

GLOBAL SETTLEMENT AGREEMENT

THIS GLOBAL SETTLEMENT AGREEMENT (the “**Agreement**”) is effective as of August 14, 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.

“Data Management Software” means Parview, eQcm, TCX – Team Control Center and SharePoint data management software.

“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 4.5.

“Fractional Share Cancellation” has the meaning given to it in Section 4.12.

“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 4.5.

“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.

“Migration Plan” has the meaning given to it in Section 4.3.

“NAV Database” means the Microsoft Dynamics NAV ERP system.

“New Plasco Shares” means the new common shares of Plasco to be issued pursuant to Section 4.11(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 Information” means (i) all Microsoft Outlook files and records of the Plasco Group, including without limitation all e-mails and contact information, (ii) all of the Plasco Group’s human resources and personnel files and information, (iii) all of the Plasco Group’s legal files and information, (iv) all files of the office of the Corporate Secretary of the Plasco Group, (v) all files of the office of the Chief Executive Officer of the Plasco Group, and (vi) all of the Plasco Group’s files and information relating to Project DOPAG.

“NewCo Information Transfer” has the meaning given to it in Section 4.7.

“NewCo Obligations” has the meaning given to it in Section 4.3.

“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 Section 4.12 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) the NAV Database, (C) information and data in the data room except for the NewCo Information, (D) unexpired engineering software licenses, (E) design drawings and related documentation related to the NSPG Equipment and CWP Equipment, (F) commercial plant design documentation, and (G) the Data Management Software.

“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.

“Plasco Server Consideration” means \$35,000, which amount shall represent the consideration in exchange for the retention by the Plasco Group of the Plasco Servers.

“Plasco Servers” means all computer servers located at the offices of Plasco at 1000 Innovation Drive, Suite 400, Ottawa, and all information on such servers, with the exception of the NewCo Information.

“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 4.3 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” means the Order of the Court dated as of July 17, 2015, *inter alia*, authorizing and approving the Applicants to enter into an agreement with NSPG and CWP substantially in the form attached thereto.

“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 4.8 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 4.11; 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 and without limiting the generality of the foregoing, the Share Consideration shall be transferred to Acquisition Holdco on an “as is, where is” basis and the Retained Assets, the Financial Information and the Plasco Intellectual Property Rights shall be retained by the Plasco Group 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 or the Retained Assets. 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 4.3 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 \$75,000, such proceeds in excess of \$75,000, 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

NSPG and CWP acknowledge that the transfer of the NSPG Equipment and the CWP Equipment on the Equipment Transfer Date pursuant to this Agreement satisfies the conditions set forth in paragraph 17 of the Settlement Approval Order for the demolition, dismantlement and decommissioning of the NSPG Equipment and the CWP Equipment. 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 4.3 and 4.6 below, PTR shall convey the NSPG Equipment and the CWP Equipment to a third party purchaser pursuant to a Sale Transaction.

4.2 Plasco Server Consideration

On the Effective Date, prior to the steps set forth in Sections 4.3 and 4.8 below, the Secured Creditors shall pay to NewCo the Plasco Server Consideration by wire transfer of immediately available funds to an account specified by NewCo.

4.3 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 4.11 and 4.12:

- (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) its right, title and interest in the Plasco Servers;
 - (J) the benefits and entitlements under the Conveyance and Assumption Agreement; and
 - (K) the Financial Information, subject to Section 4.4.
- (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) its right, title and interest in the Plasco Servers;
 - (C) the benefits and entitlements under the Conveyance and Assumption Agreement; and
 - (D) the Financial Information, subject to Section 4.4;
- (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;
 - (B) its right, title and interest in the Plasco Servers; and

- (C) the Financial Information, subject to Section 4.4.
- (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) its right, title and interest in the Plasco Servers;
 - (C) the benefits and entitlements under the Conveyance and Assumption Agreement; and
 - (D) the Financial Information, subject to Section 4.4.
- (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) any rights of the Plasco Group in and to the Plasco Group Insurance Policies; (iii) any harmonized sales tax refund payable to any member of the Plasco Group as a result of the transactions contemplated in this Section 4.3 or otherwise, which refund shall be remitted to NewCo if received by any member of the Plasco Group following the Effective Date; and (iv) the NewCo Information.
- (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) Plasco, NewCo, NSPG and CWP shall develop an information migration plan (the “**Migration Plan**”), on terms satisfactory to such parties, setting out the steps and actions necessary to transfer or retain, as applicable, electronic information and data as contemplated pursuant to this Agreement. Upon finalization of the Migration Plan, the Parties hereto shall use commercially reasonable efforts to undertake and complete the Migration Plan in accordance with its terms, provided that nothing in the Migration Plan shall alter or amend the rights and obligations of the Parties pursuant to this Agreement.
- (e) 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. The delivery of acquired physical assets other than the Plasco Servers shall be at the sole cost of the Secured Creditors.

- (f) If the conveyances and assumptions contemplated by this Section 4.3 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.

4.4 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.

4.5 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 4.5 of this Agreement.

4.6 NAV Database Access

Following the Effective Date, NewCo or its designated agent shall be permitted reasonable access and use of the NAV Database and the information contained therein to the extent it deems necessary in connection with the CCAA proceedings and the wind-down of NewCo's business, provided that NewCo shall have no other interest in the NAV Database or the information contained therein after the Effective Date other than in accordance with the limited purpose set out in this Section 4.6 of this Agreement.

4.7 NewCo Information

The NewCo Information shall not be included in the Retained Assets. On or prior to the Effective Date all hardcopies of the NewCo Information shall be delivered to NewCo or its appointee and all electronic NewCo Information shall be copied or transferred to the server or electronic database of NewCo or its appointee and thereafter completely deleted, expunged and removed from all Plasco Servers (the "**NewCo Information Transfer**"). Each of NSPG and CWP covenants and agrees that neither it nor its employees, consultants, agents, designees or any other person acting on its behalf shall access or attempt to access the NewCo Information, and it shall take reasonable measures to ensure that neither Acquisition Holdco nor any third party, including without limitation any purchaser of the relevant assets, shall access or attempt to access the NewCo Information, to the extent that any NewCo Information remains in the possession of the Plasco Group, whether in electronic or hard copy form, following the NewCo Information Transfer. During the period commencing on the Effective Date and ending on the date on which the CCAA proceedings are terminated in respect of NewCo, NewCo shall provide the Plasco Group with reasonable access to the NewCo Information to the extent required by the Plasco Group to comply with any law or regulation, including for the purpose of compliance with tax law. NewCo shall use reasonable efforts, in consultation with the Monitor, to provide for the Plasco Group's reasonable access to the NewCo Information following the termination of the CCAA proceedings to the extent the NewCo Information is required by the Plasco Group to comply with any law or regulation, including for the purpose of compliance with tax law, such access being at the sole cost of the Plasco Group.

4.8 Transfer of Liabilities to NewCo

In addition to the assumption by NewCo of the NewCo Obligations pursuant to Section 4.3 above, on or before the Effective Date, and in any case prior to those steps contemplated in Sections 4.11 and 4.12, 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*.

4.9 Intercompany Claims

Notwithstanding anything contained in Sections 4.3 and 4.8, the treatment of the Intercompany Claims on the Effective Date shall be satisfactory to the Parties, acting reasonably. From and after the Equipment Transfer Date, the Secured Creditors shall be entitled to disclose information regarding the Intercompany Claims that has previously been provided to the Secured Creditors and their advisors to third parties in connection with a potential transaction involving the Plasco Group. 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.

4.10 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.

4.11 Transfer and Issuance of Common Shares

On the Effective Date, following the completion of those steps provided in Sections 4.3 and 4.8, 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.

4.12 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 4.11 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 4.11 of this Agreement and the Plasco Common Share Consolidation and Fractional Share Cancellation in accordance with Section 4.12 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 and the treatment of Intercompany Claims pursuant to Section 4.9 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, the Retained Assets, 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 on behalf of 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 Plasco and Plasco Holdings 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; (B) neither Plasco nor Plasco Holdings will make any claim that either of them has been released from their respective Guarantee Obligations as a result of the release of the primary obligor(s) whose obligations Plasco and Plasco Holdings guaranteed, and each of Plasco and Plasco Holdings acknowledges that they will be estopped from asserting any such claim; and (C) immediately prior to the Effective Time NSPG and CWP shall have demanded payment from Plasco and Plasco Holdings as guarantors and that the amount of their respective Guarantee 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 Settlement Approval Order shall not have been amended or varied (unless with the consent of the Parties), vacated, set aside or stayed;
- (c) the Monitor shall have provided its written consent to the amendments made to the form of this Agreement attached to the Settlement Approval Order and any additional steps contemplated herein;
- (d) a Sale Transaction shall have closed;
- (e) the Parties shall have agreed to the treatment of the Intercompany Claims; and
- (f) 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 September 30, 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

I have the authority to bind the Corporation.

PLASCO TRAIL ROAD INC.

Per: 
Name: Pierre Nicol

I have the authority to bind the Corporation.

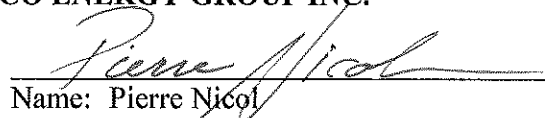
PLASCO OTTAWA INC.

Per: 
Name: Pierre Nicol

I have the authority to bind the Corporation.

PLASCO NEWCO INC. by its sole shareholder
PLASCO ENERGY GROUP INC.

Per:


Name: Pierre Nicol

I have the authority to bind the Corporation.

NORTH SHORE POWER GROUP INC.

Per:

Name:

Per:

Name:

We have the authority to bind the Corporation.

CANADIAN WATER PROJECTS INC.

Per:

Name:

Per:

Name:

We have the authority to bind the Corporation.

PLASCO NEWCO INC.

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

We have the authority to bind the Corporation.

NORTH SHORE POWER GROUP INC.

Per: _____

Name: G. Lowry

Title: PRESIDENT



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.

PLASCO NEWCO INC.

Per:

Name:

Title:

Per:

Name:

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: Martin Klöck

Title: Director

I 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 August 1, 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 interest 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:

Per: _____
Name:

We have the authority to bind the Corporation.

PLASCO TRAIL ROAD INC.

Per: _____
Name:

Per: _____
Name:

We have the authority to bind the Corporation.

PLASCO OTTAWA INC.

Per: _____
Name:

Per: _____
Name:

We have the authority to bind the Corporation.

PLASCO NEWCO INC. by its sole shareholder
PLASCO ENERGY GROUP INC.

Per: _____
Name:

I have the authority to bind the Corporation.