



TERRAPASS INC.

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

YEAR ENDED DECEMBER 31, 2012

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
of 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, 2012. 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 and retired to cover all sales quantities for the year ended December 31, 2012. We performed the following procedures, detailed in Appendix A, which applied to the Company during the year ended December 31, 2012.

The results and conclusions reached based on the procedures performed, herein, are predicated on the basis that we have received complete and accurate data on which these procedures are performed.

Verification of Carbon Offset Supply

- We determined that the Company's retirements of carbon offsets equals or exceeds sales.
- We determined that offsets were created, acquired, and retired under the standards and registries of the Climate Action Reserve ("CAR") or the Verified Carbon Standard ("VCS").
- We determined that the Company did not double-count any CAR or VCS offsets.
- We determined that the Company retired an appropriate amount of 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 amounts, billing dates, and quantity of carbon offsets retired.

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

We were not engaged to and did not conduct an audit, 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.

Member of

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.

Abbott, Stimpert + Lynch

San Jose, California

January 23, 2014

Appendix A

Agreed Upon Procedures Performed

For the Year Ended December 31, 2012

Supply Side Activity

General Procedures

We obtained the "Supply Schedule" from the Company listing the Climate Action Reserve ("CAR") and Verified Carbon Standard ("VCS") certified supply and performed the following:

- Recalculated the supply schedule and noted the supply for the year ended 12/31/12 was greater than the sales for the year ended 12/31/12.
- Traced the purchased supply to CAR or VCS registries to determine the vintage year was 2009 – 2012, with the exception of one special forestry project from which 2004 vintage offsets were retired to satisfy specific customer purchases.
- Viewed the registries of CAR and VCS which denoted the supply was retired.

Specific Procedures

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

- Agreed the facility name to the CAR or VCS registries, listing the year of generation, and the year of emission reduction.
- Agreed to the project certification by CAR or VCS.
- Agreed quantity of CAR or VCS offsets purchased to CAR or VCS registries, respectively.
- Traced supply purchases unique ID number to CAR or VCS registries.

Appendix A

Agreed Upon Procedures Performed (continued)

For the Year Ended December 31, 2012

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 sales by sales types to the Description of Sales Tracking Process Memo, to determine that the schedules appeared to have all sales listed.
- Agreed the total offset sales to the Company's internal offset sales listing.
- Noted that the sales transaction dates of the offset sales on the "Sales by Product Type" schedules occurred during the year ended 12/31/12 by viewing the sales transaction dates.
- Agreed total sales revenue per "Sales by Product Type" to the Company's period end internal financial statements.
- Reconciled retirements per CAR or VCS registry accounts to sales schedules, 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 quantity of offset(s) 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 CAR and VCS methodologies to derive CO2 content of 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.