

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
TerraPass Inc.
San Francisco, California

We have performed the procedures enumerated below, which were agreed to by the Board of Directors and management, solely to assist the Board of Directors and management in evaluating TerraPass Inc.'s (the "Company") compliance with its Annual Verification Process Audit for Carbon Offsets for the year ended December 31, 2008. Management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board of Directors and management. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.



The purpose of the performed procedures was to verify that sufficient, qualified carbon offsets were acquired to cover all 2008 sales quantities. We performed the following procedures, detailed in Appendix A, which applied to the Company during the reporting period of January 1, 2008 through December 31, 2008.

Verification of Carbon Offset Supply

- We determined that the Company's carbon offset supply exceeded sales.
- We determined that offsets were sourced from Green-e certified Renewable Energy Certificates ("RECs"), Chicago Climate Exchange ("CCX") carbon offsets, Climate Action Reserve ("CAR") carbon offsets, or Voluntary Carbon Standard ("VCS") carbon offsets.
- We determined that the Company did not double-count any Green-e Certified RECs, CCX offsets, CAR offsets, or VCS offsets.
- We determined that the Company retired an appropriate amount of CCX, CAR, and VCS offsets.

Verification of Carbon Offset Sales

- We determined that the Company's carbon offset sales listing appeared to be complete.
- We traced and compared a statistical sample of the sales to billing amount, billing date and carbon offset.

No exceptions were noted during the performance of the agreed-upon procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specified parties.

SingerLewak LLP

SingerLewak LLP

San Jose, California
December 30, 2009

Appendix A
Agreed Upon Procedures Performed
For the Reporting Period of January 1 through December 31, 2008

Supply Side Activity

General Procedures

We obtained the "Supply Schedule" from the Company listing the Green-e Energy certified Renewable Energy Certificates ("Green-e"), Chicago Climate Exchange ("CCX"), Climate Action Reserve ("CAR"), and Voluntary Carbon Standard ("VCS") certified supply and performed the following:

- Recalculated the supply schedule and noted the Fiscal Year ("FY") 2008 supply was greater than the FY2008 sales
- Traced the purchased supply to CCX, CAR, VCS or Midwest Renewable Energy Tracking System ("MRETS") database to determine the vintage year was 2008.
- Viewed the database of CCX, CAR, VCS and MRETS which denoted the supply was retired
- Obtained and viewed the carbon offset inventory supply roll-forward schedule

Specific Procedures

For 100% of the suppliers listed on the "Supply Schedule," we performed the following:

- Agreed the facility name to the Green-e Attestation or CCX, CAR, or VCS database, listing the year of generation, and year of emission reduction
- Agreed to the project certification by Green-e, CCX, CAR or VCS
- Agreed quantity of Renewable Energy Certificates ("RECs"), CCX, CAR or VCS CO2 offsets purchased to Green-e Attestation or CCX, CAR or VCS database, respectively
- Recalculated the tons of carbon dioxide ("CO2") for RECs purchased according to conversion methodology
- Traced supply's unique ID number to CCX, CAR, or VCS database

Sales Side Activity

General Procedures

We obtained the "Sales by Product Type" schedules provided by the Company and performed the following:

- Compared the current year listing of product types to the prior year listing of product types to determine that the "Sales by Product Type" schedules appeared to have all product types listed
- Agreed the total CO2 sales to the Company's internal CO2 sales listing
- Noted that the sales transaction dates of the CO2 sales on the "Sales by Product Type" schedules occurred during FY2008 by viewing the sales transaction dates
- Agreed total sales revenue per "Sales by Product Type" to the Company's year end internal financial statements
- Reconciled retirements per CCX, CAR or VCS data files to sales per worksheets, as applicable

Specific Procedures

We selected a sample from the "Sales by Product Type" schedules prepared and provided by the Company by using a 90% confidence, a tolerable deviation of 10% and an expected deviation rate of less than 3%. For the samples selected, we performed the following:

- Agreed the billing amount, billing date and CO2 offset to the billing records
- Agreed that the customer sales from each source matched the sales by ton
- Viewed all Excel sales data files provided; viewed for date sequence, gaps in transaction number sequencing and inquired as to any exceptions

We did not address the following:

- Adequacy of TerraPass CO2 inventory methodologies, including the methodology used to calculate CO2 footprint
- Adequacy of CCX, CAR and VCS methodologies to derive CO2 content of CCX, CAR and VCS purchases
- Adequacy of methodology to determine methane CO2 equivalency, and if not measured directly, methodology used to derive quantity of methane

Conclusion:

Based on our performance of the above procedures, we noted no exceptions.