resolution, some other person present to be chairman.

15.6 Quorum

Subject to the provisions of Section 15.7, a quorum at any meeting of the Limited Partners shall consist of not less than two Persons present in person and holding or representing by proxy at least ten percent (10%) of the aggregate number of outstanding Units entitled to vote at the meeting provided, however, that if the Partnership has only one Limited Partner, such Limited Partner present in person or represented by proxy constitutes a meeting of Limited Partners.

15.7 Adjournment

If a quorum referred to in Section 15.6 is not present within 30 minutes from the time fixed for holding any meeting, the meeting may be adjourned by the chairman of the meeting to a date not less than 10 days or more than 14 days later at the same time and, if available, the same p lace, and the General Partner or Requisitioning Partners who called the meeting will give at least seven days' notice to all Limited Partners of the date, time and place of the reconvening of the adjourned meeting. Such notice need not set forth the matters to be considered unless they are different from those for which the original meeting was called. At the adjourned meeting the Limited Partners present in person or represented by proxy shall form a quorum and m ay transact the business for which the meeting was originally convened

notwithstanding that the number of Units held or represented by them may not be sufficient to constitute a quorum under Section 15.6.

15.8 Voting

Except as otherwise specified in this Agreement, any question submitted to a meeting shall be decided by Ordinary Resolution. On each Ordinary Resolution and Extraordinary Resolution:

(a) each Limited Partner (excluding the General Partner in its capacity as a Limited Partner) shall be entitled to one vote per whole Unit held; and

(b) the General Partner shall be entitled to one vote in its capacity as General Partner and also to one vote per whole Unit held by it in its capacity as a Limited Partner, unless such resolution relates to the approval of an agreement or transaction of any nature between the Partnership and any member of the SMG Group in which event the General Partner will not be entitled to vote on such resolution.

For the purposes of clarity, a Limited Partner holding a fraction of a Unit shall be entitled, with respect to the same, to a fraction of a vote equal to such fraction of such Unit.

15.9 Record Date

Notwithstanding anything herein contained, only Limited Partners who are registered as such in the Register on the record date determined for the meeting shall have the right to attend in person or by proxy and to vote on all matters submitted to the meeting. For the purpose of determining those Limited Partners who are entitled to attend, and vote or act at, any meeting or any adjournment of any meeting, or for the purpose of any other action thereat, the General Partner or Requisitioning Partners calling the meeting, as the case may be, shall fix a date not less than 21 or more than 60 days prior to the date of any meeting of Limited Partners as a record date for the determination of those Limited Partners entitled to vote at such meeting or any adjournment of any meeting. The Persons so determined shall be the Persons deemed to have such entitlement, except to the extent that a Limited Partner has transferred any of his Units after such record date and the transferee of the Units: (i) produces properly endorsed certificates or otherwise establishes to the satisfaction of the General Partner that he is the owner of the Units in question; and (ii) requests, not later than 10 days before the meeting, or such shorter period before the meeting as the General Partner may deem to be acceptable, that the transferee's name be included in the Register as at such record date, in which case the transferee shall be treated as a Limited Partner of record for purposes of such entitlement in place of the transferor.

15.10 Proxies

A Limited Partner may attend any meeting of Limited Partners personally, or may be represented thereat by proxy if a proxy has been received by the General Partner or the chairman of the meeting for verification prior to the meeting. Votes at meetings of the Limited Partners may be cast personally or by proxy and resolutions shall be passed by a show of hands or, at the request of any Limited Partner, by ballot. The instrument appointing a proxy shall be in a form acceptable to the General Partner, shall be in writing under the hand of the appointor or

his attorney duly authorized in writing, or, if the appointor is a corporation, under its seal or by an officer or attorney thereof duly authorized, and shall be valid only if it refers to a specific meeting, and then only at that meeting or its adjournments. Any Person may be appointed a proxy, whether or not he is a Limited Partner.

15.11 Validity of Proxies

A proxy purporting to be executed by or on behalf of a Limited Partner will be considered to be valid unless challenged at the time of or prior to its exercise, and the Person challenging will have the burden of proving to the satisfaction of the chairman of the meeting that the proxy is invalid, and any decision of the chairman concerning the validity of a proxy will be final.

A vote cast in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death, incapacity, insolvency, bankruptcy or insanity of the Limited Partner giving the proxy or the revocation of the proxy, provided that no written notice of such death, incapacity, insolvency, bankruptcy, insanity or revocation shall have been received at the will be entitled to address the meeting.

15.12 Rules

To the extent that the rules and procedures for the conduct of a meeting of the Limited Partners are not prescribed in this Agreement, such rules and procedures shall be determined by the chairman of the meeting. To the extent practicable, the procedures applicable to meetings of corporations within the meaning of the BCBCA shall apply to meetings of Partners, provided however the Partnership shall not be required to hold annual meetings and the General Partner may seek all such regulatory relief as may be required so that the Partnership is not required to hold such meetings.

15.13 Waiver of Defaults

In addition to all other powers conferred on them by this Agreement, the Limited Partners may by Ordinary Resolution waive any default on the part of the General Partner on such terms as they may determine and release the General Partner from any claims in respect thereof.

15.14 Minutes

The General Partner will cause minutes to be kept of all proceedings and resolutions at every meeting, and copies of any resolutions of the Partnership to be made and entered in books to be kept for that purpose, and any minutes, if signed by the chairman of the meeting, will be deemed to be evidence of the matters stated in them, and such meeting will be deemed to have been duly convened and held and all resolutions and proceedings shown in them will be deemed to have been duly passed and taken.

15.15 Resolutions Binding

Any Extraordinary Resolution or Ordinary Resolution passed in accordance with this Agreement shall be binding on all Limited Partners and their respective heirs, executors, administrators or other legal representatives, successors and assigns, whether or not such Limited Partner was present or represented by proxy at the meeting at which such resolution was passed and whether or not such Limited Partner received and/or signed a written copy of or voted against such resolution.

15.16 Powers Exercisable by Extraordinary Resolution

The following powers will only be exercisable by Extraordinary Resolution passed by the Limited Partners:

(a) consenting to the amendment of this Agreement except as provided herein;

(b) requiring the General Partner on behalf of the Partnership to enforce any obligation or covenant on the part of any Limited Partner;

(c) removing the General Partner as general partner of the Partnership as provided in Section 14.3;

(d) dissolving the Partnership as provided in Section 12.2(a);

(e) consenting to the sale, assignment, transfer or other disposition by the General Partner of its interest in the Partnership as a general partner as provided in Section 10.1;

(f) consenting to extend the Partnership's investment activities beyond the Investment Mandate;

(g) agreeing to any compromise or arrangement by the Partnership with any creditor, or class or classes of creditors;

(h) changing the Fiscal Year of the Partnership; and

(i) amending or repealing any Extraordinary Resolution previously passed by the Limited Partners.

ARTICLE 16
AMENDMENTS

16.1 Amendments to Limited Partnership Agreement

This Agreement may be amended in writing on the initiative of the General Partner with the approval of the Limited Partners given by an Extraordinary Resolution, provided that:

(a) this Article 16 may not be amended;

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(b) this Agreement shall not be amended so as to provide for additional Capital Contributions from any Limited Partner without the approval of such Limited Partner; and

(c) this Agreement shall not be amended so as to adversely affect the rights of the General Partner without the consent of the General Partner.

16.2 Amendments in Discretion of General Partner

Notwithstanding Section 16.1, the General Partner may, without prior notice to or consent from any Limited Partner, amend any provision of this Agreement from time to time:

(a) for the purpose of adding, amending or deleting provisions of this Agreement which addition, amendment or deletion is, in the opinion of counsel to the Partnership, for the protection of or otherwise to the benefit of the Limited Partners; or

(b) to cure an ambiguity or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein, provided the cure, correction or supplemental provision, in the opinion of the General Partner, does not and will not adversely affect the interests of the Limited Partners; or

(c) to make such other provisions in regard to matters or questions arising under this Agreement which, in the opinion of the General Partner, do not and will not adversely affect the interests of the Limited Partners; or

(d) to make such amendments or deletions to take into account the effect of any change in, amendment of or repeal of any applicable legislation, which amendments, in the opinion of the General Partner, do not and will not adversely affect the interests of the Limited Partners.

16.3 Notice to Limited Partners

Limited Partners shall be notified of the full details of any amendments to this Agreement within 30 days of the effective date of the amendment.

16.4 Limitation on Amendments

Notwithstanding the foregoing or any other provisions to the contrary contained in this Agreement, no amendment of this Agreement shall be adopted if such amendment would change the Partnership to a general partnership, change the liability of the General Partner or any Limited Partner, allow any Limited Partner to take part in the control of the business of the Partnership, change the activities of the Partnership asset forth in Article 3, or change the right of a Limited Partner to vote at any meeting.

ARTICLE 17
NOTICES

17.1 Addresses for Service

The addresses for service of the General Partner and Limited Partners are:

General Partner: BioPower Drytec Corp.
958 West 8th Avenue
Vancouver, B.C.
V5Z 1E4

Attention: President
Fax No.: 604-568-9830

Initial Limited Partner: SMG Power Limited Partnership
958 West 8th Avenue
Vancouver, B.C.
V5Z 1E4

Attention: President
Fax No.: 604-568-9830

Limited Partners: at the mailing addresses set forth in the Register.

The General Partner may from time to time change its address for service hereunder by notice to the Limited Partners given in accordance with Section 17.2. Each Limited Partner will advise the General Partner and the Registrar and Transfer Agent of any change in such Limited Partner's address as then shown on the Register.

17.2 Notices

Any notice provided for in this Agreement or any other notice which a Partner may desire to give to the other Partners, shall be in writing and shall be delivered by:

(a) personal hand delivery to the addressee or, if such addressee is a body corporate, to an officer of the addressee, or in the absence of an officer, to some other responsible employee of such addressee and shall be deemed to have been given and received on the date of such delivery or, if so delivered on a Saturday, Sunday or statutory holiday, on the next day that is not such a day; or

(b) mailing, postage prepaid, in a properly addressed envelope addressed to the p arty to whom the notice is to be given at its address for service and shall be deemed to have been given and received four days after the mailing thereof, Saturdays, Sundays and statutory holidays excepted, or

(c) fax message addressed to the party to whom the notice is to be given at its address for service and shall be deemed to have been given and received one day after the date of sending, Saturdays, Sundays and statutory holidays excepted.

In the event of a labour strike or other postal interruption the result of which is the interference of normal mail deliveries, every notice delivered pursuant to Section 17.2(b) above shall be deemed to have been given and received on the sixth day following the full resumption of normal mail deliveries, excluding Saturdays, Sundays and statutory holidays, provided that notwithstanding the foregoing in the event of a labour strike or other postal interruption the result of which is the interference of normal mail deliveries, notice hereunder, other than notice to be provided to the General Partner, may be given by publication thereof in a publication of general circulation in the City of Vancouver and shall be deemed to have been given and received upon such publication.

ARTICLE 18
POWER OF ATTORNEY

18.1 Power of Attorney

Each Limited Partner and each transferee of a Unit or assignee of the interest of a Limited Partner as a holder of a Unit here by irrevocably grants to the General Partner, its successors and assigns, a power of attorney constituting the General Partner, with full power of substitution, as the Limited Partner's true and lawful attorney and agent, with full power and authority, in the Limited Partner's name, place and stead to execute, under seal or otherwise, swear to, acknowledge, deliver, and record or file, as the case may be, as and where required:

(a) this Agreement, any amendment to this Agreement, the Certificate, any amendment to the Certificate or any other declaration, certificate, instrument or document which the General Partner deems necessary or appropriate to qualify, continue the qualification of, or keep in good standing, the Partnership in, or otherwise comply with the laws of, the Province of British Columbia or any other jurisdiction wherein the Partnership may carry on or be deemed to carry on activities or own property (or the laws of Canada applicable therein), or the General Partner may deem it prudent to register the Partnership, in order to maintain the limited liability of the Limited Partners or to comply with applicable laws;

(b) any certificate or other instrument which the General Partner deems necessary or appropriate to reflect any amendment, change or modification of the Partnership in accordance with the terms of this Agreement;

(c) any certificate or other instrument which the General Partner deems necessary or appropriate to comply with the laws of Canada or any political subdivision of Canada;

(d) any conveyance or other instrument which the General Partner deems necessary or appropriate to reflect or in connection with the sale of all or any part of the

Interest or other assets of the Partnership or the dissolution or termination of the Partnership pursuant to the terms of this Agreement;

(e) any instrument required in connection with any election, designation, application or determination relating to the Partnership under the Income Tax Act, the Excise Tax Act, or other tax legislation;

(f) any election, determination, designation, information and return or similar document or instrument as may be required or desirable at any time under the Income Tax Act, the Excise Tax Act, or under any other taxation or similar law of Canada or any province, territory or jurisdiction, or foreign state, which relates to the affairs of the Partnership or the interest of any Person in the Partnership;

(g) any document which the General Partner deems necessary or appropriate to be executed or filed in connection with the activities, assets or undertaking of the Partnership or this Agreement;

(h) any document required to be filed with any governmental body, agency or authority in connection with the activities, assets or undertaking of the Partnership or this Agreement;

(i) any application for any grant, incentive or credit under any federal or provincial program with respect to any activity of the Partnership;

(j) any transfer forms or other certificate or instrument on behalf of or in the name of whomsoever as may be necessary to effect the transfer of any Unit in accordance with the terms of this Agreement including, without limitation, pursuant to Sections 10.8 and 13.2 hereof; and

(k) any other document or instrument on behalf of and in the name of the Partnership or the Limited Partner as may be deemed necessary or desirable by the General Partner to carry out fully the provisions of this Agreement or any other agreement of the Partnership in accordance with its respective terms;

and to complete, amend or modify any of the foregoing to complete any missing information or correct any clerical or other errors in the completion of any of the foregoing.

To evidence the foregoing, each Limited Partner, in making a subscription for Units or in executing an assignment or transfer of a Unit as assignee or transferee thereof, will be deemed to have executed a power of attorney granting substantially the powers set forth above. The power of attorney so granted is irrevocable, is coupled with an interest, will survive the death, disability, incapacity, insolvency, bankruptcy, liquidation, dissolution, winding up or other legal incapacity of a Limited Partner and will survive the assignment, to the extent of the obligations of the Limited Partner hereunder, by the Limited Partner of the whole or any part of the interest of the Limited Partner in the Partnership and extends to bind the heirs, executors, administrators, personal representatives, successors and assigns of the Limited Partner, and may be exercised by the General Partner, executing on behalf of each Limited Partner, by executing any instrument with a single signature as the general partner of the Partnership or as attorney and

agent for all of the Limited Partners executing such instrument, or by such other form of execution as the General Partner m ay determine, and it will not be necessary for the General Partner to execute any instrument under seal notwithstanding the manner of execution of the power of attorney by the Limited Partner. The power of attorney will not terminate on the dissolution of the Partnership but will continue in full force and effect thereafter for the purposes of concluding any matters pertaining to the Partnership, to the activities previously carried on by the Partnership or to the dissolution of the Partnership and the winding up of its affairs.

Each Limited Partner hereby ratifies and confirms all that the General Partner shall lawfully do or cause to be done by virtue of the foregoing power of attorney, agrees to be bound by any representation or action made or taken in good faith by the General Partner pursuant to the foregoing power of attorney in accordance with the terms hereof or in furtherance of the terms contemplated by the Private Placement, and waives any and all defences which may be available to contest, negate or disaffirm any action of the General Partner taken in good faith under such power of attorney.

ARTICLE 19
MISCELLANEOUS

19.1 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia, and the parties hereto hereby submit to and attorn to the non-exclusive jurisdiction of the Courts of the Province of British Columbia.

19.2 Counterparts

This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. This Agreement may also be adopted in any subscription or assignment forms or similar instruments signed by a Limited Partner or by the General Partner on his behalf, with the same effect as if such Limited Partner had executed a counterpart of this Agreement. All counterparts and adopting instruments will be construed together and will constitute one and the same agreement.

19.3 Provisions Severable

Each provision of this Agreement is intended to be severable. If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held illegal or invalid, the remainder of this Agreement, or the application of such provision to any Person or circumstance other than those to which it is held illegal or invalid, shall not be affected thereby.

19.4 Further Assurances

Each party hereto agrees to execute and deliver such further and other documents and to perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full force and effect to this Agreement and every part hereof.

19.5 Time

Time is of the essence hereof.

19.6 Limited Partner not a General Partner

If any provision of this Agreement has the effect of imposing or subjecting any Limited Partner to any debts, liabilities or obligations in excess of those amounts referred to in Section 8.2, or otherwise results in the Limited Partner becoming a general partner, such provision shall be of no force or effect.

19.7 Binding Effect

Subject to the provisions regarding assignment and transfer herein contained, this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

BIOPOWER DRYTEC CORP.

Authorized Signatory

INITIAL LIMITED PARTNER:

SMG POWER LIMITED PARTNERSHIP by its General Partner SMG DRYTEC CORP.

Authorized Signatory

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