

St-Lambert, May 08<sup>th</sup>, 2009

Animat inc.  
Mr. Guy Couture, Directeur Général  
284, chemin Godin  
Sherbrooke, Québec  
J1R 0S6

**Subject: Verification Report for a Greenhouse-Gas Emissions (GHG) reductions report at Animat Inc.**

**Period:** January 1<sup>st</sup> 2003 to December 31<sup>st</sup> 2007

Mr. Couture,

As requested, we carried out the verification of the Greenhouse-Gas Emissions (GHG) reductions report of Animat Inc. for the period of: January 1<sup>st</sup> 2003 to December 31<sup>st</sup> 2007.

This verification mandate was performed in accordance with *ISO 14064-3 International Standard entitled: Specifications and management lines for validation and verification of the reduction of Greenhouse-Gas Emissions (2006)*.

We have deeply examined and corroborate the information included in the quantification report for Greenhouse-Gas Emissions (GHG) reduction that you will find enclosed to this letter. We asked the necessary questions and obtained satisfactory answers.

Moreover, we visited the company premises and could note Greenhouse-Gas Emissions key elements.

The GHG reductions report dated April 13<sup>th</sup> 2009 indicates emissions reductions of 26,179 tCO<sub>2</sub>e for the year 2003, 39,261 tCO<sub>2</sub>e for the year 2004, 53,404 tCO<sub>2</sub>e for the year 2005, 74,716 tCO<sub>2</sub>e for the year 2006 and 41,062 tCO<sub>2</sub>e for the year 2007. The reductions for the years 2003 to 2007 inclusively totalized 234,621 tCO<sub>2</sub>e.

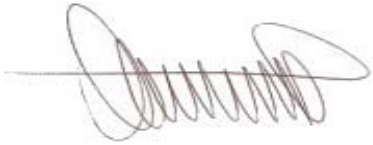
In our opinion; based on our review, nothing has come to attention that cause us to believe that the GHG emission assertion presented in the quantification report dated April 13<sup>th</sup>, 2009 is not presented fairly and in accordance with relevant criteria. Therefore, the GHG declaration:

- Is free of Material misstatements and it is an appropriate representation of the data and GHG information.
- Is prepared under the ISO 14064-2 standard: *Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements*.
- Considering a low degree of uncertainty and taking into account the materiality paragraph included in our audit report, please refer to page 4 of 6.

# GDTs

Services Conseils (SPA) inc.

For more information, please consult the attached report as well as the Quantification Report of Greenhouse-Gas Emissions (GHG) reductions prepared by the firm L2I Financial Solutions dated April 13<sup>th</sup> 2009



Roger Fournier CA  
GHG Partner  
GDTs Service Conseils (SPA) Inc.

**VERIFICATION REPORT OF THE GREENHOUSE-GAS EMISSIONS (GHG) REDUCTIONS REPORT**  
**Animat Inc.**  
**File # 080302**

Attention to:

Animat inc.  
Monsieur Guy Couture, Directeur Général  
284, chemin Godin  
Sherbrooke, Québec  
J1R 0S6

**Report drafted by:**

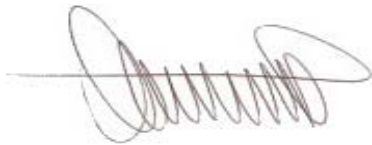


May 8th, 2009

.....  
Freddy Samuel CGA  
GHG Verifier

.....  
Date

**Report reviewed by:**



May 8<sup>th</sup>, 2009

.....  
Roger Fournier CA  
GHG Partner  
GDTs Service Conseils (SPA) Inc.

.....  
Date

**Verification report on Greenhouse-Gas Emissions (GHG) reductions**  
**File # 080302**  
**Animat Inc.**

**1. Verification objectives, Criteria, and assurance level**

a) Verification objectives:

The verification steps followed on the documentation supporting the Greenhouse-Gas Emissions (GHG) declaration of Animat Inc. Thus the visit of the company's premises held on July 11<sup>th</sup>, 2008 had the purpose of allowing GDTS Services Conseils (SPA) Inc. to issue an opinion in a form of verification report on a GHG project reduction of Animat Inc. and this is with a reasonable assurance degree, as agreed with the client.

b) Scope:

The Animat Inc. tire recycling project is located at 284, chemin Godin, Sherbrooke, Québec, J1R 0S6 and the baseline scenario used is used tires ending up in cement kills as a source of fuel.

The main GHG sources include the energy consumption of diesel, natural gas and electricity for the handling of tires and their uptake into the recycling process.

Types of GHGs: Carbon Dioxide CO<sub>2</sub>, Methane CH<sub>4</sub>, and Nitrous Oxide N<sub>2</sub>O

c) Criteria:

The verification mandate was conducted under ISO 14064-3 International Standard, entitled: *Specification with guidance for the validation and verification of greenhouse gas assertions (2006)*

The reader must be aware of the fact this report relates exclusively to the verification of a Greenhouse-Gas reduction project and not on project validation.

The verification report is formally presented on section 6.0. However, it remains important the entire verification report should be taken into account for the purpose of project decision making.

d) Assurance level:

Reasonable assurance degree, as agreed with the client.

**1.1 Client Engagement**

It is the client's responsibility to ensure the information stated in the GHG quantification report is free from material misstatements, whether due to fraud or error.

**Verification report on Greenhouse-Gas Emissions (GHG) reductions**  
**File # 080302**  
**Animat Inc.**

**2. Verification Team**

The team conducting the Verification was composed by:

- Roger Fournier CA, verifier in charge
- Freddy Samuel, Verifier

**3. Information on the organization aimed by the verification of the project.**

The GHG reductions report clearly defines the project description, project scenario, baseline scenario, GHG emissions sources, and the time frame covered by the project.

We did not considered necessary to provide to the intended users' report with full details of the information contained in this project. However, the reader will find below pertaining information useful for decision making.

3.1 Project Scenario

Animat Inc. recycling project consists in producing rubber mats and other products based on used tires. The production process includes shredding of the tires, nylon and steel extraction, production of granular rubber and rubber lamination to produce mats according to client specifications.

3.2 Baseline Scenario

The Baseline Scenario established by the quantifier consists in sending the used tires to cement kills to be used as a source of fuel. This scenario represents a common practice in Canada and has no significant regulatory and cultural barriers.

We are comfortable with the use of this baseline scenario.

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3.3 Emission sources for Project and baseline scenario (table drawn from the project)

<b>Emission sources/Sinks</b>	<b>Baseline Scenario</b>	<b>Project Scenario</b>
Extraction and production of raw materials	Quantified sources	Quantified sources
Product manufacturing	Quantified sources	Quantified source (propane, diesel, oil, electricity)
End-products Transportation Emissions	Quantified sources	Quantified sources
Waste Disposal	Related source not quantified	Related source not quantified

3.5 Period covered by the project

January 1<sup>st</sup> 2003 to December 31<sup>st</sup> 2007

3.6 Organisation GHG Declaration (Table taken from the project report)

**Table 1 -GHG Emission Reductions Summary:**

	<b>Baseline GHG Emission (Rubber combustion)</b>	<b>Project GHG Emission (Rubber Recycling operations)</b>	<b>Total Project Emission Reductions</b>
<b>Year</b>	<b>t CO<sub>2</sub> eq.</b>	<b>t CO<sub>2</sub> eq.</b>	<b>t CO<sub>2</sub> eq.</b>
2003	26 733	555	26 179
2004	40 370	1 109	39 261
2005	54 485	1 082	53 404
2006	75 520	804	74 716
2007	42 322	1 260	41 062
<b>TOTAL</b>			<b>234 621</b>

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**Animat Inc.**

3.7 Materiality

The Verification planning process ought to take into account the concept of materiality. Materiality threshold was evaluated as an aggregated issue for the entire file. The materiality threshold has not been surpassed.

**4. Context and Verification Activities**

GDS Service Conseils (SPA) has been mandated by Animat Inc. to undertake the Verification of a quantification Project that was submitted to us on March 21<sup>st</sup>, 2008. Thereafter, a visit to the company's premises was held on July 11<sup>th</sup>, 2008. On the same date a Verification plan was given to Mr. Guy Couture, General Manager of Animat.

4.1 Preparation of visit to the Company's premises and Verification procedures for the visited premises

On first review of the documentation was undertaken in April 2008. Before visiting the premises, allowing us to plan ahead the aforementioned visit among the required Verification procedures.

On July 11<sup>th</sup>, 2008 we met with to Mr. Guy Couture and Mrs. Lyne Proulx, respectively General Manager and Financial director of Animat Inc, with the purpose of pursuing with the Verification undertaken at Animat Inc. The following points were revised with Mr. Couture and Mrs. Proulx:

- Company's internal control with the purpose of assessing Verification risk
- Comprehension of the different productions stages.
- Environmental aspects
- Emission sources

A part of the necessary documents for the application of our Verification sampling procedures was provided to us. Thereafter, we were in the capacity of obtaining all the Verification required documents to be submitted to our Verification procedures.

During the course of our Verification, we got all the necessary cooperation and documents required from company's management.

4.2 Preparation of the verification report

The preparation of the verification Report was performed following the meeting with management of the company and the revision of the documents. The demand for information and the demands for corrective action were transmitted to the quantifier in order to complete the verification Report. The information obtained from the quantifier is satisfactory to us.

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**5. Evaluation of the GHG quantification method related to the project**

5.1 Standards used

This quantification report was prepared by L2I, based on ISO 14064-2 for Animat Inc tires recycling process.

In the development of the quantification report, the quantifier has well respected the principles of pertinence, completeness, coherence, accuracy, transparency and acted conservatively.

5.2 Quantifying method choice, choices of sources and Pertinent GHG types

As to the choice of emission sources as well as the pertinent GHG types we could well identified them.

The Canada National Inventory Report 1990-2006 was used as the main reference document to obtain GHG Emission factors for diesel, natural gas and electricity used in the project and the Environment Canada (ICF Consulting) was used as the main reference for rubber combustion in the baseline scenario, These above emissions factors are combined with raw materials quantities received by the client; Adding up the GHG emissions generated from the various energy consumption sources (real data) used by Animat in its tires processing recycling activities.

We are comfortable with the method used by the quantifier.

The GHG quantities issued from this project and those from the baseline scenario were compared for the period from January 1<sup>st</sup> 2003 to December 31<sup>st</sup> 2007 in order to determine the GHG reductions. The reductions are presented in metric tons of CO<sub>2</sub> equivalent.

The data concerning the quantities received as well as the consumption of electricity, natural gas and diesel where subject to our verification.

5.3 Choice of Baseline Scenario

The Baseline Scenario chosen is that used tires will end up in cement kills to be used as a source of fuel. The quantifier evoked reasons regarding its choice of Baseline Scenario are adequate and we agree with this Baseline Scenario choice.

5.4 Evaluation and consideration of the uncertainty

We agree with the analysis performed by the quantifier concerning the degree of uncertainty for which he determined an uncertainty level considers low. In fact, most of the emission factors used come from environment Canada and EPA which are official sources. We consider the internal control of the company as being good and limit the uncertainty related to data collection.

5.5 Quality Project management and conservation of documents

Concerning the management of data and the conservation of documents, the report is explicit on this subject. We have corroborated with the company the validity of their internal control that satisfies us as to the reliability of data that comes out of it. Also, the verifications that we performed on this data as well as the information received from our meeting with management has confirmed that there is adequate data management and conservation.



**Verification report on Greenhouse-Gas Emissions (GHG) reductions**  
**File # 080302**  
**Animat Inc.**

**6- Verification report on the GHG declaration**

In our opinion; based on our review, nothing has come to attention that cause us to believe that the GHG emission assertion presented in the quantification report dated April 13<sup>th</sup>, 2009 is not presented fairly and in accordance with relevant criteria. Therefore, the GHG declaration:

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**Confidentiality**

**GDTs Service Conseils (SPA) Inc. assures the confidentiality of all information provided to them during the course of the verification as well as documents provided by the company will be preserved in their files afterwards. No relative information to the present Verification will be communicated to a third party, other than the organization that accredits without obtaining the written authorization from the client. Besides, the content of this verification report cannot be used in it's entirely or in part without obtaining the authorization from GDTs Service Conseils (SPA) Inc.**