

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

|                    |   |                   |
|--------------------|---|-------------------|
| THE HONOURABLE MR. | ) | FRIDAY, THE 17TH  |
|                    | ) |                   |
| JUSTICE SPENCE     | ) | DAY OF JULY, 2015 |



**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT*  
ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
PLASCO ENERGY GROUP INC., PLASCO TRAIL ROAD INC. AND  
PLASCO OTTAWA INC.**

**SETTLEMENT APPROVAL ORDER**

**THIS MOTION** made by Plasco Energy Group Inc. ("**Plasco**"), Plasco Trail Road Inc. ("**PTR**") and Plasco Ottawa Inc. ("**Plasco Ottawa**" and, together with Plasco and PTR, the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order substantially in the form attached at Tab 2 of the Motion Record was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion, filed, the Affidavit of Randall Benson sworn July 14, 2015 (the "**Benson Affidavit**"), filed, the Affidavit of Ryan Baulke sworn July 31, 2015, filed, and the third report of Ernst & Young Inc., in its capacity as CCAA Monitor of the Applicants (the "**Monitor**"), filed, and on hearing the submissions of counsel for each of the Applicants, the Monitor, North Shore Power Group Inc. ("**NSPG**"), Canadian Water Projects Inc. ("**CWP**"), Her Majesty the Queen in Right of the Province of Ontario as represented by the Minister of Research and Innovation ("**MRI**"), the Ministry of the Environment and Climate Change, the City of Ottawa (the "**City**"), Representative Counsel for certain former and current employees of the Applicants, and such other counsel as were present, no one else appearing although duly served as appears from the affidavit of service, filed.

## **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record in respect of this Motion be and is hereby abridged so that the Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that, unless otherwise indicated or defined herein, capitalized terms used in this Order shall have the meanings given to them in the Global Settlement Agreement.

## **APPROVAL OF THE GLOBAL SETTLEMENT AGREEMENT**

3. **THIS COURT ORDERS** that the agreement among the Applicants, Plasco Newco Inc. (“**Plasco Newco**”), NSPG and CWP in substantially the form attached as Schedule “A” to this Order, as such agreement may be amended prior to the execution thereof with the consent of the Monitor (the “**Global Settlement Agreement**”) is hereby approved. The performance by the Applicants of their obligations under the Global Settlement Agreement is hereby authorized and approved.
4. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to take such additional actions and to execute such additional documents (including, without limitation, any amendments to the Global Settlement Agreement) as may be necessary or desirable for the completion of the settlements, transactions and other agreements contemplated in the Global Settlement Agreement.
5. **THIS COURT ORDERS** that that the Applicants are authorized to undertake and complete the corporate steps and arrangements necessary to implement the Global Settlement Agreement and, without limiting the generality of the foregoing, the following actions and arrangements are authorized and approved in accordance with the timing, sequence, terms and conditions set forth in the Global Settlement Agreement:
  - (a) the issuance of the New Plasco Shares by Plasco;
  - (b) the amendment of the articles of Plasco to consolidate the issued and outstanding Plasco Common Shares on the basis of the Consolidation Ratio;

- (c) the amendment of the articles of Plasco to provide that any fractional Plasco Common Shares held by any holder of Plasco Common Shares immediately following the Plasco Common Share Consolidation shall be cancelled without any liability, payment or other compensation in respect thereof;
- (d) the amendment of the articles of Plasco to prohibit the issuance of any fractional Plasco Common Shares; and
- (e) each Existing Shareholder shall be deemed to receive its Existing Shareholder's Pro Rata Share of 100 percent of the issued and outstanding common shares of Plasco Newco and thereafter each Existing Shareholder shall have no equity interest in any member of the Plasco Group.

6. **THIS COURT ORDERS** that, on the Effective Date, Plasco is hereby permitted to execute and file articles of amendment or reorganization or such other documents or instruments as may be required to permit or enable and effect the issuance of the New Plasco Shares, the Plasco Common Share Consolidation, the Fractional Interest Cancellation and the prohibition of the issuance of fractional Plasco Common Shares post Effective Date and such articles, documents or other instruments shall be deemed to be duly authorized, valid and effective notwithstanding any requirement under federal or provincial law to obtain director or shareholder approval with respect to such actions, and upon the delivery of a Monitor's certificate to the Parties substantially in the form attached as Schedule B hereto (the "**Monitor's Certificate**"), all options, warrants, and other rights and entitlements to common shares of Plasco existing prior to the Effective Time shall be deemed cancelled and extinguished.

7. **THIS COURT ORDERS** that the release of each Released Party pursuant to the terms of the Global Settlement Agreement is hereby authorized and approved.

8. **THIS COURT ORDERS AND DECLARES** that the transactions pursuant to the Global Settlement Agreement are exempt from the application of the *Bulk Sales Act* (Ontario).

## CCAA APPLICANTS

9. **THIS COURT ORDERS** that, from and after the Effective Date of the Global Settlement Agreement:

- (a) Plasco Newco is a company to which the CCAA applies;
- (b) Plasco Newco shall be added as an Applicant in these CCAA proceedings and any reference in any Order of this Court in respect of these CCAA proceedings to an “Applicant” or the “Applicants” shall refer to Plasco Newco, *mutatis mutandis*, and, for greater certainty, each of the Charges (as such term is defined in the Initial Order) shall constitute a charge on the Charged Property (as such term is defined in the Initial Order) of Plasco Newco; and
- (c) Plasco, PTR and Plasco Ottawa shall cease to be Applicants in these CCAA proceedings, and each such entity shall be released from the purview of any Order of this Court granted in respect of these CCAA Proceedings.

10. **THIS COURT ORDERS** that Plasco Newco shall be authorized to take all actions necessary to change its corporate name in connection with, or to implement the terms of, the Global Settlement Agreement.

11. **THIS COURT ORDERS THAT** on the Effective Date, upon the delivery of the Monitor’s Certificate to the Parties and in accordance with the terms of the Global Settlement Agreement:

- (a) all Transferred Assets shall vest absolutely in Plasco Newco;
- (b) all debts, obligations, liabilities, indebtedness, contracts, leases, agreements and undertakings of any kind or nature whatsoever of Plasco, PTR and Plasco Ottawa including, without limitation, obligations and liabilities relating to the environmental condition of any of the Property of such entities and obligations and liabilities relating to the Promissory Notes, including the obligation to convert the Promissory Notes to common shares (collectively, “**Obligations**”) other than Obligations which pursuant to the terms of the Global Settlement Agreement shall

be retained by Plasco, PTR or Plasco Ottawa (all such Obligations that are not retained by such entities being the “**Transferred Obligations**”) shall be assumed by and shall vest absolutely in Plasco Newco such that, from and after the Effective Date, the Transferred Obligations shall be obligations of Plasco Newco and not obligations of Plasco, PTR or Plasco Ottawa, as applicable and Plasco, PTR and Plasco Ottawa shall be forever released and discharged from such Transferred Obligations;

- (c) the commencement or prosecution, whether directly, indirectly, derivatively or otherwise of any demands, claims, actions, counterclaims, suits, judgements, or other remedy or recovery with respect to any indebtedness, liability, obligation or cause of action against Plasco, PTR and/or Plasco Ottawa in respect of the Transferred Obligations shall be permanently enjoined;
- (d) all holders of Promissory Notes with rights and entitlements to convert such Promissory Notes or any part thereof into Plasco Common Shares shall no longer have such rights and or entitlements against Plasco but will have equivalent rights and entitlements against Plasco Newco to convert to common shares of Plasco Newco in its place and stead;
- (e) the nature of the Obligations retained by Plasco, PTR or Plasco Ottawa, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Global Settlement Agreement or the steps and actions taken in accordance with the Global Settlement Agreement;
- (f) the nature of the Transferred Obligations, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to Plasco Newco;
- (g) any person that prior to the Effective Date had a valid right or claim against Plasco, PTR or Plasco Ottawa in respect of the Transferred Obligations (each a “**Claim**”) shall no longer have such right or claim against Plasco, PTR or Plasco Ottawa but will have an equivalent Claim against Plasco Newco in respect of the

Transferred Obligations from and after the Effective Date in its place and stead, and, except with respect to the treatment of the NSPG Claim and the CWP Claim in accordance with the terms of the Global Settlement Agreement, nothing in this Order limits, lessens or extinguishes the Transferred Obligations or the Claim of any person as against Plasco Newco; and

- (h) the Claim of any person against Plasco Newco and the Transferred Assets following the Effective Date shall have the same rights, priority and entitlement as such Claim had against Plasco, PTR or Plasco Ottawa, as applicable, and the Transferred Assets prior to the Effective Date.

#### **APPROVAL OF THE MRI SETTLEMENT AGREEMENT**

12. **THIS COURT ORDERS** that the Settlement and Release Agreement dated July 7, 2015 among Plasco, PTR and MRI (the “**MRI Settlement Agreement**”) and the performance by the Applicants of their obligations thereunder are hereby authorized and approved.

13. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to take such additional steps and execute such additional documents (including, without limitation, any amendments to the MRI Settlement Agreement) as may be necessary or desirable for the completion of the settlements, transactions and other agreements contemplated in the MRI Settlement Agreement.

14. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) in respect of the Applicants or Plasco Newco and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Applicants or Plasco Newco,

the entering into of the Global Settlement Agreement and the MRI Settlement Agreement and the vesting of the Transferred Assets and the Transferred Obligations in Plasco Newco and the issuance of the New Plasco Common Shares to Acquisition Holdco pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants or Plasco Newco and shall not be void or voidable by creditors of the Applicants or Plasco Newco, as applicable, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

### **CONTINGENCY RESERVE**

15. **THIS COURT ORDERS** that the Applicants shall be authorized to transfer \$800,000 from the Contingency Reserve (as defined in the Order of this Court dated February 10, 2015 (the “**Initial Order**”)) into unrestricted cash (the “**Unrestricted Funds**”) to be used in the general operation of the Business in accordance with the terms of the Initial Order. For greater certainty, the Applicants shall be permitted, but not required, to use the Unrestricted Funds to make any payment permitted under subparagraph 6(c) of the Initial Order.

### **DECOMMISSIONING AND REMEDIATION ACTIVITIES**

16. **THIS COURT ORDERS** that any of the Applicants or Plasco Newco shall forthwith pay any and all premiums invoiced and required to render policy number BC 99000551 of the Berkley Insurance Company (the “**Berkley Policy**”) effective as of July 31, 2015 for the full term of the policy period being until July 31, 2022.

17. **THIS COURT ORDERS** that, notwithstanding any previous Order of this Court to the contrary, the Applicants and/or their agents, designees or service providers, including, without limitation, Maynards Industries Ltd. (“**Maynards**”), shall be authorized from and after the earlier of (a) the date on which title to the NSPG Equipment and the CWP Equipment transfers pursuant to the Global Settlement Agreement as executed by the parties thereto, (b) the receipt by the Applicants of written consent from NSPG and CWP, or (c) further Order of this Court, to commence and undertake demolition, dismantlement, decommissioning and remediation

activities in respect of or related to the Property or the Business (as such terms are defined in the Initial Order), the Demonstration Facility, the Site (as defined in the Benson Affidavit), the NSPG Equipment and the CWP Equipment and any other related assets or property, provided that such demolition, dismantlement, decommissioning and remediation activities shall commence only after environmental impairment insurance described in the Berkley Policy is in place and the City has been provided with evidence that Maynards has obtained general liability insurance and automobile insurance showing the City as an additional insured. For clarity, (a) the authorization contained in this paragraph 16 shall not be construed to amend or in any way alter the obligation of the Applicants prior to the Effective Date and Plasco Newco after the Effective Date (i) to decommission and remediate the Site in accordance with the Demonstration Site Lease (as defined in the Benson Affidavit), or (ii) in respect of the provisions of the Decommissioning Security and Escrow Security Agreement among and between PTR, Plasco, the City and The Bank of Nova Scotia dated as of April 24, 2015; and (b) Plasco, PTR and Plasco Ottawa shall be released and forever discharged of all obligations referenced in subparagraph (a) above as provided in paragraph 11 of this Order after the Effective Date.

#### **EXTENSION OF THE STAY OF PROCEEDINGS**

18. **THIS COURT ORDERS** that the Stay Period, as such term is defined in and used throughout the Initial Order, be and is hereby extended to and including 11:59 p.m. on September 25, 2015, and that all other terms of the Initial Order shall remain in full force and effect, unamended, except as may be required to give effect to this paragraph or as otherwise provided in this Order.

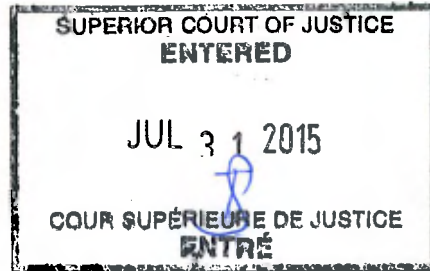
#### **MISCELLANEOUS**

19. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or any other foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any



foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

*[Handwritten signature]*



**SCHEDULE A**  
**GLOBAL SETTLEMENT AGREEMENT**

## **GLOBAL SETTLEMENT AGREEMENT**

THIS GLOBAL SETTLEMENT AGREEMENT (the “**Agreement**”) is effective as of July 17, 2015

**AMONG:**

**PLASCO ENERGY GROUP INC. (“Plasco”),  
PLASCO TRAIL ROAD INC. (“PTR”), and  
PLASCO OTTAWA INC. (“Plasco Ottawa”)**

OF THE FIRST PART

– and –

**PLASCO NEWCO INC.**

OF THE SECOND PART

– and –

**NORTH SHORE POWER GROUP INC. (“NSPG”)**

OF THE THIRD PART

– and –

**CANADIAN WATER PROJECTS INC. (“CWP”)**

OF THE FOURTH PART

**WHEREAS** Plasco, PTR and Plasco Ottawa (collectively, the “**Applicants**”) obtained creditor protection in proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated February 10, 2015 (the “**Filing Date**”);

**AND WHEREAS** NSPG and CWP are secured creditors of the Applicants and have certain security interests in, *inter alia*, certain intellectual property assets of Plasco and Plasco Holdings;

**AND WHEREAS** NSPG and CWP own certain of the assets located at the waste conversion demonstration facility (the “**Demonstration Facility**”) operated by the Applicants;

**AND WHEREAS** the Applicants, NewCo, NSPG and CWP (each a “**Party**” and, collectively, the “**Parties**”) wish to enter into this Agreement to, *inter alia*, resolve and settle the claims of NSPG and CWP against the Plasco Group (as defined below), transfer title to the Demonstration Facility assets owned by NSPG and CWP to NewCo (as defined below), and provide for mutual releases of the Parties on the terms set forth in this Agreement;

**NOW THEREFORE** in consideration of the covenants and mutual promises set forth in this Agreement (including the recitals hereof) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

## **ARTICLE I – INTERPRETATION**

### **1.1 Definitions**

In this Agreement, unless otherwise stated or unless the subject matter or context otherwise requires:

**“Acquisition Holdco”** means a new corporation to be formed by the Secured Creditors.

**“Alternative Sale Transaction”** means a Sale Transaction other than the Sale Transaction to be entered into between Plasco Group and/or NewCo and Maynards Industries Ltd.

**“Applicants”** has the meaning given to it in the recitals to this Agreement.

**“Business Day”** means any day, other than a Saturday, Sunday or statutory holiday in the Province of Ontario.

**“CCAA”** has the meaning given to it in the recitals to this Agreement.

**“Chief Restructuring Officer”** means the Chief Restructuring Officer of the Applicants.

**“Commercial Facility”** means the commercial waste conversion facility in the City of Ottawa contemplated by the CWP Commercial Sale Agreement.

**“Consolidation Ratio”** means, with respect to the Plasco Common Shares, the ratio by which the Plasco Common Shares outstanding on the Effective Date at the relevant time are consolidated, as agreed to by the Parties.

**“Conveyance and Assumption Agreement”** means the agreement in form and substance similar to the agreement attached as Schedule “B” to this Agreement.

**“Court”** has the meaning given to it in the recitals to this Agreement.

**“CWP”** has the meaning given to it in the recitals to this Agreement.

**“CWP Agreements”** means, collectively, the CWP PTR Sale Agreement, the CWP PTR Lease Agreement, the CWP PTR Security Agreement, the CWP Commercial Sale Agreement, the CWP Commercial Lease Agreement, the CWP Commercial Plasco Guarantee and the CWP Commercial Security Agreement.

**“CWP Claim”** means any right or claim of CWP against the Plasco Group and/or NewCo in connection with any indebtedness, liability or obligation of any kind or nature whatsoever including, without limitation, any right or claim of CWP in respect of the CWP Agreements, which for purposes of this Agreement and the CCAA proceedings is agreed to be \$21,673,241 as

at the Filing Date. For greater certainty, the CWP Claim shall not include any interest accruing on or after the Filing Date or any other premium.

**“CWP Commercial Lease Agreement”** means the Equipment Lease Agreement dated as of August 17, 2012 between CWP, as lessor, Plasco Ottawa, as lessee, and Plasco, as guarantor.

**“CWP Commercial Plasco Guarantee”** means the Guarantee dated as of August 17, 2012 pursuant to which Plasco guaranteed the obligations of Plasco Ottawa under the CWP Commercial Lease Agreement.

**“CWP Commercial Sale Agreement”** means the Equipment Sale and Purchase Agreement dated as of August 17, 2012 between Plasco Ottawa, as seller, and CWP, as purchaser.

**“CWP Commercial Security”** means the security interest in the Collateral (as defined in CWP Commercial Security Agreement) granted to CWP by Plasco Holdings pursuant to the CWP Commercial Security Agreement.

**“CWP Commercial Security Agreement”** means the Guarantee and Security Agreement dated as of August 10, 2012 made by Plasco Holdings in favour of CWP.

**“CWP Equipment”** means the Equipment (as such term is defined in the CWP PTR Sale Agreement) sold by PTR and purchased by CWP pursuant to the CWP PTR Sale Agreement and all other tangible assets of any nature or kind whatsoever owned by CWP and located at the Demonstration Facility site and any rights related thereto, which for greater certainty shall not include any Plasco Intellectual Property Rights therein or related thereto.

**“CWP Equipment Allocation”** means the amount of purchase price allocated to the sale of the CWP Equipment in the Sale Transaction or Alternative Sale Transaction.

**“CWP Interest”** means the proportionate interest of CWP, to be agreed in writing between CWP and NSPG.

**“CWP PTR Lease Agreement”** means the Equipment Lease Agreement dated as of June 4, 2012 between CWP, as lessor, PTR, as lessee, and Plasco, as guarantor.

**“CWP PTR Sale Agreement”** means the Equipment Sale and Purchase Agreement dated as of June 4, 2012 between PTR, as seller, and CWP, as purchaser.

**“CWP PTR Security”** means the security interest in the Collateral (as defined in the CWP PTR Security Agreement) granted to CWP by Plasco pursuant to the CWP PTR Security Agreement.

**“CWP PTR Security Agreement”** means the Guarantee and Security Agreement dated as of June 4, 2012 made by Plasco and PTR in favour of CWP.

**“Decommissioning Activities”** has the meaning given to it in Section 3.2 of this Agreement.

**“Demonstration Facility”** has the meaning given to it in the recitals to this Agreement.

**“Distribution Date”** means the date or dates on which NewCo makes a general distribution of its assets, property and undertaking to its unsecured creditors in connection with the CCAA or other insolvency proceedings.

**“Effective Date”** means the date on which the last of the conditions set forth in Section 7.1 of this Agreement shall have been satisfied or complied with, or shall have been waived in accordance with the terms of this Agreement, or such later date as the Parties may agree.

**“Effective Time”** means 12:01 a.m. (Toronto time) on the Effective Date, or such other time on such date as the Parties may agree.

**“Equipment Transfer Date”** means the date first written above.

**“Existing Plasco Shares”** means common shares of Plasco that are issued and outstanding immediately prior to the Effective Time.

**“Existing Shareholder”** means any Person who holds, is entitled to or has any rights in or to the Existing Plasco Shares, but only in such capacity, and for greater certainty does not include any Person that is issued New Plasco Shares on the Effective Date.

**“Existing Shareholder’s Pro Rata Share”** means, with respect to each Existing Shareholder, (x) the number of Existing Plasco Shares held by such Existing Shareholder divided by (y) the total number of Existing Plasco Shares.

**“Filing Date”** has the meaning given to it in the recitals to this Agreement.

**“Financial Information”** has the meaning given to it in Section 4.4.

**“Fractional Share Cancellation”** has the meaning given to it in Section 4.9.

**“Guarantee Obligations”** means the obligations of Plasco and Plasco Holdings to the Secured Creditors, as applicable, as guarantors of the NSPG Claims and the CWP Claims under or pursuant to the NSPG Agreements and the CWP Agreements, as applicable.

**“Hera License Agreement”** means the Assignment and License Agreement dated January 1, 2012 between Plasco; Plasco Holdings, Hera Holding Habitat, Ecologia y Restauracion Ambiental, S.L. and Hera Plasco, S.L.

**“Information”** has the meaning given to it in Section 4.4.

**“Intellectual Property”** means any intellectual property, on a worldwide basis (whether registered or unregistered) including: (i) all inventions (whether patentable or unpatentable and whether or not reduced to practice), and all patents, patent applications, and patent disclosures, together with all divisional reissues, continuations, continuations-in-part, revisions, extensions and re-examinations thereof; (ii) all trademarks, trade names, trade dress, logos, business names, corporate names, domain names, uniform resource locators (URLs) and internet websites related thereto, and including all goodwill associated therewith and all applications, registrations and renewals in connection therewith; (iii) all copyrightable works, all copyrights and all applications, registrations and renewals in connection therewith; (iv) all industrial designs

and all applications, registrations and renewals in connection therewith; (v) all proprietary, technical or confidential information, including all trade secrets, processes, procedures, know-how, show-how, formulae, methods, data, compilations, databases and the information contained therein; and (vi) all computer software (including all source code, object code and related documentation), together with (a) all copies and tangible embodiments of all of the foregoing (in whatever form or medium), (b) all improvements, modifications, translations, adaptations, refinements, derivations and combinations thereof, and (c) all Intellectual Property rights related thereto.

**“Intercompany Claims”** means all intercompany loans, liabilities, obligations, payables, assets, receivables or other rights, entitlements or obligations of any kind as between any of Plasco, PTR, Plasco Bahamas, Plasco Ottawa, Plasco US, Plasco Holdings and Plasco International, but excluding any Plasco China Intercompany Claims.

**“March Stay Extension Order”** means the stay extension Order granted by the Court on March 3, 2015.

**“New Plasco Shares”** means the new common shares of Plasco to be issued pursuant to Section 4.8(a) of this Agreement, the number of which shall be sufficient such that, after the Plasco Common Share Consolidation and Fractional Share Cancellation, Acquisition Holdco will be the only remaining shareholder of Plasco.

**“NewCo”** means Plasco Newco Inc., which until the Effective Date, will be a wholly owned subsidiary of Plasco.

**“NewCo Obligations”** has the meaning given to it in Section 4.2

**“NSPG”** has the meaning given to it in the recitals to this Agreement.

**“NSPG Agreements”** means, collectively, the NSPG Sale Agreement, the NSPG Lease Agreement and the NSPG Security Agreement.

**“NSPG Claim”** means any right or claim of NSPG against the Plasco Group and/or NewCo in connection with any indebtedness, liability or obligation of any kind or nature whatsoever including, without limitation, any right or claim of NSPG in respect of the NSPG Agreements, which for purposes of this Agreement and the CCAA proceedings is agreed to be \$19,545,373 as at the Filing Date. For greater certainty, the NSPG Claim shall not include any interest accruing on or after the Filing Date or any other premium.

**“NSPG Equipment”** means the Equipment (as such term is defined in the NSPG Sale Agreement) sold by PTR and purchased by NSPG pursuant to the NSPG Sale Agreement and all other tangible assets of any nature or kind whatsoever owned by NSPG and located at the Demonstration Facility site and any rights related thereto, which for greater certainty shall not include any Plasco Intellectual Property Rights therein or related thereto.

**“NSPG Equipment Allocation”** means the amount of purchase price allocated to the sale of the NSPG Equipment in the Sale Transaction or Alternative Sale Transaction.

**“NSPG Interest”** means the proportionate interest of NSPG to be agreed to in writing between NSPG and CWP.

**“NSPG Lease Agreement”** means the Equipment Lease Agreement dated as of October 26, 2011 between NSPG, as lessor, PTR, as lessee, and Plasco, as guarantor.

**“NSPG Sale Agreement”** means the Equipment Sale and Purchase Agreement dated as of October 26, 2011 between PTR, as seller, and NSPG, as purchaser.

**“NSPG Security”** means the security interest in the Lessee Collateral and the Guarantor Collateral (both as defined in NSPG Security Agreement) granted to NSPG by PTR and Plasco, respectively, pursuant to the NSPG Security Agreement.

**“NSPG Security Agreement”** means the Assignment of Intellectual Property and Income from the Assets, Insurance Proceeds and Warranties dated as of October 26, 2011, made by PTR and Plasco in favour of NSPG.

**“Other Equity Interests”** means a warrant or option or another right to acquire a share in Plasco, including any such rights arising or derived from a convertible debt.

**“Party”** has the meaning given to it in the recitals to this Agreement.

**“Person”** means any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture government or any agency, officer or instrumentality thereof or any other entity.

**“Plasco”** has the meaning given to it in the recitals to this Agreement.

**“Plasco Bahamas”** means Plasco Bahamas Ltd.

**“Plasco China”** means Plasco China Limited.

**“Plasco China Intercompany Claims”** means all intercompany loans, liabilities, obligations, payables, assets, receivables or other rights, entitlements or obligations of any kind as between any of Plasco China and its subsidiaries (including Chengdu Plasco Energy Technology Co. Ltd. and Beijing Plasco Technology Co. Ltd.) and any other member of the Plasco Group.

**“Plasco Common Shares”** means the common shares in the capital of Plasco, including the Existing Plasco Shares and the New Plasco Shares.

**“Plasco Common Share Consolidation”** has the meaning given to it in 4.9 of this Agreement.

**“Plasco Group”** means, collectively, the Applicants, Plasco Holdings, Plasco International, Plasco Bahamas, Plasco US and their respective subsidiaries and affiliates, other than Plasco China and its subsidiaries.

**“Plasco Group Insurance Policies”** means any insurance policies of any member of the Plasco Group existing at the Effective Time, including director and officer liability insurance policies and environmental insurance policies.



**“Plasco Holdings”** means PlascoEnergy IP Holdings, S.L.U., acting through its Swiss Branch, PlascoEnergy IP Holdings, S.L., Bilbao, Shaffhausen Branch.

**“Plasco Intellectual Property Rights”** means all industrial and Intellectual Property rights in respect of the assets of the Plasco Group or in which the Plasco Group has any right, title or interest throughout the world, including inbound license agreements, copyrights, patents, inventions (whether or not patented), trade-marks, get-up and trade dress, industrial designs, integrated circuit topographies, know-how, trade secrets, and registrations and applications for registration for any such industrial and Intellectual Property rights, including (A) the DCS (Distributed Control System) software, (B) information and data on servers and in the data room pertaining to the test runs at the Demonstration Facility and the Intellectual Property rights of the Plasco Group, (C) unexpired engineering software licenses, and (D) design drawings and related documentation related to the NSPG Equipment and CWP Equipment, and (E) commercial plant design documentation.

**“Plasco International”** means PlascoEnergy International Inc.

**“Plasco Ottawa”** has the meaning given to it in the recitals to this Agreement.

**“Plasco US”** means Plasco US Inc.

**“Promissory Notes”** means the unsecured convertible promissory notes of Plasco.

**“PTR”** has the meaning given to it in the recitals to this Agreement.

**“Released Party”** has the meaning given to it in Section 5.2 of this Agreement.

**“Retained Assets”** means those assets to be retained by Plasco, PTR, Plasco Ottawa Plasco Holdings, Plasco International, Plasco US and Plasco Bahamas, as applicable, pursuant to Section 4.2 of this Agreement.

**“Sale Process”** means the sale process conducted in respect of the Plasco Group with the assistance of Houlihan Lokey Capital, Inc.

**“Sale Transaction”** means a sale transaction to be entered into by one or more member(s) of the Plasco Group and/or NewCo pursuant to which such member(s) of the Plasco Group and/or NewCo will sell certain of their assets, property, and undertakings, including the CWP Equipment and the NSPG Equipment but excluding the Retained Assets, which may occur prior to the Effective Date and which transaction as relates to the CWP Equipment and the NSPG Equipment shall provide for the decommissioning and demolition of the CWP Equipment and the NSPG Equipment, and not in any manner that permits a purchaser from accessing, obtaining or acquiring any Plasco Intellectual Property Rights therein.

**“Secured Creditor”** means either of CWP and NSPG, and **“Secured Creditors”** means both of them.

**“Secured Creditor Proceeds”** has the meaning given to it in Section 2.2 of this Agreement.

**“Secured Creditor’s Interest”** means the CWP Interest and the NSPG Interest, as applicable.

**“Settlement Approval Order”** has the meaning given to it in Section 7.1 of this Agreement.

**“Share Consideration”** means 100 percent of the New Plasco Shares.

**“Transfer Taxes”** means any and all federal, provincial, state or local value-added, goods and services, sale, harmonized, use, consumption, multi-staged, ad valorem, personal property, transfer, land transfer, or similar Taxes, duties, or charges.

**“Transferred Assets”** means all assets of the Plasco Group other than the Retained Assets.

**“Transferred Obligations”** has the meaning given to it in Section 4.5 of this Agreement.

## **1.2 Headings**

The division of this Agreement into articles and sections and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## **1.3 Currency**

Except as otherwise expressly provided, all amounts in this Agreement are stated in Canadian dollars.

# **ARTICLE II – SETTLEMENT OF SECURED CREDITOR CLAIMS**

## **2.1 Share Consideration**

On the Effective Date, in accordance with the steps, timing and sequence set forth in this Agreement, Acquisition Holdco shall become entitled to the Share Consideration.

## **2.2 Remaining Claim Entitlement**

For purposes of this Agreement, Secured Creditor Proceeds shall mean the aggregate amount to which the Secured Creditors are collectively entitled as creditors of the Plasco Group and NewCo in respect of the NSPG Claim and the CWP Claim, being the amounts to which NSPG and CWP are or may become entitled as unsecured creditors of NewCo after the Effective Date based on the NSPG Claim and the CWP Claim. NSPG and CWP acknowledge and agree that the Secured Creditor Proceeds shall be calculated on a pro rata basis to all other unsecured claims against the Plasco Group and NewCo, including without limitation, those unsecured claims in amounts listed on Schedule “A” to this Agreement. For greater certainty, the amount of NSPG Claim and CWP Claim for use in determining the Secured Creditor Proceeds shall be as set out in Schedule “A” to this Agreement.

## **2.3 Conveyance and Payment of Share Consideration and Secured Creditor Proceeds**

The Share Consideration and the Secured Creditor Proceeds shall be conveyed or paid as follows:

- (a) the Share Consideration shall be conveyed to Acquisition Holdco on the Effective Date in accordance with the steps and sequence set forth in Section 4.8; and
- (b) on the Distribution Date, NewCo shall convey to each Secured Creditor, or as such Secured Creditor may direct, such Secured Creditor's Interest in the Secured Creditor Proceeds. CWP hereby irrevocably authorizes and directs NewCo to distribute from CWP's Secured Creditor's Interest in the Secured Creditor Proceeds an amount equal to the NSPG Equipment Allocation to NSPG.

#### **2.4 "As is, Where is"**

- (a) The NSPG Equipment and CWP Equipment shall be transferred to PTR pursuant to Section 3.1 on an "as is, where is" basis as such equipment shall exist on the Equipment Transfer Date. No representation, warranty or condition is expressed or can be implied as to title, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever concerning the NSPG Equipment and CWP Equipment, other than as otherwise expressly set out in this Agreement. Without limiting the generality of the foregoing, the Plasco Group acknowledge that the Secured Creditors make no representation or warranty or with respect to title, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever concerning the NSPG Equipment and CWP Equipment, except as otherwise expressly set out in this Agreement.
- (b) Notwithstanding any provision of this Agreement, all assets transferred by the Plasco Group to the Secured Creditors pursuant to this agreement shall be on an "as is, where is" basis. For greater certainty, the Share Consideration, the Financial Information and the Plasco Intellectual Property Rights shall be transferred to Acquisition Holdco on an "as is, where is" basis as they shall exist on the Effective Date. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever concerning the Share Consideration. Without limiting the generality of the foregoing, NSPG and CWP acknowledge that the Plasco Group makes no representation or warranty with respect to its right, title and interest in and to the Plasco Intellectual Property Rights or with respect to the enforceability, exclusivity, transferability, patentability, or legal status of such intellectual property and, without limiting the generality of the foregoing, NSPG and CWP acknowledge the existence of the Hera License Agreement and the assignment and licence of certain rights in respect of the Plasco Intellectual Property Rights thereunder.

### **ARTICLE III – TRANSFER AND DECOMMISSIONING OF EQUIPMENT**

#### **3.1 Transfer and Conveyance of Equipment**

On the Equipment Transfer Date, each of NSPG and CWP shall transfer and convey to PTR all of its right, title and interest in and to the NSPG Equipment and CWP Equipment, as applicable,

for one dollar (\$1.00), plus applicable Transfer Taxes and shall take all steps and actions as are necessary or desirable in connection therewith to transfer and convey to PTR the NSPG Equipment and the CWP Equipment, as applicable, free and clear of and from all right, title, interest, priorities, security interests, hypothecs, mortgages, trusts, liens, executions, assignments, charges, encumbrances, or other financial or monetary claims by or of any and all persons or entities of any kind whatsoever, and PTR shall be permitted to convey the CWP Equipment and the NSPG Equipment to NewCo in accordance with Section 4.2 of this Agreement or to convey the CWP Equipment and NSPG Equipment pursuant to a Sale Transaction, provided that any proceeds from the sale of the CWP Equipment and the NSPG Equipment or any part thereof, and any applicable taxes received in respect of the sale of the CWP Equipment and the NSPG Equipment or any part thereof, be held in trust by the Monitor and released to:

- (a) CWP and NSPG, as applicable, in the event that the Agreement is terminated, to be allocated between NSPG and CWP on a pro rata basis based on the allocation of the purchase price between the NSPG Equipment and the CWP Equipment in the Alternative Sale Transaction; or
- (b) NewCo on the Effective Date; provided, however, if the Plasco Group completes an Alternative Sale Transaction and the aggregate proceeds of the NSPG Equipment and CWP Equipment (before any deductions) exceed \$200,000, such proceeds in excess of \$200,000, plus applicable Transfer Taxes, shall be payable to NSPG and CWP and shall be released by the Monitor, as applicable, to be allocated between NSPG and CWP on a pro rata basis based on the allocation of the purchase price between the NSPG Equipment and the CWP Equipment in the Alternative Sale Transaction.

### **3.2 Sale and Decommissioning Activities after the Equipment Transfer Date**

In the event that a Sale Transaction does not materialize, the Plasco Group and/or NewCo shall be permitted from and after the Effective Date, in their sole discretion, to transfer, convey, dispose of, decommission, demolish, destroy, disassemble and render inoperative or otherwise deal with in any manner whatsoever, in whole or in part, the NSPG Equipment and the CWP Equipment, including in connection with the decommissioning and remediation of the Demonstration Facility and related site (the “**Decommissioning Activities**”) all without any liability or recourse to the Secured Creditors or Acquisition Holdco or any of their respective officers, directors or employees.

## **ARTICLE IV– RESTRUCTURING OF PLASCO GROUP**

### **4.1 Conveyance of the NSPG Equipment and CWP Equipment**

Prior to the steps set forth in Sections 4.2 and 4.5 below, PTR shall convey the NSPG Equipment and the CWP Equipment to a third party purchaser pursuant to a Sale Transaction.

### **4.2 Transfer of Assets to NewCo**

- (a) On or before the Effective Date, each of Plasco, PTR, and Plasco Ottawa shall take all actions necessary or desirable in accordance with the Settlement Approval

Order and the Conveyance and Assumption Agreement to restructure and reorganize by transferring the Transferred Assets to NewCo such that, on the Effective Date and in advance of the completion of the steps set forth in Sections 4.8 and 4.9:

- (i) Plasco shall have no remaining assets other than the following:
  - (A) 100 percent of the issued and outstanding common shares of PTR;
  - (B) 100 percent of the issued and outstanding common shares of Plasco Holdings;
  - (C) 100 percent of the issued and outstanding common shares of Plasco Ottawa;
  - (D) 100 percent of the issued and outstanding common shares of Plasco International;
  - (E) 100 percent of the issued and outstanding common shares of Plasco US
  - (F) 100 percent of the issued and outstanding common shares of Plasco Bahamas;
  - (G) 100 percent of the issued and outstanding common shares of NewCo;
  - (H) its right, title and interest in the Plasco Intellectual Property Rights;
  - (I) the benefits and entitlements under the Conveyance and Assumption Agreement; and
  - (J) the Financial Information, subject to Section 4.3.
- (ii) PTR shall have no remaining assets other than the following:
  - (A) its right, title and interest in the Plasco Intellectual Property Rights, if any;
  - (B) the benefits and entitlements under the Conveyance and Assumption Agreement; and
  - (C) the Financial Information, subject to Section 4.3;
- (iii) Plasco Holdings shall retain all of the assets held by it immediately prior to the Effective Time, including:
  - (A) its right, title and interest in the Plasco Intellectual Property Rights; and

- (B) the Financial Information, subject to Section 4.3.
- (iv) Plasco US shall retain all of the assets held by it immediately prior to the Effective Time, if any;
- (v) Plasco Bahamas shall retain all of the assets held by it immediately prior to the Effective Time, if any;
- (vi) Plasco International shall retain all of the assets held by it immediately prior to the Effective Time, if any, except for the common shares of Plasco China;
- (vii) Plasco Ottawa shall have no remaining assets other than the following:
  - (A) its right, title and interest in the Plasco Intellectual Property Rights, if any;
  - (B) the benefits and entitlements under the Conveyance and Assumption Agreement; and
  - (C) the Financial Information, subject to Section 4.3.
- (b) For greater certainty, the Retained Assets shall not include (i) the common shares of Plasco China, Chengdu Plasco Energy Technology Co. Ltd or Beijing Plasco Technology Co. Ltd.; (ii) and any rights of the Plasco Group in and to the Plasco Group Insurance Policies; and (iii) any harmonized sales tax refund payable to any member of the Plasco Group as a result of the transactions contemplated in this Section 4.2 or otherwise, which refund shall be remitted to NewCo if received by any member of the Plasco Group following the Effective Date.
- (c) In consideration for the Transferred Assets, NewCo shall assume obligations in an amount equal to the fair market value of the Transferred Assets (the “**NewCo Obligations**”).
- (d) On the Effective Date, the Parties shall make appropriate arrangements regarding the delivery to Acquisition Holdco of acquired physical assets comprising the Plasco Intellectual Property Rights, at the sole cost of the Secured Creditors.
- (e) NewCo shall be liable for and shall pay any and all Transfer Taxes payable in connection with the conveyances and assumptions contemplated in this Section 4.2 and Applicants shall remit such Transfer Taxes to the applicable Governmental Authority immediately prior to the Effective Date and shall indemnify the Applicants for any amounts (including penalties and interest) for which the Applicants may become liable as a result of any failure by NewCo to pay any such Transfer Taxes and any failure by the Applicants to have collected such Transfer Taxes.
- (f) If the conveyances and assumptions contemplated by this Section 4.2 qualify for any exemption from any such applicable Transfer Taxes, the Applicants shall not

collect any such applicable Transfer Taxes from NewCo provided that NewCo, in lieu of payment of such applicable Transfer Taxes to the Applicants, delivers to the Applicants such certificates, elections or other documentation required by Applicable Law or the administration thereof to substantiate and effect the exemption claimed by NewCo.

#### **4.3 Wind-up of Plasco China and its Subsidiaries**

- (a) NewCo covenants and agrees to take steps to complete the wind-up of Plasco China and its subsidiaries following the Effective Date and that such wind-up shall not result in NewCo, any subsidiary of NewCo or any other person holding any Plasco Intellectual Property Rights and if it does, NewCo shall take steps to transfer and convey such Plasco Intellectual Property Rights to Acquisition Holdings, Plasco International or such other person as Acquisition Holdco shall direct in writing for no additional consideration.
- (b) NewCo acknowledges and agrees that from and after the Effective Date:
  - (i) the Plasco Group shall have the exclusive right to use the name “Plasco”, “Plasco Energy”, and “Plasco Energy Group”;
  - (ii) NewCo shall, within 10 days following the Effective Date, change its name to remove any use of “Plasco”;

provided that Plasco China and its subsidiaries are permitted to retain their names until the completion of their wind-up and Maynards Industries Inc. may use the name “Plasco Energy” in connection with the auction contemplated under the Sale Transaction, which license to use shall not extend for more than 120 days after the Effective Date and then only for the limited purposes of conducting the auction of assets pursuant to the Sale Transaction;

#### **4.4 Financial Information**

Existing books and records of each entity in the Plasco Group (the “**Financial Information**”) shall be included in the Retained Assets on a best efforts and “as is, where is” basis. NewCo shall be entitled to retain copies of all books, records, data and other documentation, whether in hard copy or electronic format included in the Financial Information (collectively, the “**Information**”), and to use the Information in any manner it deems necessary in connection with the CCAA proceedings and the wind-down of NewCo’s business, provided that NewCo keeps such Information confidential and, for greater certainty, NewCo shall have no other interest in the Financial Information after the Effective Date other than a right to use the Information in accordance with the limited purpose set out in this Section 4.3 of this Agreement.

#### **4.5 Transfer of Liabilities to NewCo**

In addition to the assumption by NewCo of the NewCo Obligations pursuant to Section 4.2 above, on or before the Effective Date, and in any case prior to those steps contemplated in Sections 4.8 and 4.9, all debts, obligations, liabilities, indebtedness of and claims, rights and entitlements against each of Plasco, PTR and Plasco Ottawa including without limitation, those

obligations and liabilities relating to the environmental condition of any of the property of such Parties and the Decommissioning Activities, but excluding the Guarantee Obligations (collectively, the “**Transferred Obligations**”), shall be transferred to and assumed by NewCo in accordance with the Settlement Approval Order and the Conveyance and Assumption Agreement and each of Plasco, PTR, Plasco Ottawa and NewCo shall take all actions necessary or desirable to implement the transfer of such Transferred Obligations to NewCo and the assumption thereof by NewCo. For greater certainty, the Transferred Obligations shall include the obligations under the Promissory Notes and all rights and entitlements thereunder, including the obligation to convert the Promissory Notes to common shares, which shall after the Effective Date apply to NewCo *mutatis mutandis*.

#### **4.6 Intercompany Claims**

Notwithstanding anything contained in Sections 4.2 and 4.5, the treatment of the Intercompany Claims on the Effective Date shall be satisfactory to the Parties, acting reasonably. For greater certainty, all Plasco China Intercompany Claims held by a member of the Plasco Group shall be transferred to NewCo on or prior to the Effective Date. For greater certainty, after the Effective Date, there shall be no Plasco China Intercompany Claims held against any of the Plasco Group.

#### **4.7 Plasco Group Insurance Policies**

From and after the Effective Time it is agreed and acknowledged that Plasco, PTR, Plasco International, Plasco Ottawa, Plasco US, Plasco Bahamas, Plasco Holdings and their respective directors and officers, other than those individuals who were directors and officers prior to the Effective Time:

- (a) shall have no claims or entitlements with respect to or arising under any of the Plasco Group Insurance Policies; and
- (b) shall not take any action to cause any of the Plasco Group Insurance Policies to be terminated, altered, amended or not extended.

For greater certainty, none of Plasco, PTR, Plasco International, Plasco Ottawa, Plasco US, Plasco Bahamas or Plasco Holdings shall be liable to pay any premiums or other amounts under the Plasco Group Insurance Policies after the Effective Time.

#### **4.8 Transfer and Issuance of Common Shares**

On the Effective Date, following the completion of those steps provided in Sections 4.2 and 4.5, each in the order set out below:

- (a) each Existing Shareholder shall be deemed to receive its Existing Shareholder’s Pro Rata Share of 100 percent of the issued and outstanding common shares of NewCo with the result that NewCo is no longer a subsidiary of Plasco; and
- (b) Plasco shall issue the New Plasco Shares and deliver the Share Consideration to Acquisition Holdco.



#### **4.9 Consolidation and Cancellation**

On the Effective Date, immediately following the issuance of the New Plasco Shares and delivery of the Share Consideration in accordance with Section 4.8 of this Agreement, each in the order set out below:

- (a) the articles of Plasco shall be altered pursuant to the Settlement Approval Order to consolidate the issued and outstanding Plasco Common Shares (including, for the avoidance of doubt, Plasco Common Shares that are Existing Plasco Shares and New Plasco Shares) on the basis of the Consolidation Ratio (the “**Plasco Common Share Consolidation**”); and
- (b) any fractional Plasco Common Shares held by any holder of Plasco Common Shares immediately following the Plasco Common Share Consolidation shall be cancelled without any liability, payment or other compensation in respect thereof, and Plasco shall not issue any fractional Plasco Common Shares after the Effective Date, and the articles of Plasco shall be altered as necessary to achieve the foregoing (the “**Fractional Share Cancellation**”),

with the result that Acquisition Holdco becomes the sole shareholder of Plasco and there being no ability of the Other Equity Interests to obtain the issuance of any shares of Plasco from and after the Effective Date.

### **ARTICLE V – RELEASES AND DISCHARGE OF SECURED CREDITOR CLAIMS**

#### **5.1 Release and Discharge of Secured Creditor Claims**

On the Effective Date, immediately following the issuance of the New Plasco Shares and the delivery of the Share Consideration in accordance with Section 4.8 of this Agreement and the Plasco Common Share Consolidation and Fractional Share Cancellation in accordance with Section 4.9 of this Agreement, (i) the NSPG Claim against NewCo shall be fully, finally, irrevocably and forever released, discharged, cancelled and barred in exchange for the consideration provided to NSPG pursuant to this Agreement; (ii) the CWP Claim against NewCo shall be fully, finally, irrevocably and forever released, discharged, cancelled and barred in exchange for the consideration provided to CWP pursuant to this Agreement; and (iii) subject to Section 3.1 of this Agreement, the Secured Creditors shall have no entitlement, right or claim to or interest in the NSPG Equipment or the CWP Equipment or any proceeds from the sale thereof. For greater certainty, nothing in this Section 5.1 shall release the Guarantee Obligations.

#### **5.2 Mutual Releases**

On the Effective Date, and subject to Section 5.3 of this Agreement, each of Plasco, PTR, Plasco Ottawa, Plasco Holdings, Plasco International, Plasco US, Plasco Bahamas, Plasco China, NewCo, NSPG, CWP, Acquisition Holdco, their respective affiliates, and each of the foregoing’s respective present and former direct and indirect shareholders, officers (including the Chief Restructuring Officer), directors, employees, auditors, advisors (including, without limitation, financial advisors), legal counsel and agents (each a “**Released Party**”) are hereby forever irrevocably released and discharged from any and all present and future demands, claims,

liabilities, actions, causes of action, counterclaims, suits, damages, judgments, executions, debts, sums of money, expenses, accounts, indebtedness, liens, recoveries, and obligations of whatever nature (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due) of another Released Party based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Date, including without limitation in connection with the Plasco Group, NewCo, the business and affairs of the Plasco Group and/or NewCo whenever or however conducted, the administration and/or management of the Plasco Group and/or NewCo, the Plasco Intellectual Property Rights, any document, instrument, matter or transaction involving the Plasco Group and/or NewCo, the NSPG Sale Agreement, the NSPG Lease Agreement, the NSPG Security Agreement, the NSPG Security, the CWP PTR Sale Agreement, the CWP PTR Lease Agreement, the CWP PTR Security Agreement, the CWP PTR Security, the CWP Commercial Sale Agreement, the CWP Commercial Lease Agreement, the CWP Commercial Plasco Guarantee, the CWP Commercial Security Agreement, the CWP Commercial Security, the Sale Process, the Decommissioning Activities, the Demonstration Facility, the NSPG Equipment, the CWP Equipment, the Commercial Facility, or the CCAA proceedings.

### **5.3 Entitlement to Share Consideration and Secured Creditor Proceeds**

For greater certainty, nothing in this Article V or this Agreement shall release: (i) the Plasco Group or NewCo from any obligation to deliver the Share Consideration to Acquisition Holdco; (ii) the Plasco Group and NewCo from any obligation to deliver the Secured Creditor Proceeds to the NSPG and CWP, as applicable, in accordance with the terms of this Agreement or the proceeds of the NSPG and CWP Equipment in accordance with Section 3.1 of this Agreement; if applicable; (iii) Plasco and Plasco Holdings from any of the Guarantee Obligations and each of Plasco and Plasco Holdings confirms that (A) their respective guarantees and security of the obligations of PTR and Plasco Ottawa under the NSPG Agreements and CWP Agreements, as applicable, are valid and enforceable against each of them, as applicable, and shall remain in full force and effect against PTR and Plasco Ottawa notwithstanding the transfer of the NSPG Equipment and CWP Equipment pursuant to Section 3.1, any release of the Secured Creditor Claims pursuant to Section 5.1 of this Agreement, or the release of the obligations of Plasco, PTR, Plasco Ottawa, Plasco China, Plasco International, Plasco Holdings, Plasco Bahamas and Plasco US pursuant to Section 5.2 of this Agreement, and (B) from and after the Effective Time, NSPG and CWP shall have demanded on their guarantees and that the amount of the Guaranteed Obligations on the Effective Date that is due and owing from them is the amount of the claim set out in Schedule "A" to this Agreement; and (iv) NewCo's obligations under this Agreement, the Settlement Approval Order and the Conveyance and Assumption Agreement. For greater certainty, NewCo shall not be liable for the Guarantee Obligations in any respect.

## **ARTICLE VI – REPRESENTATIONS AND WARRANTIES**

### **6.1 Representations and Warranties of the Secured Creditors**

Each of CWP and NSPG represents and warrants to the Plasco Group (and acknowledges that the Plasco Group is relying on such representations and warranties) that:

- (a) this Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by all Parties, the Agreement constitutes a legal and valid binding obligation of the corporation, enforceable in accordance with its terms;
- (b) it has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder;
- (c) the execution and delivery of this Agreement by it and the completion by it of the transactions contemplated herein do not and will not violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to it;
- (d) it has good and marketable title to, and is the lawful and beneficial owner of, and has the full right to sell, convey, transfer, assign and deliver the NSPG Equipment and the CWP Equipment, as applicable; and
- (e) it does not require the consent or approval of any person in connection with the execution and delivery of this Agreement by it or the completion by it of the transactions contemplated herein.

## **6.2 Representations and Warranties of Plasco Group**

Subject to Court approval of this Agreement and the transactions contemplated herein, each of Plasco, PTR, and Plasco Ottawa represents and warrants to each of CWP and NSPG (and acknowledges that each of CWP and NSPG is relying on such representations and warranties) that:

- (a) this Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by all Parties, the Agreement constitutes a legal and valid binding obligation of the corporation, enforceable in accordance with its terms;
- (b) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all necessary power and authority to execute and deliver this Agreement and to perform its obligations hereunder;
- (c) the execution and delivery of this Agreement by it and the completion by it of the transactions contemplated herein do not and will not violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to it or result (with or without the passage of time) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained, under its certificate of incorporation, articles, bylaws or other charter documents;
- (d) to its knowledge, Plasco China and its subsidiaries do not have any interest in the Plasco Intellectual Property Rights; and

- (e) it does not require the consent or approval of any person in connection with the execution and delivery of this Agreement by it or the completion by it of the transactions contemplated herein.

## **ARTICLE VII – CONDITIONS PRECEDENT AND IMPLEMENTATION**

### **7.1 Conditions Precedent**

The obligations of each of the Parties to complete the transactions contemplated in this Agreement, except for those transactions contemplated by this Agreement to occur prior to the Effective Date, are subject to the satisfaction of, or compliance with, each of the following conditions, provided that the Parties may mutually agree in writing to waive one or more of the following conditions on any term or condition thereof:

- (a) the service list to be used for the motion for the Settlement Approval Order shall be the service list posted on the Monitor's website on the date of this Agreement, together with such other person as the Secured Creditors shall reasonably request;
- (b) the Court shall have granted an Order (the "**Settlement Approval Order**") in the form attached as Schedule "C" of this Agreement, and such order shall not have been amended or varied (unless with the consent of the Parties), vacated, set aside or stayed;
- (c) a Sale Transaction shall have closed;
- (d) the Parties shall have agreed to the treatment of the Intercompany Claims; and
- (e) all material agreements, conveyances, consents and other documents relating to the transactions contemplated in this Agreement shall be in form and substance satisfactory to the Parties, acting reasonably.

### **7.2 Termination**

This Agreement may be terminated by any party, upon written notice to the other Parties, if the Effective Date does not take place on or prior to July 31, 2015, as such date may be extended by agreement among the Parties in writing.

## **ARTICLE VIII – MISCELLANEOUS**

### **8.1 Benefit of Agreement**

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

### **8.2 Assignment**

No assignment of this Agreement or any rights or obligations hereunder may be made by any Party without the prior written consent of the other Parties hereto.

### **8.3 Further Assurances**

Each of the Parties hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Parties hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use commercially reasonable efforts and take all such steps as may be reasonably within its power to implement the provisions of this Agreement.

### **8.4 Amendment**

This Agreement may be amended only by an instrument in writing duly executed by each of the Parties hereto.

### **8.5 Counterparts**

This Agreement may be executed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. Execution of this Agreement may be made by email, PDF or other electronic format or transmission which, for all purposes, shall be deemed to be an original signature.

### **8.6 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

*[Signature pages follow]*

**IN WITNESS WHEREOF**, each of the undersigned has caused this Agreement to be duly executed and delivered as of the date first written above.

**PLASCO ENERGY GROUP INC.**

Per: \_\_\_\_\_

Name: Pierre Nicol

Title: Senior Vice President

Per: \_\_\_\_\_

Name: Don Habbick

Title: Chief Financial Officer

We have the authority to bind the Corporation.

**PLASCO TRAIL ROAD INC.**

Per: \_\_\_\_\_

Name: Pierre Nicol

Title: Secretary

Per: \_\_\_\_\_

Name: Don Habbick

Title: Chief Financial Officer

We have the authority to bind the Corporation.

**PLASCO OTTAWA INC.**

Per: \_\_\_\_\_

Name: Pierre Nicol

Title: Secretary

Per: \_\_\_\_\_

Name: Don Habbick

Title: Chief Financial Officer

We have the authority to bind the Corporation.

**PLASCO NEWCO INC.**

Per: \_\_\_\_\_

Name: Pierre Nicol

Title:

Per: \_\_\_\_\_

Name: Don Habbick

Title:

We have the authority to bind the Corporation.

**NORTH SHORE POWER GROUP INC.**

Per: \_\_\_\_\_

Name:

Title:

Per: \_\_\_\_\_

Name:

Title:

We have the authority to bind the Corporation.

**CANADIAN WATER PROJECTS INC.**

Per: \_\_\_\_\_

Name:

Title:

Per: \_\_\_\_\_

Name:

Title:

We have the authority to bind the Corporation.

## **SCHEDULE "A"**

### **Unsecured Claims**

(Cdn. \$)

Shareholder Promissory Notes - \$68,000,000

Other Unsecured Claims - \$5,000,000 - \$7,000,000

#### NSPG Claim

\$19,545,373.50

#### CWP Claim

\$21,673,240.50



## **SCHEDULE “B”**

### **Conveyance and Assumption Agreement**

#### **CONVEYANCE AND ASSUMPTION AGREEMENT**

THIS TRANSFER AND CONVEYANCE (the “**Agreement**”) is effective as of July ●, 2015

#### **AMONG:**

**PLASCO ENERGY GROUP INC. (“Plasco”),**

- and -

**PLASCO TRAIL ROAD INC. (“PTR”),**

- and -

**PLASCO OTTAWA INC. (“Plasco Ottawa” and, together with Plasco and PTR, the “Plasco Entities”)**

- and -

**PLASCO NEWCO INC. (“NewCo” and collectively with each member the Plasco Entities, the “Parties” and each a “Party”)**

#### **RECITALS:**

- A. Pursuant to a global settlement agreement (as it may be amended, restated or supplemented, the “**Global Settlement Agreement**”) among the Applicants, North Shore Power Group Inc. and Canadian Water Projects Inc., the Plasco Entities have agreed to transfer, convey, assign and deliver to NewCo the Transferred Assets and Transferred Liabilities (as such terms are defined in the Global Settlement Agreement).
- B. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings given to them in the Global Settlement Agreement.

**NOW THEREFORE** in consideration of the covenants and mutual promises set forth in this Agreement (including the recitals hereof) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

#### **1. Conveyance of Transferred Assets**

Each of the Plasco Entities hereby conveys, assigns, transfers and delivers to NewCo all of its right, title and interested in and to the Transferred Assets.

**2. Assumption of Transferred Obligations**

NewCo hereby assumes, and shall observe and perform, all of the Plasco Entities' obligations and liabilities under the Transferred Obligations.

**3. Effective Date**

This Agreement shall operate as a transfer and assignment to NewCo of the Transferred Assets, and the assumption by NewCo of the Transferred Obligations as and from the date hereof.

**4. Governing Law**

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated, in all respects, as an Ontario contract.

**5. Enurement**

This Agreement shall enure to the benefit of the Plasco Entities, its successors and permitted assigns and shall be binding upon the NewCo, its successors and permitted assigns.

**6. Counterparts**

This Agreement may be signed in one or more counterparts, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument. Notwithstanding the date of execution or transmission of any counterpart, each counterpart shall be deemed to have the effective date first written above.

**[SIGNATURE PAGES TO IMMEDIATELY FOLLOW]**

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed and delivered as of the date first written above.

**PLASCO ENERGY GROUP INC.**

Per: \_\_\_\_\_  
Name: Pierre Nicol  
Title: Senior Vice President

Per: \_\_\_\_\_  
Name: Don Habbick  
Title: Chief Financial Officer

We have the authority to bind the Corporation.

**PLASCO TRAIL ROAD INC.**

Per: \_\_\_\_\_  
Name: Pierre Nicol  
Title: Secretary

Per: \_\_\_\_\_  
Name: Don Habbick  
Title: Chief Financial Officer

We have the authority to bind the Corporation.

**PLASCO OTTAWA INC.**

Per: \_\_\_\_\_  
Name: Pierre Nicol  
Title: Secretary

Per: \_\_\_\_\_  
Name: Don Habbick  
Title: Chief Financial Officer

We have the authority to bind the Corporation.

**PLASCO NEWCO INC.**

Per:

\_\_\_\_\_  
Name: Pierre Nicol

Title:

Per:

\_\_\_\_\_  
Name: Don Habbick

Title:

We have the authority to bind the Corporation.

**SCHEDULE “C”**

**Form of Settlement Approval Order**

**[To be attached]**

**SCHEDULE B**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT  
ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
PLASCO ENERGY GROUP INC., PLASCO TRAIL ROAD INC. AND  
PLASCO OTTAWA INC.**

Applicants

**MONITOR'S CERTIFICATE**

**RECITALS**

- A. Pursuant to an Order of the Honourable Regional Senior Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated February 10, 2015, Plasco Energy Group Inc., Plasco Trail Road Inc. and Plasco Ottawa Inc. (collectively, the “**Applicants**”) commenced proceedings pursuant to the *Companies' Creditors Arrangement Act* (Canada) and Ernst & Young Inc. was appointed as monitor of the Applicants (the “**Monitor**”) in those proceedings.
- B. Pursuant to an Order of the Court dated ●, 2015 (the “**Settlement Approval Order**”), the Court approved the Global Settlement Agreement dated ●, 2015 (the “**Global Settlement Agreement**”) among the Applicants, Plasco Newco Inc., North Shore Power Group Inc. and Canadian Water Projects Inc.
- C. Unless otherwise indicated herein, capitalized terms used herein have the meanings given to them in the Global Settlement Agreement.

**THE MONITOR CERTIFIES** the following:

1. The Parties to the Global Settlement Agreement have confirmed to the Monitor that the conditions precedent set forth in the Global Settlement Agreement have been satisfied or waived by the Parties and that the Effective Date has occurred.
2. This Certificate was delivered by the Monitor at \_\_\_\_\_ **[time]** on \_\_\_\_\_ **[date]**.

**Ernst & Young Inc., in its capacity as  
Monitor of the Applicants, and not in its  
personal capacity**

Per: \_\_\_\_\_  
Name:  
Title:

IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF PLASCO ENERGY GROUP INC., PLASCO  
TRAIL ROAD INC. AND PLASCO OTTAWA INC.

Court File No.: CV-15-10869-00CL

Applicants

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**SETTLEMENT APPROVAL ORDER  
(Motion Returnable July 17, 2015)**

**Goodmans LLP**  
Barristers & Solicitors  
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333 Bay Street, Suite 3400  
Toronto, Canada M5H 2S7

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