

**CREATIVE ENERGY CANADA
PLATFORMS CORP.
APPLICATION TO THE
BRITISH COLUMBIA
UTILITIES COMMISSION
FOR APPROVAL TO ACQUIRE
CENTRAL HEAT DISTRIBUTION LTD.**

September 13, 2013

Table of Contents

SECTION	TAB
Application	1
Share Purchase Agreement	A
City Letters	B
Royal Bank Letter	C
Draft Commission Order	D

IN THE MATTER OF THE UTILITIES COMMISSION ACT,

R.S.B.C. 1996, c. 473, as amended (the “Act”)

- and -

**IN THE MATTER OF AN APPLICATION BY
CREATIVE ENERGY CANADA PLATFORMS CORP.
FOR APPROVAL OF THE ACQUISITION OF ALL OF THE ISSUED
AND OUTSTANDING SHARES OF
CENTRAL HEAT DISTRIBUTION LTD.**

To: British Columbia Utilities Commission

Sixth Floor, 900 Howe Street

Vancouver, British Columbia V6Z 2N3

APPLICATION

Creative Energy Canada Platforms Corp (“**Creative Energy**”) hereby applies to the British Columbia Utilities Commission (the “**Commission**”) pursuant to Section 54 of the Act for approval of the acquisition by Creative Energy of the issued and outstanding shares of Central Heat Distribution Ltd. (“**CHDL**”).

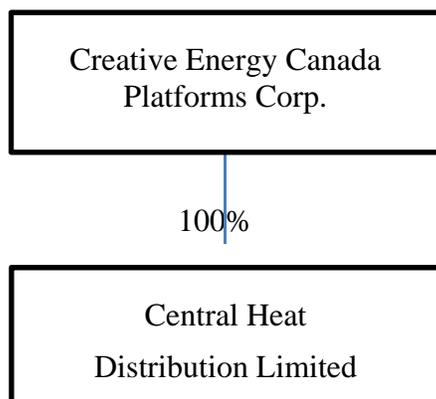
A. BACKGROUND

1. Creative Energy and CHDL have entered into an agreement dated effective as of August 22, 2013, (the “**Share Purchase Agreement**”) under which Creative Energy has agreed to purchase all of the issued and outstanding common shares of CHDL (the “**Transaction**”).
2. CHDL owns and operates a steam production and distribution business in downtown Vancouver, BC. CHDL is a public utility regulated by the Commission under the Act.
3. Creative Energy is a privately held company incorporated in the Province of BC to acquire CHDL.

B. SUMMARY OF THE TRANSACTION

4. Completion of the Transaction will result in CHDL becoming a direct, wholly owned subsidiary of Creative Energy. Completion of the Transaction is subject to the receipt of all applicable governmental and regulatory approvals. The chart below shows the corporate structure of Creative Energy and CHDL after giving effect to the Transaction. The Transaction will close within 120 days after formal Commission approval.

Corporate Structure of Creative Energy and CHDL after Transaction



C. SUMMARY OF TERMS OF THE TRANSACTION

5. The terms of the Transaction are set out in the Share Purchase Agreement, a copy of which is attached at **Schedule A** to this Application. The principal terms of the Transaction are as follows:
 - (a) Price: The purchase price under the Share Purchase Agreement (Section 2.2) is Cdn \$32M for all of the issued and outstanding common shares of CHDL.
 - (b) Closing Conditions: Completion of the Transaction is subject to the receipt of the approval by the Commission.
 - (c) Closing Date: The Transaction will close within 120 days after the Commission approval of the share transfer.
 - (d) Effect of the Transaction: Upon closing of the Transaction, all of the issued and outstanding common shares of CHDL will be transferred to Creative Energy, resulting in CHDL becoming a direct, wholly owned subsidiary of Creative Energy. Existing credit facilities will be maintained following close of the Transaction.
6. Creative Energy will not seek to recover from CHDL customers any acquisition premium or transaction costs incurred directly in connection with the Transaction.

D. CREATIVE ENERGY

7. Creative Energy was incorporated in the Province of BC on July 3, 2013. The address of the head office and principal place of business of Creative Energy is:

Creative Energy
 1100 One Bentall Centre,
 505 Burrard St., Box 11
 Vancouver, B.C. V7X 1M5

8. Creative Energy is a privately held company incorporated for the intended purpose of establishing an energy infrastructure business with a focus on district energy service in urban areas. The goals of Creative Energy are to deliver innovative, cost-effective, reliable and low carbon energy solutions in urban areas.
9. At this time the only business of Creative Energy is the acquisition and ownership of CHDL shares.

E. BACKGROUND OF CREATIVE ENERGY

10. In December, 2012, the City issued a Request for Expressions of Interest (RFEOI PS20121461) for Neighbourhood Energy Concepts for Downtown Vancouver. The intent of the RFEOI was to explore whether there is interest from experienced parties to investigate, finance, design, build and operate low carbon district energy utility services (“**Neighbourhood Energy**”) for downtown Vancouver (“**Downtown Vancouver**”). The intent of this RFEOI was to capitalize on the experience, ingenuity and capacity of the private sector to deliver Neighbourhood Energy.
11. On February 28, 2013, a response to RFEOI PS20121461 (the “**Initial RFEIO Submission**”) was submitted to the City by an entity related to Creative Energy (the “**Affiliate**”). Following the Initial RFEIO Submission, the principals of the Affiliate entered into exclusive negotiations for the purchase of Central Heat Distribution Ltd. (“**CHDL**”). On June 7, 2013 an updated response to the City’s RFEOI, was submitted as permitted under Section 3.5 of the RFEOI (Material Changes), informing the City that the Affiliate was in exclusive negotiations to purchase CHDL.
12. Following consideration of all submissions to its RFEOI, on June 27, 2013 the City notified the Affiliate that it had been selected as the Lead Proponent for future discussions and negotiations with respect to the development of low carbon energy systems for Downtown Vancouver, including possible opportunities for serving the North East False Creek neighbourhood.
13. The rights of the Affiliate pursuant to the RFEOI PS20121416 were assigned to Creative Energy, with the consent of the City, following incorporation of Creative Energy.
14. The City and Creative Energy are currently developing a Memorandum of Understanding (“**MOU**”) to govern further discussions and negotiations with respect to the expansion of district energy service and the development of low carbon energy systems for Downtown Vancouver.

F. CHDL

15. CHDL is a privately held, gas-fired steam district energy system serving the downtown core of the City of Vancouver. Established in 1968, CHDL currently serves over 210 customers including condo buildings, hotels, office buildings, social housing, small manufacturers, a major hospital, and other institutions. The company has grown consistently for over 45 years.
16. CHDL was issued a Certificate of Public Convenience and Necessity (“**CPCN**”) in 1968 and is regulated by the Commission. CHDL’s last rate case was in 2007.

17. CHDL has a Municipal Access Agreement with the City of Vancouver dated September 1, 1999 for a term of 30 years.
18. CHDL's central steam plant is located at 720 Beatty Street. There are approximately 242 MW of gas-fired boilers currently installed at the plant. The current site of CHDL's central steam plant includes two legal parcels with a total area of 77,618 sf. A portion of the building housing the central plant is leased to third parties. BC Place leases 12,511 sf of 720 Beatty Street to facilitate event access. The carrying costs of office space and land leased to third parties (depreciation expenses, earned return, property taxes) are excluded from utility rates.
19. CHDL also owns and maintains approximately 13 km of steam distribution mains in downtown Vancouver.
20. CHDL currently has 23 employees, including 15 employees that are members of the International Union of Operating Engineers – Local 882.
21. The CHDL system is in excellent condition. Recent upgrades have included upgraded boiler controls, stack heat recovery, and flu gas recirculation.

G. PROPOSED STAKEHOLDER CONSULTATION AND APPROVAL PROCESS

22. CHDL and Creative Energy have provided and will continue to provide information to stakeholders regarding details and anticipated impacts of the Transaction, including customers, employees, and the City of Vancouver.
23. On August 28, 2013 CHDL and Creative Energy sent a joint letter as part of CHDL's regular account mailing to existing customers advising them of the Transaction and providing customers a contact should they have any questions or concerns about the Transaction. As of the date of this Application, CHDL and Creative Energy have received no formal questions and/or comments arising from the letter to customers. CHDL and Creative Energy will inform the Commission of any comments and/or questions received prior to the close of the evidentiary phase of this proceeding.
24. On August 29, 2013, CHDL management distributed a memo to employees about the Transaction and subsequently met with employees to answer any of their questions about the Transaction.
25. CHDL has discussed the Transaction with its three largest customers - together representing nearly 20% of annual sales - to inform them of the Transaction and to provide an opportunity to discuss any questions or concerns. These customers raised no concerns regarding the Transaction in the discussions.
26. On August 22, 2013 and September 5, 2013, representatives of CHDL, Creative Energy and the City of Vancouver met with two of the major land owners in North East False Creek (NEFC) – Aquilini Developments and Concord Pacific, respectively – to update them on negotiations underway regarding a new franchise for district energy service in NEFC and to also notify them of the pending Transaction and desire of the new shareholder of CHDL to negotiate directly with the City to deliver a solution for NEFC through CHDL.

27. As required under its current Municipal Access Agreement, CHDL formally by letter dated September 12, 2013, notified the City of its intention to assign that agreement through a change of control governed by the Section 54 of the Act. The City has provided a letter of support to Creative Energy for the Transaction attached in **Schedule “B”** and a letter evidencing its consent to the assignment by way of change in control of CHDL.
28. CHDL and Creative Energy have informed CHDL’s main banker and largest creditor, Royal Bank of Canada (“**RBC**”) of the Transaction. RBC has provided its consent to the transfer of the shares of CHDL to Creative Energy and has provided a favourable reference as set out in its letter of September 10, 2013, attached in **Schedule “C”**.
29. Section 86.2 of the Act provides that the Commission has jurisdiction to determine the process by which applications will be determined. Section 86.2 reads as follows:
- 86.2 (1) Despite any other provision of this Act, in any circumstance in which, under this Act, a hearing may or must be held, the commission may conduct a written hearing.*
- (2) The commission may make rules respecting the circumstances in which and the process by which written hearings may be conducted and specifying the form and content of materials to be provided for written hearings.*
30. Creative Energy submits that this Application is appropriate for consideration and approval by the Commission through the review of written submissions.
31. The acquisition by Creative Energy of CHDL will not change how current steam service is provided by CHDL to its customers, as Creative Energy will be maintaining CHDL as a separate standalone operation. Creative Energy will retain CHDL’s management team and the employees involved in CHDL’s operations. Creative Energy expects the Transaction will result in no adverse change or detrimental effect on CHDL’s existing customers. Through ongoing discussions and negotiations with the City, Creative Energy expects to expand CHDL’s service to benefit a greater segment of the population. Having regard to the foregoing, Creative Energy respectfully requests that the Commission review this Application in accordance with the following proposed regulatory schedule:

Date	Event
September 17, 2013	Creative Energy files Application
September 27, 2013	Commission staff submit IRs to Creative Energy
October 10, 2013	Creative Energy submits responses to Commission IRs
By October 31 2013	Commission issues Decision on Application

H. THE UTILITIES COMMISSION ACT

32. CHDL is a public utility regulated by the Commission. Section 54 of the Act provides, in part, as follows:

54 (7) A person must not acquire or acquire control of such numbers of any class of shares of a public utility as

(a) in themselves, or

(b) together with shares owned or controlled by the person and the person's associates, cause the person to have a reviewable interest in a public utility unless the person has obtained the Commission's approval.

33. Section 54(4) of the Act provides that a person has a reviewable interest in a public utility if the person owns or controls, or if the person and the person's associates own or control, in the aggregate 20 percent of the voting shares outstanding of any class of shares of the utility. Section 54(9) of the Act provides that the Commission may give its approval under Section 54 subject to such conditions and requirements it considers necessary and desirable in the public interest, and that the Commission must not give its approval under Section 54 "...unless it considers that the public utility and the users of the services of the public utility will not be detrimentally affected."

34. The Commission has indicated that the focus of its review of any acquisition of, or acquisition of control of, a public utility under section 54 of the Act should be on the effect of the acquisition upon the public utility, the customers of that utility and the regulation of the public utility by the Commission in the public interest.¹ The Commission has developed and used the following criteria for conducting reviews under section 54 of the Act:

- (a) the utility's current and future ability to raise equity and debt financing not be reduced or impaired;
- (b) there be no violation of existing covenants that will be detrimental to the customers;
- (c) the conduct of the utility's business, including the level of service, either now or in the future, will be maintained or enhanced;
- (d) the application is in compliance with appropriate enactments and/or regulations;
- (e) the structural integrity of the assets will be maintained in such a manner as to not impair utility service; and
- (f) the public interest will be preserved.²

¹ See, for example, April 30, 2007 Commission Order No. G-49-97 Reasons for Decision page 7 (the "Fortis Decision").

² Fortis Decision, pages 7 and 8. See also the AltaGas Application for the Acquisition of PNG and Commission Order G-192-11 (the "PNG Decision").

35. The reasons why the Transaction meets the above criteria are discussed in the next section of this Application.

I. REASONS FOR APPROVING THE TRANSACTION

36. Upon the completion of the Transaction, Creative Energy will have acquired all of the issued and outstanding common shares of CHDL. Having regard to the criteria applied by the Commission in earlier decisions under section 54 of the Act, Creative Energy submits that the existing customers of CHDL will not be detrimentally affected and that the public interest will be preserved by the completion of the Transaction.
37. In determining whether the Transaction should be approved, Creative Energy submits that it is appropriate for the Commission to have regard to the following considerations:
- (a) Creative Energy intends to operate CHDL on a stand-alone basis.
 - (b) Creative Energy expects to supplement and expand over time CHDL's management team and employees based on anticipated growth and renewal under initiatives being developed with the City and subject to future Commission approval where required.
 - (c) CHDL has a well-diversified and mature customer base, an efficient and well-maintained infrastructure, competitive rates, and significant opportunities for growth and service improvements.
 - (d) Creative Energy has been selected as the Lead Proponent in the City's RFEOI Process and has established an excellent working relationship with the City.
 - (e) Creative Energy has engaged an external transition team to assist it in the acquisition of CHDL and in ongoing negotiations with the City regarding new initiatives under the City's RFEOI process for low carbon energy solutions in Downtown Vancouver.

CHDL's Financing Capability Will Not be Reduced or Impaired

38. The Transaction will not reduce or impair the ability of CHDL to raise debt and equity capital. CHDL will not, as a result of the Transaction, maintain for ratemaking purposes less common equity than that determined by the Commission.
39. There are no new covenants, agreements or legislative restrictions on CHDL resulting from the Transaction that would reduce or impair the ability of CHDL to access debt markets. CHDL's banker, RBC, has determined the Transaction will have no material impact on the current credit facilities it provides CHDL, as evidenced by their consent to the share transfer.
40. Creative Energy is exploring opportunities to renew and grow CHDL's current service. Creative Energy will ensure that CHDL will be adequately funded in accordance with applicable Commission regulations. The Commission will continue to have the ability to regulate allowed return on equity and equity thickness for rate making purposes in the best interests of customers, investors and other stakeholders. Hence, CHDL's ability to raise financing will not be reduced or impaired by approval of the Transaction, and the Transaction will not have a detrimental effect on CHDL or the users of their services.

No Violation of Existing Covenants

41. The proposed Transaction is one under which Creative Energy will acquire control of CHDL through the acquisition of all of the issued and outstanding common shares of CHDL. The Transaction will not affect any existing covenants given by CHDL, whether financial, commercial or otherwise. Creative Energy will ensure that CHDL is in a position to meet its capital investment obligations.
42. Under the terms of CHDL's existing Municipal Access Agreement, CHDL has notified the City of the Transaction and wish to assign the agreement (defined here as a change in the voting control of CHDL governed by Section 54 of the Act) and has received approval from the City on the assignment subject to Commission approval and final close of the Transaction (Letter attached in **Schedule "B"**).

CHDL Business Will be Maintained or Enhanced

43. The location of the administrative office for CHDL in Vancouver will not change as a result of this Transaction.
44. CHDL's management, local engineering, construction, operations and maintenance employees will be retained following completion of the Transaction.
45. CHDL currently has an asset integrity and maintenance program which is compliant with, and subject to, the laws and regulations of British Columbia. The Transaction will not result in any change to this program. Changes to that program and policies will be made, as they would be made without this Transaction, only if justified from a safety, reliability, and efficiency standpoint, and only if in compliance with existing statutes and regulations.
46. Following the close of the Transaction, Creative Energy through the board of directors of CHDL, will ensure that CHDL's senior management remains focused on the provision of safe, reliable and cost-effective service to customers.
47. With the continuation of CHDL (subject only to a name change following the close of the Transaction), the completion of the Transaction will have no adverse impact upon CHDL and its ongoing utility operations. Consequently, the Transaction will have no adverse impact on the type or level of service provided by CHDL to its existing customers.
48. CHDL's current management was expecting to file a rate case in 2014. They instead will be filing an application for interim rates in December 2013. Following approval of the Transaction by the Commission, Creative Energy will commence a full review of CHDL's services, systems, costs, rate design, extension policies, growth prospects, and long-term capital needs to identify opportunities to enhance and grow service, upgrade systems, and minimize costs in advance of the full rate case to be submitted shortly after closing of the Transaction. This review will include consideration of growth opportunities being discussed with the City of Vancouver.
49. 38. The completion of the Transaction will not affect the Commission's ongoing regulation of CHDL in the public interest. The Commission will continue to regulate the operations of CHDL, including the rates and other terms and conditions of service of those utilities, as well

as the construction of new facilities by each of the utilities. More particularly, the Commission will continue to have jurisdiction to regulate the following types of business transactions:

- (a) the disposition of any utility property other than in the ordinary course of the business of the utility (Act, Section 52);
- (b) the issue by any of the utilities of any debt and equity securities, other than debt maturing within one year of issue, and any material change in the terms and conditions of any such outstanding debt and equity securities issued by any of the utilities (Act, Section 50);
- (c) any consolidation, merger or amalgamation of any of the utilities with any other person (Act, Section 53); and
- (d) the subsequent acquisition by any person of a reviewable interest in any of the public utilities (Act, Section 54).

50. In summary, there is nothing in the Transaction that adversely affects the exercise by the Commission of its ongoing regulatory jurisdiction over CHDL.

Compliance with Statutory Requirements

51. The proposed Transaction will not be completed unless and until all required governmental and regulatory authorizations have been obtained. Consequently, at the time of its completion, the Transaction will have been completed in compliance with all applicable provincial and federal legislation and regulations, including the requirements of the Act. Moreover, there is nothing in the Transaction that detracts from the jurisdiction of the Commission to regulate CHDL and the services it provides to customers.

The Structural Integrity of CHDL Assets Will Be Maintained

52. The completion of the Transaction does not involve any change in the ownership, control or operation of the assets of CHDL and accordingly the structural integrity of the assets of CHDL will be preserved. Following the completion of the Transaction, the Commission will continue to have regulatory control over CHDL and its assets and operations. Just as before the Transaction, no disposition of the assets of any of CHDL, other than a disposition in the ordinary course of business, can be made without the approval of the Commission required under section 52 of the Act.

In addition,

- (a) CHDL has a continued obligation to provide safe, reliable and secure service to its respective customers under the jurisdiction of the Commission;
- (b) CHDL will continue to be subject to the terms of its Municipal Access Agreement with the City of Vancouver; and
- (c) the operations of CHDL remain subject to the continuing oversight of the BC Safety Authority, MetroVancouver (Air Quality Regulation), and WorkSafeBC.

53. Completion of the Transaction will result in CHDL being acquired by a sophisticated investor and corporate group with an excellent working relationship with the City of Vancouver, and it will maintain the current management and operators of CHDL.

J. CONCLUSION

54. In all of the circumstances of this Application, following completion of the Transaction:

- (a) there will be unaffected continuity in the direct ownership, business and operations of CHDL;
- (b) the structural integrity of the assets of CHDL will be maintained;
- (c) there will be unaffected continuity in the utility services provided by CHDL to their customers;
- (d) there will be unaffected continuity in the regulation of CHDL and its services by the Commission under the Act;
- (e) there will be no adverse impact on the ability of CHDL to access capital markets;
- (f) there will be no breach of existing covenants given by or in respect of CHDL;
- (g) there will be compliance with applicable provincial and federal statutes and regulation;
- (h) there will be enhanced opportunities to grow and innovate CHDL service through Creative Energy's Lead Proponent status in the City of Vancouver's RFEOI for the development and expansion of low carbon energy solutions in Downtown Vancouver; and
- (i) the public interest will be preserved.

55. Creative Energy submits that the acquisition by Creative Energy of the issued and outstanding common shares of CHDL is in the public interest and should therefore be approved.

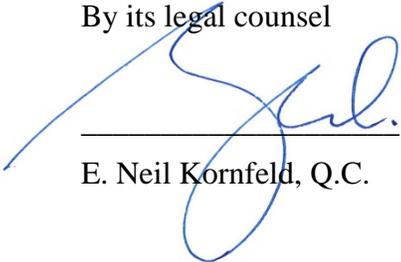
K. ORDER SOUGHT

A draft of the form of order in this Application is attached as **Schedule "D"**.

ALL OF WHICH is respectfully submitted at Vancouver, British Columbia on September 16, 2013.

CREATIVE ENERGY CANADA PLATFORMS CORP.

By its legal counsel



E. Neil Kornfeld, Q.C.

SCHEDULE "A"
SHARE PURCHASE AGREEMENT
(See attached)

SCHEDULE "A"
SHARE PURCHASE AGREEMENT

(See attached)

**JOHN BARNES
JUDE M. BARNES
THOMAS J. BARNES
D.W. THOMSON & COMPANY LTD.
WELSH HOLDINGS INC.**

as Vendors

and

CREATIVE ENERGY CANADA PLATFORMS CORP.

as Purchaser

**AMENDED AND RESTATED
SHARE PURCHASE AGREEMENT**

August 22, 2013

**Date of original agreement: June 20, 2013
Amended June 20, 2013 and August 22, 2013**

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION

Section 1.1	Defined Terms.....	1
Section 1.2	Gender and Number.....	7
Section 1.3	Headings, etc.	7
Section 1.4	Currency.....	7
Section 1.5	Certain Phrases, etc.....	8
Section 1.6	Knowledge.....	8
Section 1.7	Accounting Terms.....	8
Section 1.8	Schedules and Disclosure Letter.....	8
Section 1.9	References to Persons and Agreements.....	8
Section 1.10	Statutes.....	8
Section 1.11	Non-Business Days.....	9
Section 1.12	Positive and Negative Numbers.....	9

ARTICLE 2 PURCHASED SHARES, PURCHASE PRICE AND DEPOSITS

Section 2.1	Purchase and Sale.....	9
Section 2.2	Purchase Price.....	9
Section 2.3	Payment of Deposits.....	9
Section 2.4	Payment of the Purchase Price.....	10
Section 2.5	Preparation of Pre-Closing Statement.....	10
Section 2.6	Preparation of Closing Statement.....	11
Section 2.7	Notice to Escrow Agent.....	13
Section 2.8	Post-Closing Reconciliation.....	13
Section 2.9	Form of Payment.....	13
Section 2.10	No Effect on Other Rights.....	14

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE VENDORS

Section 3.1	Representations and Warranties of the Vendors.....	14
-------------	--	----

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

Section 4.1	Representations and Warranties of the Purchaser.....	33
-------------	--	----

ARTICLE 5 PRE-CLOSING COVENANTS OF THE PARTIES

Section 5.1	Conduct of Business Prior to Closing.....	34
-------------	---	----

Section 5.2	Access for Due Diligence.....	36
Section 5.3	Title Reports.....	37
Section 5.4	Purchaser Confidentiality.....	37
Section 5.5	Actions to Satisfy Closing Conditions.....	38
Section 5.6	Transfer of the Purchased Shares.....	39
Section 5.7	Request for Consents.....	39
Section 5.8	Filings and Authorizations.....	40
Section 5.9	Notice of Untrue Representation or Warranty.....	40
Section 5.10	Exclusive Dealing.....	40
Section 5.11	Discharge of Encumbrance.....	41

**ARTICLE 6
CONDITIONS OF CLOSING**

Section 6.1	Conditions for the Benefit of the Purchaser.....	41
Section 6.2	Conditions for the Benefit of the Vendors.....	43
Section 6.3	Notice to Escrow Agent.....	45

**ARTICLE 7
CLOSING**

Section 7.1	Date, Time and Place of Closing.....	45
Section 7.2	Closing Procedures.....	45
Section 7.3	Risk of Loss.....	45

**ARTICLE 8
TERMINATION**

Section 8.1	Termination Rights.....	46
Section 8.2	Effect of Termination.....	47

**ARTICLE 9
INDEMNIFICATION**

Section 9.1	Survival.....	48
Section 9.2	No Effect of Knowledge.....	49
Section 9.3	Indemnification in Favour of the Purchaser.....	49
Section 9.4	Indemnification in Favour of the Vendors.....	49
Section 9.5	Limitations on Indemnification.....	49
Section 9.6	Notification.....	50
Section 9.7	Procedure for Third Party Claims.....	51
Section 9.8	Rate Base Recovery.....	54

**ARTICLE 10
POST-CLOSING COVENANTS**

Section 10.1	Access to Books and Records.....	54
--------------	----------------------------------	----

Section 10.2	Vendor Confidentiality.....	54
Section 10.3	Employment Matters.....	54
Section 10.4	Further Assurances.....	55

**ARTICLE 11
DISPUTE RESOLUTION**

Section 11.1	Settling Disputes.....	55
Section 11.2	Availability of Officers, Employees, etc.....	55

**ARTICLE 12
MISCELLANEOUS**

Section 12.1	Notices.....	55
Section 12.2	Vendors' Representative.....	56
Section 12.3	Time of the Essence.....	56
Section 12.4	Brokers.....	57
Section 12.5	Announcements.....	57
Section 12.6	Third Party Beneficiaries.....	57
Section 12.7	Expenses.....	57
Section 12.8	Amendments.....	57
Section 12.9	Waiver.....	58
Section 12.10	Non-Merger.....	58
Section 12.11	Entire Agreement.....	58
Section 12.12	Successors and Assigns.....	58
Section 12.13	Severability.....	59
Section 12.14	Governing Law.....	59
Section 12.15	Counterparts and Delivery.....	59

AMENDED AND RESTATED SHARE PURCHASE AGREEMENT

Amended and Restated Share Purchase Agreement dated August 30, 2013 between John Barnes, Jude M. Barnes, Thomas J. Barnes, D.W. Thomson & Company Ltd. and Welsh Holdings Inc. (together the "Vendors" and each a "Vendor") and Creative Energy Canada Platforms Corp. (the "Purchaser"), amending and restating a Share Purchase Agreement dated June 20, 2013 and amended June 20, 2013 and August 22, 2013.

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

"2011 Financial Statements" means the audited financial statements of the Corporation for the fiscal year ending December 31, 2011, consisting of a balance sheet and the accompanying statements of income, retained earnings and changes in financial position for the year then ended and all notes to them, together with a report of the auditors, KPMG LLP, Chartered Accountants.

"2012 Financial Statements" means the audited financial statements of the Corporation for the fiscal year ending December 31, 2012, consisting of a balance sheet and the accompanying statements of income, retained earnings and changes in financial position for the year then ended and all notes to them, together with a report of the auditors, KPMG LLP, Chartered Accountants.

"Accounts Receivable" means all accounts receivable, notes receivable and other debts due or accruing due to the Corporation, determined in accordance with ASPE.

"Accounts Receivable Adjustment" means the difference between the estimated Accounts Receivable as set out in the Pre-Closing Balance Sheet and the amount thereof that has actually been paid and collected as at 90 days after Closing.

"Agreement" means this share purchase agreement.

"Ancillary Agreements" means all agreements, certificates and other instruments delivered or given pursuant to this Agreement.

"ASPE" means accounting standards for private enterprises generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants, at the relevant time applied on a consistent basis.

"Assets" means all property and assets of the Corporation of every nature and kind and wheresoever situate.

"Authorization" means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

"BCUC" means the British Columbia Utilities Commission or any other successor or replacement governmental authority having jurisdiction over the Corporation and the Business.

"BCUC Approval" has the meaning given to it in Section 6.1(c).

"Books and Records" means all information in any form relating to the Business, including books of account, financial and accounting information and records, personnel records, tax records, sales and purchase records, customer and supplier lists, lists of potential customers, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections, marketing and advertising materials and all other documents, files, correspondence and other information (whether in written, printed, electronic or computer printout form, or stored on computer discs or other data and software storage and media devices).

"Buffered REA" means:

- (a) If the Retained Earnings Difference is greater than or equal to \$150,000 or less than or equal to -\$150,000, the Buffered REA is equal to the Retained Earnings Difference; and
- (b) If the Retained Earnings Difference is between \$150,000 and -\$150,000; the Buffered REA is equal to zero.

"Buildings and Fixtures" means all plant, buildings, structures, erections, improvements, appurtenances and fixtures (including fixed machinery and fixed equipment) situate on any of the Owned Properties.

"Business" means the business of generating and distributing steam to downtown Vancouver buildings for use primarily to heat hydronic building mechanical systems.

"Business Day" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Vancouver, British Columbia.

"Closing" means the completion of the transaction of purchase and sale contemplated in this Agreement.

"Closing Balance Sheet" has the meaning specified in Section 2.6(4) or Section 2.6(5), as the case may be.

"Closing Date" means the date that is 120 days after the date of the BCUC Approval, or such earlier or later date as the Parties may agree in writing.

"Collective Agreements" means the collective agreements binding the Corporation and all related documents including letters of understanding, letters of intent and other written communications with bargaining agents for employees of the Corporation, which impose any obligations upon the Corporation, all as listed and described in Schedule 3.1(II) of the Disclosure Letter.

"Contract" means any agreement, contract, licence, undertaking, engagement or commitment of any nature, written or oral.

"Corporation" means Central Heat Distribution Limited, a company organized under the laws of British Columbia.

"Corporate Records" means the corporate records of the Corporation, including (i) all constating documents and Articles, (ii) all minutes of meetings and resolutions of shareholders and directors (and any committees), and (iii) the share certificate books, securities register, register of transfers and register of directors.

"Damages" means any losses, liabilities, damages or expenses (including legal fees and expenses).

"Direct Claim" means any cause, matter, thing, act, omission or state of facts not involving a Third Party Claim which entitles an Indemnified Person to make a claim for indemnification under this Agreement.

"Direct Claim Estimate" has the meaning specified in Section 9.6(2).

"Disclosure Letter" means the letter dated July 15, 2013, delivered by the Vendors to the Purchaser which describes itself as such.

"Dispute" has the meaning specified in Section 11.1.

"Draft Closing Balance Sheet" has the meaning specified in Section 2.6(1).

"Employee Plans" means all the employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, pension, retirement, stock option, stock purchase, stock appreciation, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices relating to the current or former directors, officers or employees of the Corporation maintained, sponsored or funded by the Corporation, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered under which the Corporation may have any liability, contingent or otherwise.

"Environmental Laws" means all applicable Laws and agreements with Governmental Entities and all other statutory requirements relating to public health or the protection of the environment and all Authorizations issued pursuant to such Laws, agreements or statutory requirements.

"Escrow Agent" means Kornfeld LLP, a partnership of barristers and solicitors, having an office at 1100 - 505 Burrard Street, Vancouver, BC, V7X 1M5, or any successor thereof appointed in accordance with the Escrow Agreement.

"Escrow Agreement" means the escrow agreement among the parties hereto and the Escrow Agent, executed contemporaneously with this Agreement.

"Estimated Retained Earnings Adjustment" means the difference between the Corporation's retained earnings as of the Closing Date as shown on the Pre-Closing Balance Sheet, and the Corporation's retained earnings as shown on the 2011 Financial Statements.

"Governmental Entity" means (i) any international, multinational, national, federal, provincial, state, municipal, local or other government; (ii) any subdivision, department, court, commission, board, bureau, agency or authority of any government, or (iii) any quasi-governmental or private body exercising any regulatory, rule-making, expropriation, taxing or other governmental or quasi-governmental authority, including the BCUC.

"Holdback Amount" has the meaning given to it in Section 7.2.

"Indemnified Person" means a Person with indemnification rights or benefits under Section 9.3 or Section 9.4, or otherwise under this Agreement.

"Indemnifying Party" means a Party against which a claim may be made for indemnification under this Agreement, including pursuant to Article 9.

"Intellectual Property" means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) Software; and (viii) any other intellectual property and industrial property.

"Interim Balance Sheet Date" means April 30, 2013.

"Interim Financial Statements" means the unaudited financial statements of the Corporation as at the Interim Balance Sheet Date consisting of a balance sheet and

the accompanying unaudited statement of income of the Corporation for the four-month period then ended and all notes in respect thereof.

"Interim Period" means the period between the close of business on the date of this Agreement and the Closing, or, if the Agreement is terminated, the termination of this Agreement in accordance with Article 8.

"Laws" means any and all applicable (i) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and by-laws, (ii) judgments, orders, writs, injunctions, decisions, awards and directives of any Governmental Entity and (iii) policies, guidelines, notices and protocols of any Governmental Entity.

"Leased Properties" means the real properties described as such in Schedule 3.1(y) of the Disclosure Letter.

"Leases" means the leases of the Leased Properties described in Schedule 3.1(y) of the Disclosure Letter.

"Lien" means any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), easement, title retention agreement or arrangement, conditional sale, deemed or statutory trust, restrictive covenant or other encumbrance of any nature which, in substance, secures payment or performance of an obligation.

"Material Contracts" has the meaning specified in Section 3.1(z).

"Notice" has the meaning specified in Section 12.1.

"Ordinary Course" means, with respect to an action taken by a Person, that such action is consistent with the past practices of the Person and is taken in the ordinary course of the normal day-to-day operations of the Person.

"Owned Properties" means the lands and premises listed and described in Schedule 3.1(x) of the Disclosure Letter by reference to their municipal addresses and proper legal descriptions.

"Parties" means the Vendors and the Purchaser and any other Person who may become a party to this Agreement.

"Permitted Liens" means, in respect of the Corporation, any one or more of the following:

- (a) Liens for Taxes which are not delinquent;
- (b) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of the Assets, provided that such Liens are related to obligations not due or delinquent, are not registered

against title to any Assets and in respect of which adequate holdbacks are being maintained as required by applicable Law;

- (c) the right reserved to or vested in any Governmental Entity by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of the Corporation, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition of their continuance; and
- (d) Liens listed and described in Schedule 3.1(u) of the Disclosure Letter, but only to the extent such Liens conform to their description in Schedule 3.1(u) of the Disclosure Letter.

"Person" means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability corporation, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning.

"Pre-Closing Balance Sheet" has the meaning specified in Section 2.5.

"Public Statement" has the meaning specified in Section 12.5.

"Purchase Price" has the meaning specified in Section 2.2.

"Purchased Shares" has the meaning specified in Section 2.1.

"Purchaser" means Creative Energy Canada Platforms Corp.

"Reconciliation Amount" means the amount that is equal to (a) \$750,000, plus (b) the Buffered REA, minus (c) the Accounts Receivable Adjustment.

"Retained Earnings Adjustment" means the difference between the Corporation's retained earnings as shown on the Closing Balance Sheet and the Corporation's retained earnings as shown on the 2011 Financial Statements.

"Retained Earnings Difference" means the difference between the Corporation's retained earnings as shown on the Closing Balance Sheet and the Corporation's retained earnings as of the Closing Date as shown on the Pre-Closing Balance Sheet.

"Software" means computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs.

"Tax Act" means the *Income Tax Act*, R.S.C. 1985 (5th Supp.) c.1, as amended.

"Tax Returns" means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes.

"Taxes" means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

"Third Party Claim" means any action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a third party, including a Governmental Entity, against an Indemnified Person which entitles the Indemnified Person to make a claim for indemnification under this Agreement.

"Vendor" means each of John Barnes, Jude M. Barnes, Thomas J. Barnes, D.W. Thomson & Company Ltd. and Welsh Holdings Inc.

"Vendors' Representative" means John Barnes.

Section 1.2 Gender and Number.

Any reference in this Agreement to gender includes all genders. Words importing the singular number only shall include the plural and vice versa.

Section 1.3 Headings, etc.

The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect its interpretation.

Section 1.4 Currency.

All references in this Agreement to dollars, or to \$ are expressed in Canadian currency unless otherwise specifically indicated.

Section 1.5 Certain Phrases, etc.

In this Agreement (i) the words "including", "includes" and "include" mean "including (or includes or include) without limitation", and (ii) the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". Unless otherwise specified, the words "Article" and "Section" followed by a number mean and refer to the specified Article or Section of this Agreement. In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.6 Knowledge.

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of the Vendors, it shall be deemed to refer to the knowledge of each of the Vendors and the Corporation. Each Vendor confirms that it has made due and diligent inquiry of the officers of the Vendors and the Corporation as it considers necessary as to the matters that are the subject of the representations and warranties.

Section 1.7 Accounting Terms.

All accounting terms used in this Agreement and not otherwise specifically defined herein are to be interpreted in accordance with ASPE.

Section 1.8 Schedules and Disclosure Letter.

The schedules attached to this Agreement and the Disclosure Letter form an integral part of this Agreement for all purposes of it. The Disclosure Letter itself and all information contained in it is confidential information and may not be disclosed unless (i) it is required to be disclosed pursuant to applicable Law unless such Law permits the Parties to refrain from disclosing the information for confidentiality or other purposes, (ii) it is required to be disclosed to the BCUC, in which case the Parties will request that the BCUC keep it confidential, or (iii) a Party needs to disclose it in order to enforce or exercise its rights under this Agreement.

Section 1.9 References to Persons and Agreements.

Any reference in this Agreement to a Person includes its heirs, administrators, executors, legal personal representatives, successors and permitted assigns. The term "Agreement" and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be amended, restated, replaced, supplemented or novated and includes all schedules to it and the Disclosure Letter.

Section 1.10 Statutes.

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted.

Section 1.11 Non-Business Days.

Whenever payments are to be made or an action is to be taken on a day which is not a Business Day, such payment shall be made or such action shall be taken on or not later than the next succeeding Business Day.

Section 1.12 Positive and Negative Numbers.

In this Agreement, the Estimated Retained Earnings Adjustment, the Retained Earnings Adjustment and the Reconciliation Amount are to be calculated in accordance with their respective definitions and if the result of the calculation is a negative number then the number must be treated as a negative number if it is added to or subtracted from another number. For example, if "a" is a positive number and "b" is a negative number, then "a plus b" equals the number that would be obtained if the positive value of "b" were subtracted from "a". The words "the difference between", when intended to require the subtraction of one number from another, means "the difference, if any".

**ARTICLE 2
PURCHASED SHARES, PURCHASE PRICE AND DEPOSITS**

Section 2.1 Purchase and Sale.

Subject to the terms and conditions of this Agreement, the Vendors agree to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendors on the Closing Date, all (but not less than all) of the issued and outstanding shares of the Corporation (collectively, the "Purchased Shares").

Section 2.2 Purchase Price.

The consideration (the "Purchase Price") payable by the Purchaser to the Vendors for the Purchased Shares is (a) \$32,000,000, plus (b) the Retained Earnings Adjustment, minus (c) the Accounts Receivable Adjustment, minus (d) any part of the Holdback Amount paid to the Purchaser, minus (e) the Retained Earnings Difference, but only if the Retained Earnings Difference is less than \$150,000 and more than -\$150,000. The Purchase Price shall be allocated between the Vendors pro rata in proportion to the number of Purchased Shares held by each of them.

Section 2.3 Payment of Deposits

The Purchaser shall pay two deposits as follows:

- (a) on delivery of the notice described in Section 5.5(4)(a), the Purchaser will pay \$300,000 to the Escrow Agent, to be held in escrow pursuant to the terms and conditions of the Escrow Agreement; and
- (b) on receipt of the BCUC Approval on a basis satisfactory to the Purchaser as set out in Section 6.1(c), the Purchaser will pay \$700,000 to the Escrow Agent, to be held in escrow pursuant to the terms and conditions of the Escrow Agreement.

Section 2.4 Payment of the Purchase Price.

The Purchase Price shall be paid and satisfied as follows:

- (a) at Closing, by the Escrow Agent paying to or to the order of the Vendors \$250,000 of the amount then held by the Escrow Agent under the Escrow Agreement;
- (b) at Closing, by the Purchaser paying to or to the order of the Vendors (i) \$31,000,000, plus (ii) the Estimated Retained Earnings Adjustment; and
- (c) after Closing, by the payment of any amounts payable and described under Section 2.8.

Section 2.5 Preparation of Pre-Closing Statement

- (1) No later than 60 days after receipt of the BCUC Approval (or such other date as is mutually agreed to by the Vendors and the Purchaser in writing), the Vendors will, at their own expense, prepare, or will procure that the Vendors' accountants will prepare, and deliver to the Purchaser, an unaudited pre-closing balance sheet and income statement (the "Pre-Closing Balance Sheet"), estimated as at the Corporation's close of business on the Closing Date. The Pre-Closing Balance Sheet will be prepared in accordance with ASPE applied on a basis consistent with the preparation of the 2011 Financial Statements.
- (2) The Purchaser will have 30 days to review the Pre-Closing Balance Sheet following receipt of it and the Purchaser must notify the Vendors in writing if it has any objections to the Pre-Closing Balance Sheet within such 30 day period. The notice of objection must contain a statement of the basis of each of the Purchaser's objections and each amount in dispute. The Vendors will provide access, upon every reasonable request, to the Purchaser and its auditors, to all work papers of the Vendors, accounting books and records and the appropriate personnel to verify the accuracy, presentation and other matters relating to the preparation of the Pre-Closing Balance Sheet.
- (3) If the Purchaser sends a notice of objection of the Pre-Closing Balance Sheet in accordance with Section 2.5(2), the Parties will work expeditiously and in good faith in an attempt to resolve such objections within 10 days following the date of notification by the Purchaser to the Vendors' Representative of such objections. Failing resolution of any objection to the Pre-Closing Balance Sheet raised by the Purchaser, the dispute will be submitted for determination to an independent firm of chartered accountants mutually agreed to by the Vendors and the Purchaser (and, failing such agreement between the Vendors and the Purchaser within a further period of 5 Business Days, such independent firm of chartered accountants shall be Wolrige Mahon, or if such firm is unable to act, Deloitte). The determination of such firm of chartered accountants will be final and binding upon the Parties and will not be subject to appeal, absent manifest error. Such firm of chartered accountants are deemed to be acting as experts and not as arbitrators.

- (4) If the Purchaser does not notify the Vendors' Representative of any objection within the 30 day period, the Purchaser is deemed to have accepted and approved the Pre-Closing Balance Sheet and such Pre-Closing Balance Sheet will be final, conclusive and binding upon the Parties, and will not be subject to appeal, absent manifest error.
- (5) If the Purchaser sends a notice of objection in accordance with Section 2.5(2), the Parties will revise the Pre-Closing Balance Sheet to reflect the final resolution or final determination of such objections under Section 2.5(2) within two Business Days following such final resolution or determination. Such revised Pre-Closing Balance Sheet will be final, conclusive and binding upon the Parties, and will not be subject to appeal, absent manifest error.
- (6) The Vendors and the Purchaser will each bear their own fees and expenses, including the fees and expenses of their respective auditors and accountants, in preparing or reviewing, as the case may be, the Pre-Closing Balance Sheet. In the case of a dispute and the retention of a firm of chartered accountants to determine such dispute, the costs and expenses of such firm of chartered accountants shall be borne equally by the Vendors (acting jointly) and the Purchaser. However, the Vendors and the Purchaser will each bear their own costs in presenting their respective cases to such firm of chartered accountants.
- (7) The Parties agree that the procedure set forth in this Section 2.5 for resolving disputes with respect to the Pre-Closing Balance Sheet is the sole and exclusive method of resolving such disputes, absent manifest error. This Section 2.5(7) will not prohibit any Party from instigating litigation to compel specific performance of this Section 2.5 or to enforce the determination of the independent firm of chartered accountants.

Section 2.6 Preparation of Closing Statement.

- (1) Within 120 days following the Closing Date (or such other date as is mutually agreed to by the Vendors and the Purchaser in writing), the Purchaser will prepare and deliver to the Vendors' Representative a draft audited closing balance sheet (the "**Draft Closing Balance Sheet**") of the Corporation prepared on the same basis as the Pre-Closing Balance Sheet, as of the close of business on the Closing Date, together with a draft auditor's report on it; provided that the statement of Accounts Receivable forming part of the Draft Closing Balance Sheet shall set out the Accounts Receivable that were due as at the Closing Date and shall indicate the amount of those Accounts Receivable that remains unpaid as at 90 days after the Closing Date. The Draft Closing Balance Sheet will be prepared in accordance with ASPE applied on a basis consistent with the preparation of the 2011 Financial Statements.
- (2) The Vendors will have 10 Business Days to review the Draft Closing Balance Sheet following receipt of it and the Vendors' Representative must notify the Purchaser in writing if the Vendors have any objections to the Draft Closing Balance Sheet within such 10 Business Day period. The notice of objection must contain a statement of the basis of each of the Vendors' objections and each amount in dispute. The Purchaser

will provide access, upon every reasonable request, to the Vendors and their auditors, to all work papers of the Purchaser and its auditors, accounting books and records and the appropriate personnel to verify the accuracy, presentation and other matters relating to the preparation of the Draft Closing Balance Sheet, subject to execution and delivery by the Vendors and their auditors of any agreement or other document, including any release, waiver or indemnity that the Purchaser's auditors require prior to providing such access.

- (3) If the Vendors' Representative sends a notice of objection of the Draft Closing Balance Sheet in accordance with Section 2.6(2), the Parties will work expeditiously and in good faith in an attempt to resolve such objections within 20 Business Days following the date of notification by the Vendors' Representative to the Purchaser of such objections. Failing resolution of any objection to the Draft Closing Balance Sheet raised by the Vendors' Representative, the dispute will be submitted for determination to an independent firm of chartered accountants mutually agreed to by the Vendors and the Purchaser (and, failing such agreement between the Vendors and the Purchaser within a further period of 5 Business Days, such independent firm of chartered accountants shall be Wolrige Mahon, or if such firm is unable to act, Deloitte). The determination of such firm of chartered accountants will be final and binding upon the Parties and will not be subject to appeal, absent manifest error. Such firm of chartered accountants are deemed to be acting as experts and not as arbitrators.
- (4) If the Vendors' Representative does not notify the Purchaser of any objection within the 10 Business Day period, the Vendors are deemed to have accepted and approved the Draft Closing Balance Sheet and such Draft Closing Balance Sheet will be final, conclusive and binding upon the Parties, and will not be subject to appeal, absent manifest error. The Draft Closing Balance Sheet will become the "Closing Balance Sheet" on the next Business Day following the end of such 10 Business Day period.
- (5) If the Vendors' Representative sends a notice of objection in accordance with Section 2.6(2), the Parties will revise the Draft Closing Balance Sheet to reflect the final resolution or final determination of such objections under Section 2.5(3) within two Business Days following such final resolution or determination. Such revised Draft Closing Balance Sheet will be final, conclusive and binding upon the Parties, and will not be subject to appeal, absent manifest error. The Purchaser will then cause its auditors to review and report on such revised Draft Closing Balance Sheet within a further 10 Business Days and the Purchaser will deliver the audited Closing Balance Sheet to the Vendors' Representative together with the auditors' report. The Draft Closing Balance Sheet will become the "Closing Balance Sheet" on the next Business Day following delivery of the audited revised Draft Closing Balance Sheet.
- (6) The Vendors and the Purchaser will each bear their own fees and expenses, including the fees and expenses of their respective auditors and accountants, in preparing or reviewing, as the case may be, the Draft Closing Balance Sheet. In the case of a dispute and the retention of a firm of chartered accountants to determine such dispute, the costs and expenses of such firm of chartered accountants shall be

borne equally by the Vendors (acting jointly) and the Purchaser. However, the Vendors and the Purchaser will each bear their own costs in presenting their respective cases to such firm of chartered accountants.

- (7) The Parties agree that the procedure set forth in this Section 2.6 for resolving disputes with respect to the Draft Closing Balance Sheet is the sole and exclusive method of resolving such disputes, absent manifest error. This Section 2.6(7) will not prohibit any Party from instigating litigation to compel specific performance of this Section 2.6 or to enforce the determination of the independent firm of chartered accountants.

Section 2.7 Notice to Escrow Agent

Not more than two Business Days after the Draft Closing Balance Sheet becomes the Closing Balance Sheet, the Purchaser and the Vendors' Representative will jointly notify the Escrow Agent in writing of the payments to be made by the Escrow Agent pursuant to Section 2.8, ~~in substantially the form of notice set out in Exhibit "B" to the Escrow Agreement.~~

Section 2.8 Post-Closing Reconciliation.

Within four Business Days after the Closing Balance Sheet has been finalized pursuant to Section 2.6:

- (a) If the Reconciliation Amount is between zero and \$750,000, the Escrow Agent will pay to or to the order of the Vendors the amount by which the Reconciliation Amount exceeds any Direct Claim Estimate that has been received by the Escrow Agent at or before that time;
- (b) If the Reconciliation Amount is greater than \$750,000, the Escrow Agent will pay to or to the order of the Vendors \$750,000 minus any Direct Claim Estimate that has been received by the Escrow Agent at or before that time, and the Purchaser will pay to or to the order of the Vendors the difference between the Reconciliation Amount and \$750,000;
- (c) If the Reconciliation Amount is less than zero, the Escrow Agent will pay to or to the order of the Purchaser the amount, if any, by which \$750,000 exceeds any Direct Claim Estimate that has been received by the Escrow Agent at or before that time, and the Vendors will pay to or to the order of the Purchaser the sum of (i) the positive amount of the Reconciliation Amount plus (ii) the amount of any Direct Claim Estimate that has been made at or before that time.

Section 2.9 Form of Payment

Any amounts to be paid by the Vendors or the Purchaser under this Agreement will be paid by bank draft, certified cheque or wire transfer of immediately available funds.

Section 2.10 No Effect on Other Rights.

The determination and adjustment of the Purchase Price in accordance with the provisions of this Article shall not limit or affect any other rights or causes of action either the Purchaser or the Vendors may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement.

**ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE VENDORS**

Section 3.1 Representations and Warranties of the Vendors.

The Vendors jointly and severally represent and warrant as follows to the Purchaser and acknowledge and agree that the Purchaser is relying upon the representations and warranties in connection with its purchase of the Purchased Shares; provided that where a representation or warranty relates to a Vendor, each Vendor shall be deemed to have given that representation or warranty with respect to itself only and not in relation to any other Vendor:

Corporate Matters

- (a) **Incorporation and Qualification.** Each of the Corporation and each corporate Vendor is a corporation incorporated and existing under the laws of British Columbia and has the corporate power to own and operate its property, carry on its business and enter into and perform its obligations under this Agreement and each of the Ancillary Agreements to which it is a party. The Corporation is qualified, licensed or registered to carry on business in British Columbia, which is the only jurisdiction in which the nature of the Assets or the Business makes such qualification necessary or where the Corporation owns or leases any material Assets or conducts any material business.
- (b) **Individual Capacity.** Each Vendor that is an individual is of the full age of majority and is legally competent to execute this Agreement and each of the Ancillary Agreements to which he is a party, and to perform his obligations hereunder and thereunder.
- (c) **Corporate Authorization.** The execution and delivery of, and performance by the Vendors of, this Agreement and each of the Ancillary Agreements to which each of them is a party and the consummation of the transactions contemplated by them have been duly authorized by all necessary corporate action on the part of the Vendors.
- (d) **No Conflict.** Except as disclosed in Schedule 3.1(d) of the Disclosure Letter and except for the filings, notifications and Authorizations described in Schedule 3.1(e) of the Disclosure Letter and the consents, approvals and waivers described in Schedule 3.1(f) of the Disclosure Letter, the execution and delivery of and performance by each Vendor of this Agreement and each of the Ancillary Agreements to which it is a party:

- (i) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of its constating documents or by-laws;
 - (ii) do not and will not (or would not with the giving of notice, the lapse of time or the happening or any other event or condition) constitute or result in a breach or violation of, or conflict with or allow any Person to exercise any rights under, any of the terms or provisions of any Contracts, Leases or instruments to which it is a party or pursuant to which any of its assets or property may be affected;
 - (iii) do not and will not result in a breach of, or cause the termination or revocation of, any Authorization held by any Vendor or the Corporation or necessary to the ownership of the Purchased Shares or the operation of the Business; and
 - (iv) do not and will not result in the violation of any Law.
- (e) **Required Authorizations.** There is no requirement to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Entity as a condition to the lawful completion of the transactions contemplated by this Agreement, except for the filings, notifications and Authorizations described in Schedule 3.1(e) of the Disclosure Letter or that relate solely to the identity of the Purchaser or the nature of the business carried on by the Purchaser prior to Closing.
- (f) **Required Consents.** There is no requirement to obtain any consent, approval or waiver of a party under any Lease or any Contract to which the Corporation is a party to any of the transactions contemplated by this Agreement, except for the consents, approvals and waivers described in Schedule 3.1(f) of the Disclosure Letter.
- (g) **Execution and Binding Obligation.** This Agreement and each of the Ancillary Agreements to which any of the Vendors or the Corporation is a party have been duly executed and delivered by each of the Vendors or the Corporation, as the case may be, and constitute legal, valid and binding agreements of it enforceable against it in accordance with their respective terms.
- (h) **Authorized and Issued Capital.** The authorized capital of the Corporation consists of 250,000 Common shares without par value, of which (i) at this date, 53,385 Common shares (and no more) have been duly issued and are outstanding as fully paid and non-assessable, and (ii) at the Closing Date, 53,385 Common shares (and no more) shall have been duly issued and shall be outstanding as fully paid and non-assessable. Each Vendor holds the number of Purchased Shares set out opposite its name in Schedule 3.1(h) of

the Disclosure Letter. All of the Purchased Shares have been issued in compliance with all applicable Laws including applicable securities Laws.

- (i) **No Other Agreements to Purchase.** Except for the Purchaser's right under this Agreement, no Person has any written or oral agreement, option or warrant or any right or privilege (whether by Law, pre emptive or contractual) capable of becoming such for (i) the purchase or acquisition from any Vendor of any of the Purchased Shares, or (ii) the purchase, subscription, allotment or issuance of any of the unissued shares or other securities of the Corporation.
- (j) **Title to Purchased Shares.** The Purchased Shares are owned by each Vendor as the registered and beneficial owner with a good title, free and clear of all Liens other than those restrictions on transfer, if any, contained in the articles of the Corporation. Upon completion of the transaction contemplated by this Agreement, the Purchaser will have good and valid title to Purchased Shares, free and clear of all Liens other than (i) those restrictions on transfer, if any, contained in the articles of the Corporation, and (ii) Liens granted by the Purchaser.
- (k) **Dividends and Distributions.** Since the Interim Balance Sheet Date, the Corporation has not, directly or indirectly, declared or paid any dividends or declared or made any other distribution on any of its shares of any class and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares of any class or agreed to do so.
- (l) **Corporate Records.** The Corporate Records are complete and accurate and all corporate proceedings and actions reflected in the Corporate Records have been conducted or taken in compliance with all applicable Laws and with the articles of the Corporation. Without limiting the generality of the foregoing (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders held since incorporation and all such meetings were properly called and held, (ii) the minute books contain all resolutions passed by the directors and shareholders (and committees, if any) and all such resolutions were properly passed, (iii) the share certificate books, register of shareholders and register of transfers are complete and accurate, all transfers have been properly completed and approved and any tax payable in connection with the transfer of any securities has been paid, and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers were properly elected or appointed, as the case may be. The Corporation has never been subject to, or affected by, any unanimous shareholders' agreement.
- (m) **Residence of the Vendors.** None of the Vendors is a non-resident of Canada within the meaning of the Tax Act and the Corporation is a registrant for purposes of any taxes imposed under Part IX of the *Excise Tax Act*.

General Matters Relating to the Business

- (n) **Conduct of Business in Ordinary Course.** Except as disclosed in Schedule 3.1(n) of the Disclosure Letter, since the Interim Balance Sheet Date, the Business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing, except as disclosed in Schedule 3.1(n) of the Disclosure Letter, the Corporation has not:
- (i) sold, transferred or otherwise disposed of or diminished the value of any assets used in the Business except for (A) assets which are obsolete and which individually or in the aggregate do not exceed \$10,000, or (B) inventory sold in the Ordinary Course;
 - (ii) made any capital expenditure or commitment to do so which individually or in the aggregate exceeded \$300,000;
 - (iii) discharged any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which individually or in the aggregate exceeded \$10,000;
 - (iv) increased its indebtedness for borrowed money or made any loan or advance, or assumed, guaranteed or otherwise became liable with respect to the liabilities or obligation of any Person;
 - (v) made any bonus or profit sharing distribution or similar payment of any kind except as may be required by the terms of a Material Contract, a contract listed in Schedule 3.1(II) of the Disclosure Letter, or a Collective Agreement; provided that if any bonus, distribution or payment has been made, the date, amount, recipient and other terms of each such bonus, distribution or payment is set out in Schedule 3.1(II) of the Disclosure Letter;
 - (vi) removed any auditor or director or terminated any officer or other senior employee;
 - (vii) written off as uncollectible any Accounts Receivable which individually or in the aggregate is material to the Corporation or is in excess of \$10,000;
 - (viii) granted any general increase in the rate of wages, salaries, bonuses or other remuneration of any employees of the Corporation except as may be required by the terms of a Material Contract, a contract listed in Schedule 3.1(II) of the Disclosure Letter, or a Collective Agreement; provided that if any increase has been made, the date, amount, recipient and other terms of each such increase is set out in Schedule 3.1(II) of the Disclosure Letter;

- (ix) increased the benefits to which employees of the Corporation are entitled under any Employee Plan or created any new Employee Plan for any employee;
 - (x) suffered any extraordinary loss, whether or not covered by insurance;
 - (xi) suffered any material shortage or any cessation or interruption of inventory shipments, supplies or ordinary services;
 - (xii) cancelled or waived any material claims or rights;
 - (xiii) compromised or settled any litigation, proceeding or other governmental action relating to the Assets, the Business or the Corporation;
 - (xiv) cancelled or reduced any of its insurance coverage;
 - (xv) permitted any of its facilities to be shut down for any period of time in excess of 12 hours;
 - (xvi) made any change in any method of accounting or auditing practice, or amended or approved any amendment to its constating documents, by-laws or capital structure; or
 - (xvii) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.
- (o) **No Material Adverse Change.** Since the Interim Balance Sheet Date, there has not been any material adverse change in the affairs, prospects, operations or condition of the Corporation, any of the Assets or the Business and to the knowledge of the Vendors no event has occurred or circumstance exists which may result in such a material adverse change.
- (p) **Prudence and Compliance with Laws.** The Corporation is conducting and has always conducted the Business and any past business (i) with at least the same level of prudence and diligence as a reasonable operator of a business in the same industry as the Business, and (ii) in compliance with all applicable Laws other than acts of non-compliance which, individually or in the aggregate, are not material.
- (q) **Authorizations.** The Corporation owns, holds, possesses or lawfully uses in the operation of the Business, all Authorizations which are necessary for it to conduct the Business as presently or previously conducted or for the ownership and use of the Assets in compliance with all applicable Laws. All Authorizations material to the Corporation or the Business are listed in Schedule 3.1(q) of the Disclosure Letter, and a true, correct and complete copy of the Certificate of Public Convenience and Necessity, as amended and supplemented, in relation to the Business, is attached to Schedule 3.1(q) of the

Disclosure Letter. Each Authorization is valid, subsisting and in good standing, the Corporation is not in default or breach of any Authorization and, to the knowledge of the Vendors, no proceeding is pending or threatened to revoke or limit any Authorization. Except as disclosed in Schedule 3.1(q) of the Disclosure Letter, all Authorizations are renewable in accordance with their terms or in the ordinary course of business without the need for the Corporation to comply with any special rules or procedures, agree to any materially different terms or conditions or pay any amounts other than routine filing fees. None of the Vendors and no affiliate of any of the Vendors owns or has any proprietary, financial or other interests (direct or indirect) in any Authorization which the Corporation owns, possesses or uses in the operation of the Business as now or previously conducted.

- (r) **Plant Operations.** In the past 5 years, the Corporation's plant has experienced no unplanned shutdowns or outages other than as set out in Schedule 3.1(r) of the Disclosure Letter. None of the Vendors is aware of any known circumstance or inherent defect relating to the Corporation's plant or equipment that would be reasonably likely to result in an unplanned shutdown or outage.
- (s) **Rate Base Determination.** To the knowledge of the Vendors, other than any analysis that was commenced by the BCUC as a direct result of an application for consent sought by the Parties under Section 6.1(c), neither the Corporation nor the Business is the subject of any ongoing or pending rate base investigation, cost of service analysis, performance analysis, or any other analysis, investigation, study or determination by the BCUC.

Matters Relating to the Assets

- (t) **Sufficiency of Assets.** The Business is the only business operation carried on by the Corporation. The Assets include all rights and property necessary to enable the Corporation to conduct the Business after the Closing substantially in the same manner as it has been conducted to the date of this Agreement and will have been conducted prior to the Closing. With the exception of inventory, motor vehicles and equipment in transit, pipes in the ground and pressure reduction valves and similar equipment located on the premises of customers, all of the Assets are situate at the Owned Properties.
- (u) **Title to the Assets.** The Corporation owns (with good title) all of the properties and assets (whether real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the Corporation in its financial Books and Records. Except as disclosed in Schedule 3.1(u) of the Disclosure Letter, the Corporation has legal and beneficial ownership of the Assets free and clear of all Liens. No other Person owns any property or assets which are being used in the Business except for the personal property leased by the Corporation pursuant to the Material Contracts and the Intellectual Property licensed to the Corporation and disclosed in Schedule 3.1(dd) of the Disclosure Letter.

- (v) **No Options, etc. to Purchase Assets.** Except as disclosed in Schedule 3.1(v) of the Disclosure Letter, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming such for the purchase or other acquisition from the Corporation of any of the Assets.

- (w) **Condition of Tangible Assets.** The buildings, plants, structures, vehicles, equipment, technology and communications hardware and other tangible personal property of the Corporation (including the Buildings and Fixtures) are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put. None of such buildings, plants, structures, vehicles, equipment or other property are in need of maintenance or repairs except for routine maintenance and repairs in the Ordinary Course that are not material in nature or cost.

- (x) **Owned Property.** The Corporation has good and marketable title to the Owned Properties free and clear of all Liens except for Permitted Liens. The Corporation is not the owner or lessee of, or subject to any agreement or option to own or lease, any real property or any interest in any real property, other than the Owned Properties. To the best of the knowledge of the Vendors, all of the Buildings and Fixtures were constructed in accordance with all applicable Laws and the Corporation has adequate rights of ingress and egress into the Owned Properties for the operation of the Business in the Ordinary Course. None of the Owned Properties or the Buildings and Fixtures, nor their use, operation or maintenance for the purpose of carrying on the Business, violates any restrictive covenant or any provision of any Law or encroaches on any property owned by any other Person. No condemnation or expropriation proceeding is pending or, to the knowledge of the Vendors, threatened against any of the Owned Properties. There are no outstanding work orders from or required by any municipality, police department, fire department, sanitation, health or safety authorities or from any other Person and there are no matters under discussion with or by the Corporation relating to any work orders.

- (y) **Leases.** The Corporation is not a party to, or under any agreement to become a party to, any lease with respect to real property other than the Leases, copies of which have been provided to the Purchaser. Each Lease is in good standing, creates a good and valid leasehold estate in the Leased Properties thereby demised and is in full force and effect without amendment, except as disclosed in Schedule 3.1(y) of the Disclosure Letter. With respect to each Lease (i) all rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of the lessee's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act (including the purchase of the Purchased Shares) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default under the Lease, and (iv) to the

knowledge of the Vendors, all of the covenants to be performed by any other party under the Lease have been fully performed. Schedule 3.1(y) of the Disclosure Letter contains a list of all of the Leases of any portion of the Owned Properties, copies of which have been provided to the Purchaser. The Corporation is not a party to, or under any agreement to become a party to, any lease as tenant with respect to any real property.

- (z) **Material Contracts.** Except for the Contracts described in Schedule 3.1(z) of the Disclosure Letter (collectively, the "Material Contracts"), the Leases, the Collective Agreements, the Employee Plans listed in Schedule 3.1(mm) of the Disclosure Letter, the insurance policies listed in Schedule 3.1(nn) of the Disclosure Letter, the Contracts listed in Schedule 3.1(dd) of the Disclosure Letter and the Contracts listed in Schedule 3.1(ll) of the Disclosure Letter, the Corporation is not a party to or bound by:
- (i) ~~any distributor, sales, advertising, agency or manufacturer's representative Contract;~~
 - (ii) any continuing Contract for the purchase of materials, supplies, equipment or services involving in the case of any such Contract more than \$50,000 over the life of the Contract;
 - (iii) any Contract that expires or may be renewed at the option of any Person other than the Corporation so as to expire more than one year after the date of this Agreement;
 - (iv) any trust indenture, mortgage, promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, interest rate, commodities or other hedging arrangement or any leasing transaction of the type required to be capitalized in accordance with ASPE;
 - (v) any Contract for capital expenditures in excess of \$100,000 in the aggregate;
 - (vi) any confidentiality, secrecy or non-disclosure Contract or any Contract limiting the freedom of the Corporation to engage in any line of business, compete with any other Person, solicit any Persons for any purpose, operate its assets at maximum production capacity or otherwise conduct its business;
 - (vii) any Contract pursuant to which the Corporation is a lessor of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
 - (viii) INTENTIONALLY DELETED;

- (ix) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or indebtedness of any other Person;
- (x) any Contract in respect of the Intellectual Property owned by, licensed to or used by the Corporation;
- (xi) any Contract made out of the Ordinary Course; or
- (xii) any Contract that is material to the Business.

(aa) **No Breach of Material Contracts.** The Corporation has performed all of the obligations required to be performed by it and is entitled to all benefits under the Material Contracts. The Corporation is not alleged to be in default of any Material Contract. Each of the Material Contracts is in full force and effect, unamended, and there exists no default or event of default or event, occurrence, condition or act (including the purchase of the Purchased Shares) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default under any Material Contract. True, correct and complete copies of all Material Contracts have been delivered to the Purchaser.

(bb) **No Breach of Other Contracts.** With respect to Contracts to which the Corporation is a party that are not Material Contracts, the Corporation has not violated or breached, in any respect, any of the terms or conditions of any such Contract, and, to the knowledge of the Vendors, all the covenants to be performed by any other party to such Contracts have been fully performed.

(cc) **Accounts Receivable.** All Accounts Receivable are bona fide, and, subject to an allowance for doubtful accounts that has been reflected in the Books and Records in accordance with ASPE and consistent with past practice, collectible without set off or counterclaim.

(dd) **Intellectual Property and Software.**

- (i) Schedule 3.1(dd) of the Disclosure Letter sets out a list of all Intellectual Property and Software owned by or licensed to the Corporation or used by the Corporation in carrying on the Business. The Corporation will be entitled to continue to use, practice and exercise its rights in and to the Intellectual Property and the Software after Closing to the same extent and in the same manner as such Intellectual Property and Software is used, practiced and exercised by the Corporation prior to Closing without financial obligation to any Person.

- (ii) None of the Intellectual Property owned by the Corporation has been registered, nor are any applications for registration pending in respect of any Intellectual Property owned by the Corporation.
- (iii) Except as set forth in Schedule 3.1(dd) of the Disclosure Letter, the Corporation owns all right, title and interest in and to the Intellectual Property owned by the Corporation, free and clear of all Liens and the Corporation has the right to use all the Intellectual Property used by it in carrying on the Business. The Corporation has taken all reasonable steps to protect its rights in and to its owned Intellectual Property, in each case in accordance with industry practice.
- (iv) Except as set forth in Schedule 3.1(dd) of the Disclosure Letter, the Corporation has not granted to any Person any right, license or permission to use all or any portion of, or otherwise encumbered any of its rights in, or to, any of the Intellectual Property or Software owned by, licensed to or used by the Corporation. Except as set forth in Schedule 3.1(dd) of the Disclosure Letter, the Corporation is not obligated to pay any royalties, fees or other compensation to any Person in respect of its ownership, use or license of any Intellectual Property or Software.
- (v) The operation of the Business does not infringe upon the Intellectual Property rights of any Person. Except as set forth in Schedule 3.1(dd) of the Disclosure Letter, no claims have been asserted or are threatened by any Person alleging that the conduct of the Business, including the use of the Intellectual Property owned by, licensed to or used by the Corporation, infringes upon any of their Intellectual Property rights.
- (vi) The transaction contemplated by this Agreement and the continued operation of the Business will not violate or breach the terms of any Intellectual Property license, or entitle any other party to any such Intellectual Property license to terminate or modify it, or otherwise adversely affect the Corporation's rights under it.
- (vii) Except as set forth in Schedule 3.1(dd) of the Disclosure Letter, to the knowledge of the Vendors, no Person is currently infringing any of the Intellectual Property owned by, licensed to or used by the Corporation.
- (viii) Except as set forth in Schedule 3.1(dd) of the Disclosure Letter, none of the Corporation's owned Intellectual Property or Software has been developed with the assistance or use of any funding from third parties or third party agencies, including funding from any Governmental Entity.

- (ix) Except as set forth in Schedule 3.1(dd) of the Disclosure Letter, no current or former employees and consultants of the Corporation whose duties or responsibilities relate to the Business have entered into confidentiality, intellectual property assignment and proprietary information agreements with and in favour of the Corporation, nor has any such Person waived its non-assignable rights (including moral rights) to any Intellectual Property created by it on behalf of the Corporation. No such Person has asserted any moral or legal rights to Intellectual Property created by it on behalf of the Corporation.
 - (x) There have been no material interruptions in the technology support of the Corporation in the past 2 years.
 - (xi) The Corporation does not have and has never had an Internet Web homepage.
 - (xii) The Corporation has provided representatives of the Purchaser with access to the Corporation's operating manuals, which include the Corporation's business interruption plans.
- (ee) **Inventories.** The inventory of the Corporation is good and usable and is capable of being processed and used by the Corporation in the Ordinary Course, subject to a reasonable allowance for obsolete inventory consistent with the allowances reflected in the 2012 Financial Statements and the Interim Financial Statements. The inventory levels of the Corporation have been maintained at levels sufficient for the continuation of the Business in the Ordinary Course. All inventories of the Corporation have been determined and valued in accordance with the policies, practices and procedures set forth on Schedule 3.1(ee) of the Disclosure Letter.
- (ff) **Subsidiaries.** The Corporation has no subsidiaries and holds no shares or other ownership, equity or proprietary interests in any other Person.

Financial Matters

- (gg) **Books and Records.** All accounting and financial Books and Records have been fully, properly and accurately kept and completed in all material respects. The Books and Records and other data and information are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which will not be available to the Corporation in the Ordinary Course.
- (hh) **Financial Statements.** The 2012 Financial Statements and the Interim Financial Statements have been prepared in accordance with ASPE, except as disclosed in Schedule 3.1(hh) of the Disclosure Letter, applied on a basis consistent with those of previous fiscal years and each presents fairly:

- (i) the assets, liabilities, (whether accrued, absolute, contingent or otherwise) and financial position of the Corporation as at the respective dates of the relevant statements; and
- (ii) the sales and earnings of the Corporation during the periods covered by the 2012 Financial Statements or Interim Financial Statements, as the case may be.

True, correct and complete copies of the 2012 Financial Statements and the Interim Financial Statements are attached as **Schedule 3.1(hh)** of the Disclosure Letter.

- (ii) **No Liabilities.** The Corporation has no liabilities or obligations of any nature whatsoever, whether known, unknown, due, to become due, direct, indirect, absolute, contingent or otherwise and whether or not required to be accrued on the financial statements of the Corporation and no matter, fact, circumstance or event has occurred which will give rise to any liability or obligation after Closing of any nature whatsoever, except for, in either case, (i) liabilities and obligations reflected or reserved against in the 2012 Financial Statements or the Interim Financial Statements, (ii) current liabilities incurred after the Interim Balance Sheet Date which liabilities are in the Ordinary Course, or (iii) liabilities and obligations disclosed in the Disclosure Letter (including Schedule 3.1(ii) of the Disclosure Letter).
- (jj) **Bank Accounts and Powers of Attorney.** Schedule 3.1(jj) of the Disclosure Letter sets out a correct and complete list showing the name of each bank in which the Corporation has an account or safe deposit box and the names of all Persons authorized to draw on the account or to have access to the safety deposit box. No Person holds a power of attorney from the Corporation.

Particular Matters Relating to the Business

(kk) Environmental Matters.

- (i) The Corporation has not transported, removed or disposed of any waste to a location outside of Canada.
- (ii) The Corporation has not been required by any Governmental Entity to (i) alter any of the Owned Properties in a material way in order to be in compliance with Environmental Laws, or (ii) perform any environmental closure, decommissioning, rehabilitation, restoration or post-remedial investigations, on, about, or in connection with any real property.
- (iii) Except as disclosed in Schedule 3.1(kk)(iii) of the Disclosure Letter, the Assets are capable of, and are not, except as set out in Schedule 3.1(kk)(iii) of the Disclosure Letter, restricted by any Authorization or Contract from, being operated at maximum daily and annual

production capacity while remaining in compliance with Environmental Laws;

- (iv) The Corporation has in place comprehensive environmental management policies which include a corporate environmental policy, an employee training program and a spill response plan and the Corporation is complying, in all material respects, with all such policies.
- (v) Copies of all reports and documents relating to the environmental matters affecting the Corporation or any of the Owned Properties produced since January 1, 2005 which are in the possession or under the control of the Vendors have been provided to the Purchaser. To the knowledge of the Vendors, there are no other reports or documents relating to environmental matters affecting the Corporation or any of the Owned Properties which have not been made available to the Purchaser whether by reason of confidentiality restrictions or otherwise.

(II) **Employees.**

- (i) The Corporation is in compliance with all terms and conditions of employment and all Laws respecting employment, including pay equity, wages and hours of work and occupational health and safety, and there are no outstanding claims, complaints, investigations or orders under any such Laws.
- (ii) The Corporation has not and is not engaged in any unfair labour practice and no unfair labour practice complaint, grievance or arbitration proceeding is pending or, to the knowledge of the Vendors, threatened against the Corporation.
- (iii) No collective agreement is currently being negotiated by the Corporation or any other Person in respect of employees of the Corporation and the only collective agreements in force with respect to employees of the Corporation are the Collective Agreements, true, correct and complete copies of which have been provided to the Purchaser. To the knowledge of the Vendors, the Corporation has not committed any breaches of its obligations under the Collective Agreements, there are no grievances or arbitration proceedings thereunder and there are no written or oral agreements or course of conduct which modify the terms of the Collective Agreements.
- (iv) Except in respect of the Collective Agreements, no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of the employees of the Corporation by way of certification, interim certification, voluntary recognition, or succession rights, or has

applied or, to the knowledge of the Vendors, threatened to apply to be certified as the bargaining agent of any employees of the Corporation. To the knowledge of the Vendors, there are no threatened or pending union organizing activities involving any employees of the Corporation. There is no labour strike, dispute, work slowdown or stoppage pending or involving or, to the knowledge of the Vendors, threatened against the Corporation and no such event has occurred within the last five (5) years.

- (v) No trade union has applied to have the Corporation declared a related employer pursuant to the *Labour Relations Code* (British Columbia) or any similar legislation in any jurisdiction in which the Corporation carries on business.
- (vi) All amounts due or accrued due for all salary, wages, bonuses, commissions, vacation with pay, and benefits under the Employee Plans have either been paid or are accurately reflected in the Books and Records.
- (vii) Schedule 3.1(II) of the Disclosure Letter contains a correct and complete list of each employee, director, independent contractor, consultant and agent of the Corporation, whether actively at work or not, showing their names, employee numbers, salaries, wage rates, commissions and consulting fees, bonus arrangements, benefits, positions, ages, status as full-time or part-time employees, location of employment and length of service and any written employment Contract they have. In addition, with respect to the employees, Schedule 3.1(II) of the Disclosure Letter contains for each employee their annual vacation entitlement in days, vacation days taken and vacation days remaining; their annual sick day entitlement, sick days taken and sick days remaining.
- (viii) Except as disclosed in Schedule 3.1(II) of the Disclosure Letter, no employee of the Corporation has any agreement as to length of notice or severance payment required to terminate his or her employment, other than such as results by Law from the employment of an employee without an agreement as to notice or severance.
- (ix) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workplace safety and insurance legislation and the Corporation has not been reassessed in any material respect under such legislation during the past three (3) years and, to the knowledge of the Vendors, no audit of the Corporation is currently being performed pursuant to any applicable workplace safety and insurance legislation. There are no claims or potential claims which may materially adversely affect the Corporation's accident cost experience in respect of the Business.

- (x) The Corporation has received no orders nor inspection reports under applicable Occupational Health and Safety legislation ("OHSA"). There are no charges pending under OHSA.

(mm) **Employee Plans.**

- (i) Schedule 3.1(mm) of the Disclosure Letter lists and describes all Employee Plans. The Corporation has furnished to the Purchaser true, correct and complete copies of all the Employee Plans as amended, together with all related documentation including funding and investment management agreements, summary plan descriptions, the most recent actuarial reports, financial statements, asset statements, material opinions and memoranda (whether externally or internally prepared) and material correspondence with regulatory authorities or other relevant Persons. No changes have occurred or are expected to occur which would materially affect the information contained in the actuarial reports, financial statements or asset statements required to be provided to the Purchaser.
- (ii) All Employee Plans have been established, registered, administered, communicated and invested in accordance with all Laws. No fact or circumstance exists which could adversely affect the registered status of any such Employee Plan. Neither the Corporation, nor any of its agents or delegates, has breached any fiduciary obligation with respect to the administration or investment of any Employee Plan.
- (iii) The Corporation has made all contributions and paid all premiums in respect of each Employee Plan in a timely fashion in accordance with the terms of each Employee Plan and applicable Laws. The Corporation has paid in full all contributions and premiums for the period up to the Closing Date even though not otherwise required to be paid until a later date or has made full and adequate disclosure of and provision for such contributions and premiums in the Books and Records.
- (iv) Each Employee Plan that is a funded plan is fully funded on both a going concern and solvency basis pursuant to the actuarial assumptions and methodology utilized in the most recent actuarial valuation for that Employee Plan.
- (v) No Employee Plan has been amended, modified, supplemented, terminated or cancelled since the date of the 2012 Financial Statements.
- (vi) Other than routine claims for benefits, no Employee Plan is subject to any pending action, investigation, examination, claim (including claims for Taxes) or any other proceeding initiated by any Person, and there exists no state of facts which could reasonably be expected to

give rise to any such action, investigation, examination, claim or other proceeding.

- (vii) With respect to each Employee Plan that is a registered pension plan:
 - (i) the Corporation may take contribution holidays under or withdraw surplus from the Employee Plan, subject only to approvals required by Laws and the provisions of the Employee Plans; (ii) the Employee Plan has not received a transfer of assets from or been merged with another registered pension plan; (iii) the Employee Plan has not been subject to a partial wind-up in respect of which surplus assets relating to the partial wind-up group were not dealt with at the time of partial wind-up; (iv) no surplus assets have been withdrawn, other than proper payments of benefits to eligible beneficiaries, refunds of over-contributions and permitted payments of reasonable expenses incurred by or in respect of the Employee Plan; and (v) no conditions have been imposed by any Person and no undertakings or commitments have been given to any employee, union or any other Person concerning the use of assets relating to the Employee Plan or any related funding medium.
- (viii) No insurance policy or any other agreement affecting any Employee Plan requires or permits a retroactive increase in contributions, premiums or other payments due under such insurance policy or agreement. The level of insurance reserves under each insured Employee Plan is reasonable and sufficient to provide for all incurred but unreported claims.
- (ix) None of the Employee Plans (other than pension plans) provide for retiree benefits or for benefits to retired employees or to the beneficiaries or dependants of retired employees.
- (x) Subject to the requirements of applicable Laws, no provision of any Employee Plan or of any agreement, and no act or omission of the Corporation, in any way limits, impairs, modifies or otherwise affects the right of the Corporation to unilaterally amend or terminate any Employee Plan, and no commitments to improve or otherwise amend any Employee Plan have been made.
- (xi) None of the Employee Plans enjoy any special tax status under any Laws, nor have any advance tax rulings been sought or received in respect of any Employee Plan.
- (xii) All employee data necessary to administer each Employee Plan in accordance with its terms and conditions and all Laws is in possession of the Corporation and such data is complete, correct, and in a form which is sufficient for the proper administration of each Employee Plan.

- (nn) **Insurance.** The Assets are insured against loss or damage by all insurable hazards or risks on a replacement cost basis. Schedule 3.1(nn) of the Disclosure Letter contains a correct and complete list of insurance policies which are maintained by the Corporation setting out, in respect of each policy, the type of policy, the name of insurer, the coverage allowance, the expiration date, the annual premium and any pending claims. The Corporation is not in default with respect to the payment of any premiums under any insurance policy and has not failed to give any notice or to present any claim under any insurance policy in a due and timely fashion. To the knowledge of the Vendors, there are no circumstances in respect of which any Person could make a claim under any insurance policy. There has not been any material adverse change in the relationship of the Corporation with its insurers, the availability of coverage, or in the premiums payable pursuant to the policies. Schedule 3.1(nn) of the Disclosure Letter includes a list setting forth any and all claims, with reasonable particulars, made under any policies of insurance maintained by or for the benefit of the Corporation over the past 5 calendar years prior to this date. Copies of all insurance policies of the Corporation and the most recent inspection reports received from insurance underwriters have been delivered to the Purchaser.
- (oo) **Litigation.** Except as described in Schedule 3.1(oo) of the Disclosure Letter, there are no (i) actions, suits or proceedings, at law or in equity, by any Person (including the Corporation), (ii) any grievance, arbitration or alternative dispute resolution process, or (iii) administrative or other proceeding by or before (or to the knowledge of the Vendors any investigation by) any Governmental Entity, pending, or, to the knowledge of the Vendors, threatened against the Corporation, the Business or any of the Assets, and, to the knowledge of the Vendors, there is no valid basis for any such action, complaint, grievance, suit, proceeding, arbitration or investigation by or against the Corporation. The Corporation is not subject to any judgment, order or decree entered in any lawsuit or proceeding nor has the Corporation settled any claim prior to being prosecuted in respect of it. The Corporation is not the plaintiff or complainant in any action, suit or proceeding, grievance, arbitration or alternative dispute resolution process;
- (pp) **Customers and Suppliers.** Schedule 3.1(pp) of the Disclosure Letter is a true and correct list setting forth the ten largest customers and the ten largest suppliers of the Corporation by dollar amount for the 12 month period ended December 31, 2012. The Vendors have no reason to believe that the benefits of any relationship with any of the major customers or suppliers of the Corporation will not continue after the Closing Date in substantially the same manner as prior to the date of this Agreement.
- (qq) **Taxes.**
- (i) The Corporation has paid all Taxes which are due and payable within the time required by applicable Law, and has paid all assessments

and reassessments it has received in respect of Taxes. The Corporation has made full and adequate provision in the Books and Records and Interim Financial Statements for all Taxes which are not yet due and payable but which relate to periods ending on or before the Closing Date. The Corporation has not received any refund of Taxes to which it not entitled.

- (ii) The liability for Taxes of the Corporation has been assessed by all relevant Governmental Entities for all periods up to and including the year ended December 31, 2012. There are no outstanding agreements, arrangements, waivers or objections extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of Taxes or the filing of any Tax Return by, or any payment of Taxes by, the Corporation. The Corporation has not received a ruling from any Governmental Entity in respect of Taxes or signed an agreement in respect of Taxes with any Governmental Entity and, without limiting the generality of the foregoing, the Corporation is not a party to or bound by any obligation under any Tax sharing or allocation agreement or similar contract or arrangement (whether or not written) nor does the Corporation owe any amount under any such agreement.
- (iii) There are no claims, actions, suits, audits, proceedings, investigations or other action pending or threatened against the Corporation in respect of Taxes and, to the knowledge of the Vendors, there is no reason to expect that any such claim, action, suit, audit, proceeding, investigation or other action may be asserted against the Corporation by a Governmental Entity for any period ending on or prior to the Closing Date. The Corporation is not negotiating any final or draft assessment or reassessment in respect of Taxes with any Governmental Entity and the Corporation has not received any indication from any Governmental Entity that an assessment or reassessment is proposed or may be proposed in respect of any Taxes for any period ending on or prior to the Closing Date. There are no facts of which the Corporation or the Vendors are aware which would constitute grounds for the assessment or reassessment of Taxes payable by the Corporation for any period ending on or prior to the Closing Date, except in respect of Taxes that are provided for in the Books and Records and Interim Financial Statements.
- (iv) The Corporation has withheld and collected all amounts required by applicable Law to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity within the time prescribed under any applicable Law.
- (v) The Corporation is not subject to any liability for Taxes of any other Person.

- (vi) The Corporation has filed or caused to be filed with the appropriate Governmental Entity, within the times and in the manner prescribed by applicable Law, all federal, provincial, local and foreign Tax Returns which are required to be filed by or with respect to it, will prepare and file such Tax Return required to be filed by reason of the change in control of the Corporation resultant from the closing of the transaction herein contemplated. The information contained in such Tax Returns, is correct and complete and all such Tax Returns reflect accurately all liability for Taxes of the Corporation for the periods covered thereby.
- (vii) The Corporation is not subject to any joint venture, partnership or other arrangement or contract that is treated as a partnership for income tax purposes in any jurisdiction.
- (viii) To the knowledge of the Vendors, no claim has ever been made by a Governmental Entity in respect of Taxes in a jurisdiction where the Corporation does not file Tax Returns that the Corporation is or may be subject to Tax by that jurisdiction.
- (rr) **Privacy.** The Corporation is conducting the Business in compliance with all applicable Laws governing privacy and the protection of personal information, including the *Personal Information Protection Act* (British Columbia), other than acts of non-compliance which individually or in the aggregate are not material. The Corporation has a written privacy policy which governs the collection, use and disclosure of personal information and the Corporation is in compliance in all material respects with such policy.
- (ss) **Vendors' Representative.** The Vendors have duly authorized the Vendors' Representative to give and receive notices and directions on their behalf as contemplated in this Agreement, and each of the Vendors will be bound by all notices and directions given and received by the Vendors' Representative.
- (tt) **Full Disclosure.** Neither this Agreement nor any Ancillary Agreement to which any of the Vendors or the Corporation is a party (i) contains any untrue statement of a material fact in respect of the Vendors, the affairs, prospects, operations or condition of the Corporation, the Assets or the Business, or (ii) omits any statement of a material fact necessary in order to make the statements in respect of the Vendors, the affairs, prospects, operations or condition of the Corporation, the Assets or the Business contained herein or therein not misleading. Except as set out in Schedule 3.1(tt) of the Disclosure Letter, there is no fact known to the Corporation or the Vendors which materially and adversely affects the affairs, prospects, operations or condition of the Corporation, the Assets or the Business which has not been set forth in this Agreement. No agreement, commitment, transaction or state of affairs that has not been disclosed to the Purchaser due to a duty of confidentiality held by the Corporation or any Vendor exists, or, to the knowledge of the Vendors, is pending, that would be likely to

negatively impact the Purchaser's decision to purchase the Purchased Shares or operate the Business, or that would obligate the Corporation to an agreement, commitment or transaction (other than the duty of confidentiality itself) that the Corporation cannot terminate at any time without penalty.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

Section 4.1 Representations and Warranties of the Purchaser.

The Purchaser represents and warrants as follows to the Vendors and acknowledges and agrees that the Vendors are relying on such representations and warranties in connection with its sale of the Purchased Shares:

- (a) **Incorporation and Corporate Power.** The Purchaser is a corporation incorporated and existing under the laws of British Columbia. The Purchaser has the corporate power and authority to enter into and perform its obligations under this Agreement and each of the Ancillary Agreements to which it is a party.
- (b) **Corporate Authorization.** The execution and delivery of and performance by the Purchaser of this Agreement and each of the Ancillary Agreements to which it is a party and the consummation of the transactions contemplated by them have been duly authorized by all necessary corporate action on the part of the Purchaser.
- (c) **No Conflict.** The execution and delivery of and performance by the Purchaser of this Agreement and each of the Ancillary Agreements to which it is a party:
 - (i) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any other Person to exercise any rights under, any of the terms or provisions of its constating documents or by-laws;
 - (ii) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a breach or violation of, or conflict with or allow any other Person to exercise any rights under, any of the terms or provisions of any Contracts or instruments to which it is a party; and
 - (iii) do not and will not result in the violation of any Law.
- (d) **Execution and Binding Obligation.** This Agreement and each of the Ancillary Agreements to which the Purchaser is a party have been duly executed and delivered by the Purchaser and constitute legal, valid and binding agreements of the Purchaser, enforceable against it in accordance

with their respective terms subject only to any limitation under applicable laws relating to (i) bankruptcy, winding-up insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

ARTICLE 5
PRE-CLOSING COVENANTS OF THE PARTIES

Section 5.1 Conduct of Business Prior to Closing.

- (1) During the Interim Period, the Vendors will use their best commercial efforts to cause the Corporation to conduct the Business in the Ordinary Course.
- (2) Without limiting the generality of Section 5.1(1), but subject to Section 5.1(4), the Vendors will use their best commercial efforts to cause the Corporation to:
 - (a) preserve intact the current business organization of the Corporation, keep available the services of the present employees and agents of the Corporation and maintain good relations with, and the goodwill of, suppliers, customers, creditors and all other Persons having business relationships with the Corporation;
 - (b) confer with the Purchaser concerning operational matters of a material nature;
 - (c) use its best efforts to retain possession and control of the Assets and preserve the confidentiality of any confidential or proprietary information of the Business or the Corporation;
 - (d) use its best efforts to not cause or permit to exist a breach of any representations and warranties of the Vendors contained in this Agreement and to conduct the Business in such a manner that on the Closing Date such representations and warranties shall be true, correct and complete as if they were made on and as of such date;
 - (e) otherwise periodically report to the Purchaser concerning the state of the Business and the Corporation; and
 - (f) not enter into any agreement, understanding or commitment (in each case, whether oral or written) relating to the following matters without the Purchaser's prior written consent, such consent not to be unreasonably withheld, delayed or conditioned:
 - (i) the proposed Northeast False Creek project with Fortis BC;
 - (ii) the proposed St. Paul's Hospital project;

- (iii) any co-generation project with BC Hydro;
- (iv) any agreement relating to waste energy or biomass; and
- (v) any agreement relating to the distribution of steam to multiple buildings, where the failure to distribute such steam would not result in a default under the Corporation's tariff or the *Utilities Commission Act* (British Columbia),

provided that nothing in this Agreement will be construed as an obligation of the Corporation not to comply with any Laws, and further provided that the connection of any additional buildings to the Corporation's steam distribution system as required under its tariff or the *Utilities Commission Act* (British Columbia) shall not constitute a breach of this Section 5.1, as long as the Vendors give prompt written notice of such connection to the Purchaser.

- (3) Without limiting the generality of Section 5.1(1) and without derogating from the obligation of the Vendors in Section 6.1(a), during the Interim Period the Vendors will cause the Corporation to:
 - (a) maintain adequate levels of inventories to carry on the Business in the Ordinary Course;
 - (b) maintain the Assets in good state of repair and condition;
 - (c) comply with all Authorizations and contractual obligations under the Contracts;
 - (d) maintain all Books and Records in the usual, regular and ordinary manner;
 - (e) use its commercially reasonable efforts to preserve intact the current business organization of the Corporation, keep available the services of the present employees and agents of the Corporation and maintain good relations with, and the goodwill of, the suppliers, customers, landlords, creditors, distributors and all other Persons having business relationships with the Corporation;
 - (f) use its best efforts to retain possession and control of its Assets and preserve the confidentiality of any confidential or proprietary information of the Business or the Corporation;
 - (g) use its best efforts to retain possession and control of the Owned Properties without amendment, rezoning or subdivision, preserve good title to the Owned Properties free of all Liens other than the Permitted Liens, and, without limiting the generality of the foregoing, not encumber the Corporation's title to Owned Properties nor enter into any agreement to encumber the Corporation's title to Owned Properties without the prior

express written consent of the Purchaser, which consent may be arbitrarily withheld;

- (h) without the Purchaser's prior written consent, such consent not to be unreasonably withheld, delayed or conditioned:
 - (i) other than (A) the prospective Yaletown health facility project, (B) the existing manhole replacement project and (C) the re-building of the burner management system on #4 boiler, (D) Telus Gardens, (E) Rogers Arena South Tower, and (F) 1151 West Georgia Street (information with respect to each of these projects having been provided to the Purchaser), not replace equipment, make any capital expenditure or enter into any agreement or commitment to replace such equipment or make any such capital expenditure, that would in each case have a cost to the Corporation of \$300,000 or more individually or in the aggregate;
 - (ii) not make or submit any filings, applications or appeals to the BCUC;
 - (iii) not make any bonus or profit sharing distribution or similar payment of any kind to employees of the Corporation except as may be required by the terms of a Collective Agreement; and
 - (iv) not grant any general increase in the rate of wages, salaries, bonuses or other remuneration of any employees of the Corporation except as may be required by the terms of a Collective Agreement, or, consistent with the Corporation's past practice, a general increase therein for non-unionized employees as of January 1, 2014 that is no greater than the same percentage increase as received by unionized employees pursuant to the Collective Agreement;
 - (i) use its best efforts to not cause or permit to exist a breach of any representations and warranties of the Vendors contained in this Agreement and to conduct the Business in such a manner that on the Closing Date such representations and warranties shall be true, correct and complete as if they were made on and as of such date; and
 - (j) otherwise periodically report to the Purchaser concerning the state of the Business and the Corporation.
- (4) The Corporation may in its discretion pay dividends prior to Closing, provided that such dividends are duly recorded in the Corporation's financial records and shown on the Closing Balance Sheet.

Section 5.2 Access for Due Diligence.

- (1) Subject to applicable Law and Section 5.4, during the Interim Period, the Vendors will (i) upon reasonable notice, permit the Purchaser and its employees, agents, counsel, accountants or other representatives to have reasonable access during

normal business hours to (A) the premises of the Corporation, (B) the Assets, including all Books and Records whether retained by any of the Vendors, the Corporation or otherwise, (C) all Contracts and Leases, and (D) the senior personnel of the Corporation, so long as the access does not unduly interfere with the ordinary conduct of the Business; and (ii) furnish to the Purchaser or its employees, agents, counsel, accountants or other representatives such financial and operating data and other information with respect to the Assets and the Corporation as the Purchaser from time to time reasonably requests.

- (2) Notwithstanding the generality of subsection (1), during the Interim Period, the Vendors will provide the Purchaser or its employees, agents, counsel, accountants or other representatives such documents and information with respect to the Corporation's proposed Northeast False Creek project with Fortis BC as may be reasonably necessary or desirable (in the opinion of the Purchaser, acting reasonably) to enable the Purchaser to evaluate that proposed transaction.
- (3) During the Interim Period, the Vendors shall permit the Purchaser to undertake Phase I and Phase II environmental site assessments and an environmental compliance review, which shall be conducted by an environmental consultant selected by the Purchaser, with respect to potential liability under Environmental Laws of the Corporation, the Owned Properties or other Assets and the Business. The Vendors shall provide, and shall cause the Corporation to provide, the Purchaser and its environmental consultant with such access to the Owned Properties as may be reasonably requested in order to complete the site assessments and environmental compliance review, and the Purchaser will provide the Corporation with copies of all environmental site assessments and other environmental reports the Purchaser acquires with respect to the Owned Properties or other Assets and the Business forthwith upon receipt thereof by the Purchaser.
- (4) No investigations made by or on behalf of the Purchaser, whether under this Section 5.2 or any other provision of this Agreement or any Ancillary Agreement, shall have the effect of waiving, diminishing the scope of, or otherwise affecting any representation or warranty made in this Agreement or any Ancillary Agreement.
- (5) Nothing in this Agreement will require the Vendors or the Corporation to disclose any documents or information to the Purchaser in breach of any duty of confidentiality that the Vendors or the Corporation has to any Person.

Section 5.3 Title Reports

During the Interim Period, and as promptly as reasonably possible following the execution of this Agreement, the Vendors shall provide the Purchaser with recent title reports in respect of each of the Owned Properties.

Section 5.4 Purchaser Confidentiality.

Until the Closing and in the event of termination of this Agreement without Closing, the Purchaser will keep strictly confidential and will not use for any purpose other than completing its due diligence with respect to the Corporation, the Assets and the Business for

purposes of the transaction contemplated by this Agreement, or disclose to any other Person other than employees or consultants of the Purchaser who have a need to know, any information obtained from any of the Vendors, the Corporation or their respective agents and representatives, unless such information (i) is or becomes generally available to the public other than as a result of a disclosure in violation of this Agreement, (ii) becomes available to the Purchaser on a non-confidential basis from a source other than the Vendors, the Corporation or their respective agents and representatives, unless the Purchaser knows that such source is prohibited from disclosing the information to the Purchaser by a contractual, fiduciary or other legal obligation to any of the Vendors or the Corporation, or (iii) was known to the Purchaser on a non-confidential basis before its disclosure to the Purchaser by the Vendors, the Corporation or their respective agents and representatives. The Purchaser will ensure that any consultants it retains to advise on the proposed transaction will be bound by written confidentiality covenants that are no less restrictive than those contained in this Section 5.4 and that, notwithstanding such confidentiality covenants, none of the Purchaser's consultants will receive any information that identifies the Corporation's customers or the volume of their steam purchases, without the prior written consent of the Vendors or the Corporation. In the event the Purchaser is required by Law to disclose any confidential information, the Purchaser will, to the extent not prohibited by applicable Law, provide the Vendors with prompt notice of such requirements so that the Vendors may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Section 5.3. Subject to the next sentence, if this Agreement is terminated, promptly after such termination the Purchaser will return or cause to be returned or destroyed all documents, work papers and other material (whether in written, printed, electronic or computer printout form and including all copies) obtained from the Vendors, the Corporation or their respective agents and representatives in connection with this Agreement and not previously made public together with all derivative materials prepared or created by the Purchaser.

Section 5.5 Actions to Satisfy Closing Conditions.

- (1) The Vendors shall take all such actions as are within their power to control and to use their commercially reasonable efforts to cause other actions to be taken which are not within their power to control, so as to ensure compliance with all of the conditions set forth in Section 6.1 including ensuring that during the Interim Period and at Closing, there is no breach of any of their representations and warranties.
- (2) The Purchaser shall take all such actions as are within its power to control and to use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 6.2 including ensuring that during the Interim Period and at Closing, there is no breach of any of its representations and warranties.
- (3) Notwithstanding the generality of subsections (1) and (2), the Parties shall co-operate in good faith to obtain the BCUC Approval in a timely manner. The parties expressly agree that in the event that:
 - (a) the BCUC rejects the Parties' initial application for approval of the transaction contemplated by this Agreement on any basis, including due to a

procedural defect, other than the proposed transaction being contrary to the public interest; or

- (b) the BCUC approves the transaction contemplated by this Agreement, but such approval is subject to conditions which in the Purchaser's reasonable view are capable of being satisfied, and which the Purchaser wishes to satisfy; or
- (c) the BCUC declines to approve the transaction contemplated by this Agreement, or any part of it, on the basis that it requires further information or submissions,

the Vendors shall co-operate with the Purchaser with respect to submitting a revised application, satisfying conditions imposed by the BCUC, or providing such further submissions or information as may be required to obtain the BCUC Approval; provided that for purposes of calculating the Closing Date, the date of the first order, declaration or request for further information received from the BCUC under Section 6.1(c) shall be deemed to be the date of the BCUC Approval, but in any case the Closing Date will not be any earlier than 10 Business Days after the parties have received BCUC Approval in accordance with Section 6.1(c).

- (4) On or before the date that is the later of (i) 49 days after the date of this Agreement, and (ii) the 30th day after the date that the Purchaser receives the Disclosure Letter, the Purchaser shall confirm by notice in writing to the Vendors either that:
 - (a) the condition in Section 6.1(d) has been satisfied and that the Purchaser wishes to proceed with the transaction contemplated by this Agreement, in which case the amount set out in Section 2.3(a) shall immediately become due and payable by the Purchaser; or
 - (b) the Purchaser has determined that it does not wish to proceed with the transaction contemplated by this Agreement, in which case this Agreement shall terminate in accordance with Article 8.

Section 5.6 Transfer of the Purchased Shares.

The Vendors shall take all necessary steps and corporate proceedings to permit good title to the Purchased Shares to be duly and validly transferred and assigned to the Purchaser at the Closing, free of all Liens other than the restrictions on transfer, if any, contained in the articles of the Corporation.

Section 5.7 Request for Consents.

The Vendors will use their best efforts to obtain or cause to be obtained, prior to Closing, all consents, approvals and waivers that are required by the terms of the Leases and the Contracts to which the Corporation is a party in order to complete the transactions contemplated by this Agreement, including the consents, approvals and waivers described in Schedule 3.1(f) of the Disclosure Letter. Such consents, approvals and waivers will be upon such terms as are acceptable to the Purchaser, acting reasonably, in accordance with

Section 6.1(c). The Purchaser will co-operate in obtaining such consents, approvals and waivers.

Section 5.8 Filings and Authorizations.

Each of the Vendors and the Purchaser, as promptly as practicable after delivery of the notice described in Section 5.5(4), will (i) make, or cause to be made, all filings and submissions under all Laws applicable to it, that are required for it to consummate the purchase and sale of the Purchased Shares in accordance with the terms of this Agreement, (ii) use its commercially reasonable efforts to obtain, or cause to be obtained, all Authorizations necessary or advisable to be obtained by it in order to consummate such transfer, and (iii) use its commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfil its obligations under this Agreement. The Vendors and the Purchaser will coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with this Section including providing each other with advanced copies and reasonable opportunity to comment on all notices and information supplied to or filed with any Governmental Entity (including notices and information which the Vendors or the Purchaser, in each case acting reasonably, considers highly confidential and sensitive which may be provided on a confidential and privileged basis to outside counsel of the other Party), and all notices and correspondence received from any Governmental Entity. Despite the above, the Purchaser is under no obligation to take any steps or action under this Section 5.8 that would, in the opinion of the Purchaser, acting reasonably, materially adversely affect the Purchaser's right to own, use or exploit either the Assets or any of the Purchaser's assets. The Purchaser's and the Corporation's applications to the BCUC will be for approval of the purchase and sale of the Purchased Shares only and will not address any other matter relating to the Corporation or the Assets.

Section 5.9 Notice of Untrue Representation or Warranty.

The Vendors shall promptly notify the Purchaser, and the Purchaser shall promptly notify the Vendors, upon any representation or warranty made by them or it contained in this Agreement or any Ancillary Agreement becoming untrue or incorrect during the Interim Period and for the purposes of this Section 5.9 each representation and warranty shall be deemed to be given at and as of all times during the Interim Period. Any such notification shall set out particulars of the untrue or incorrect representation or warranty and details of any actions being taken by the Vendors or the Purchaser, as the case may be, to rectify that state of affairs.

Section 5.10 Exclusive Dealing.

During the Interim Period, the Vendors shall not, directly or indirectly, solicit, initiate, or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any inquiries or proposals from, or enter into any agreement with, any Person (other than Purchaser) relating to any transaction involving the sale of any shares of any of the Vendors or the Corporation or the sale of the Business or any of the Assets (other than as permitted in this Agreement) or any other business combination.

Section 5.11 Discharge of Encumbrance

During the Interim Period, the Vendors shall obtain a full and complete discharge of Covenant BE304151 registered by British Columbia Hydro and Power Authority in respect of the Owned Property having the legal description Lot 222 False Creek Plan LMP12038.

**ARTICLE 6
CONDITIONS OF CLOSING**

Section 6.1 Conditions for the Benefit of the Purchaser.

The purchase and sale of the Purchased Shares is subject to the following conditions being satisfied at or prior to Closing, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:

- (a) **Truth of Representations and Warranties.** The representations and warranties of the Vendors contained in this Agreement and any Ancillary Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date and the Vendors shall have executed and delivered a certificate to that effect. The receipt of such certificate and the Closing shall not constitute a waiver by the Purchaser of any of the representations and warranties of the Vendors which are contained in this Agreement or in any Ancillary Agreement. Upon the delivery of such certificate, the representations and warranties of the Vendors in Article 3 shall be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.
- (b) **Performance of Covenants.** The Vendors shall have fulfilled or complied with all covenants contained in this Agreement and in any Ancillary Agreement to be fulfilled or complied with by them at or prior to the Closing, and the Vendors shall have executed and delivered a certificate to that effect. The receipt of such certificate and the Closing shall not constitute a waiver by the Purchaser of any of the covenants of the Vendors which are contained in this Agreement or any Ancillary Agreement.
- (c) **Consents and Authorizations.** All consents, approvals and waivers listed in Schedule 3.1(f) of the Disclosure Letter and all filings, notices and Authorizations listed in Schedule 3.1(e) of the Disclosure Letter (for the avoidance of doubt, including all Authorizations required to be obtained from the BCUC (the "BCUC Approval")), shall have been made, given or obtained on terms acceptable to the Purchaser, acting reasonably, including subject to any terms and conditions specifically agreed upon by the parties.
- (d) **Due Diligence.** On or before the date that is the later of (a) 49 days after the date of this Agreement, and (b) the 30th day after the date that the Purchaser receives the Disclosure Letter, the Purchaser shall have completed its

investigation into the Corporation, the Business, the Books and Records, the Vendors' title to the Purchased Shares, the Assets (including the Owned Properties) and all other matters it deems relevant (including the environmental assessment and review referred to in Section 5.2(3)) and such investigation shall not have disclosed any matter which the Purchaser, acting reasonably, considers to be materially adverse to the Corporation, the Business or the Assets or materially adverse to its decision to acquire the Purchased Shares.

- (e) **Deliveries.** The Vendors shall deliver or cause to be delivered to the Purchaser the following in form and substance satisfactory to the Purchaser, acting reasonably:
- (i) share certificates representing the Purchased Shares duly endorsed in blank for transfer, or accompanied by irrevocable security transfer powers of attorney duly executed in blank, in either case by the holders of record, together with evidence satisfactory to the Purchaser that the Purchaser or its nominee(s) have been entered upon the books of the Corporation as the holder of the Purchased Shares;
 - (ii) a certificate signed by a director of each corporate Vendor certifying (x) that the execution, delivery and fulfillment of the obligations of that corporate Vendor of and under this Agreement and the Ancillary Agreements to which that Vendor is a party have been duly authorized by all necessary corporate action, and (y) a list of the directors and officers of that corporate Vendor who are authorized to sign agreements, together with their specimen signatures;
 - (iii) certified copies of the Notice of Articles and Articles of the Corporation;
 - (iv) a certificate of status, compliance, good standing or like certificate with respect to each corporate Vendor and the Corporation issued by appropriate government officials of their respective jurisdictions of incorporation;
 - (v) the certificates referred to in Section 6.1(a) and Section 6.1(b);
 - (vi) an opinion of counsel to the Vendors and the Corporation substantially in the form set forth in Schedule 6.1(e)(vi);
 - (vii) a non-competition agreement duly executed by the Vendors and such other Persons as the Purchaser may reasonably request, substantially in the form of the agreement in Schedule 6.1(e)(vii);
 - (viii) an estoppel certificate from the four principal tenants leasing premises in the Owned Properties under their respective Leases, confirming the matters set forth in Section 3.1(y);

- (ix) evidence that all necessary steps and proceedings as approved by counsel for the Purchaser to permit all of the Purchased Shares to be transferred to the Purchaser or its nominee(s) have been taken;
 - (x) a duly executed resignation effective as at the Closing of each director and officer of the Corporation as the Purchaser may specify in writing at least 15 Business Days prior to Closing; and
 - (xi) a release in favour of the Purchaser and the Corporation substantially in the form of the release in Schedule 6.1(e)(xi) from the Vendors and each of the Persons listed in Schedule 6.1(e)(xi).
- (f) **Proceedings.** All corporate proceedings to be taken in connection with the transactions contemplated by this Agreement and any Ancillary Agreement shall be reasonably satisfactory in form and substance to the Purchaser, acting reasonably, and the Purchaser shall have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation of such transactions and the taking of all necessary corporate proceedings in connection therewith.
- (g) **Change in Law.** During the Interim Period, no Law, any change in any Law, or the interpretation or enforcement of any Law shall have been introduced, enacted or announced (including the introduction, enactment or announcement of any Law respecting taxes or environmental matters), the effect of which would be to prevent or to increase materially the cost to the Purchaser of (i) completing of the transaction contemplated in this Agreement or (ii) operating the Business after Closing on substantially the same basis as currently operated.
- (h) **No Legal Action.** No action or proceeding shall be pending or threatened by any Person (other than the Purchaser) in any jurisdiction, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or the right of the Purchaser to conduct the Business after Closing on substantially the same basis as heretofore operated.

Section 6.2 Conditions for the Benefit of the Vendors.

The purchase and sale of the Purchased Shares is subject to the following conditions being satisfied at or prior to Closing, which conditions are for the exclusive benefit of the Vendors and may be waived, in whole or in part, by the Vendors jointly in their sole discretion:

- (a) **Truth of Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect. The receipt of such certificate and the Closing shall not

constitute a waiver of the representations and warranties of the Purchaser which are contained in this Agreement or any Ancillary Agreement. Upon delivery of such certificate, the representations and warranties of the Purchaser in Article 4 shall be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.

- (b) **Performance of Covenants.** The Purchaser shall have fulfilled or complied with all covenants contained in this Agreement and in any Ancillary Agreement to be fulfilled or complied with by it at or prior to Closing and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect. The receipt of such certificate and the Closing shall not constitute a waiver by the Vendors of the covenants of the Purchaser which are contained in this Agreement or any Ancillary Agreement).
- (c) **Consents and Authorizations.** ~~Provided that the Vendors have~~ diligently complied with their obligations under Section 5.7 and Section 5.8, all consents, approvals and waivers listed in Schedule 3.1(f) of the Disclosure Letter and all filings, notices and Authorizations listed in Schedule 3.1(e) of the Disclosure Letter (including the BCUC Approval) which, if not obtained, would expose the Vendors to liability, shall have been made, given or obtained on terms acceptable to the Purchaser, acting reasonably.
- (d) **Deliveries.** The Purchaser shall deliver or cause to be delivered to the Vendors the following in form and substance satisfactory to the Vendors acting reasonably:
 - (i) a certificate signed by a director of the Purchaser certifying (x) that the execution, delivery and fulfillment of the obligations of the Purchaser of and under this Agreement and the Ancillary Agreements to which the Purchaser is a party have been duly authorized by all necessary corporate action, and (y) a list of the directors and officers of the Purchaser who are authorized to sign agreements, together with their specimen signatures;;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by appropriate government official of the jurisdiction of its incorporation;
 - (iii) the certificates referred to in Section 6.2(a) and Section 6.2(b); and
 - (iv) an opinion of counsel to the Purchaser in substantially the form set forth in Schedule 6.2(d)(iv).
- (e) **Proceedings.** All corporate proceedings to be taken in connection with the transactions contemplated in this Agreement and any Ancillary Agreement shall be reasonably satisfactory in form and substance to the Vendors, acting reasonably, and the Vendors shall have received copies of all the instruments and other evidence as it may reasonably request in order to establish the

consummation of such transactions and the taking of all corporate proceedings in connection therewith.

- (f) **No Legal Action.** No action or proceeding shall be pending or threatened by any Person (other than the Vendors, the Purchaser or the Corporation) in any jurisdiction, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or the right of the Corporation to conduct the Business after Closing on substantially the same basis as heretofore operated.

Section 6.3 Notice to Escrow Agent

Not less than two Business Days before the Closing Date, the Purchaser and the Vendors' Representative will notify the Escrow Agent in writing of the date, time and place of Closing, in substantially the form of notice attached as Exhibit "A" to the Escrow Agreement.

**ARTICLE 7
CLOSING**

Section 7.1 Date, Time and Place of Closing.

The completion of the transaction of purchase and sale contemplated by this Agreement shall take place at the offices of Kornfeld LLP, 1100 - 505 Burrard Street, Vancouver, British Columbia, at 10:00 a.m. (Vancouver time) on the Closing Date or at such other place, on such other date and at such other time as may be agreed upon in writing between the Vendors and the Purchaser.

Section 7.2 Closing Procedures.

Subject to satisfaction or waiver by the relevant Party of the conditions of closing, at the Closing, the Vendors shall deliver actual possession of the Purchased Shares to the Purchaser and upon such delivery the Escrow Agent and the Purchaser shall make the payments contemplated in Section 2.4(a) and Section 2.4(b); provided that at Closing, the Escrow Agent shall retain in escrow \$750,000 (the "**Holdback Amount**") of the amount held by the Escrow Agent under the Escrow Agreement, and shall only release the Holdback Amount to the Parties in accordance with Section 2.7 and the Escrow Agreement. Notwithstanding that the Parties may agree on a Closing Date that is not a Business Day, legal title to the Purchased Shares will pass as of the time stipulated by the Parties in writing and all payments due on Closing will be made in accordance with Section 1.11.

Section 7.3 Risk of Loss.

If, prior to Closing, all or any material part of the Assets are destroyed or damaged by fire or any other casualty or are appropriated, expropriated or seized by any Governmental Entity, the Purchaser shall have the option, exercisable by notice in writing given within four Business Days of the Purchaser receiving notice in writing from the Vendors of such destruction, damage, expropriation or seizure:

- (a) to complete the transaction contemplated in this Agreement without reduction of the Purchase Price, in which event (i) all proceeds of any insurance (other than business interruption insurance as provided in (ii) below) or compensation for expropriation or seizure shall be retained by the Corporation, and (ii) all proceeds of any business interruption insurance which compensates for business lost during the Interim Period less the sum of all deductibles on all other insurance shall be paid to the Vendors immediately upon receipt; or
- (b) to terminate this Agreement and not complete the transaction contemplated in this Agreement, in which case all obligations of the Purchaser and the Vendors (save and except for their respective obligations under Section 5.3, Section 12.4, Section 12.5 and Section 12.7 which shall survive) shall terminate immediately upon the Purchaser giving notice as required herein.

The Purchaser's rights under this Section 7.3 shall be exercisable only if the destruction, damage, appropriation, expropriation or seizure affects Assets valued at \$500,000 or more.

ARTICLE 8 TERMINATION

Section 8.1 Termination Rights.

This Agreement may, by notice in writing given prior to or on the Closing Date, be terminated:

- (a) by mutual consent of the Vendors and the Purchaser;
- (b) by the Purchaser if any of the conditions in Section 6.1 have not been satisfied at or prior to Closing and the Purchaser has not waived such condition at or prior to Closing;
- (c) by all the Vendors if any of the conditions in Section 6.2 have not been satisfied at or prior to Closing and the Vendors have not waived such condition at or prior to Closing;
- (d) in the circumstances and upon the terms set out in Section 7.3;
- (e) by the Purchaser if the BCUC Approval has not been obtained by the date that is eight months after the date of this Agreement;
- (f) by either the Purchaser or all the Vendors if the Closing has not occurred on or before the date that is the first anniversary of the date of this Agreement, or on or before such later date as the Parties agree to in writing, provided that a Party may not terminate this Agreement under this Section 8.1(f) if it has failed to perform any one or more of its material obligations or covenants

under this Agreement to be performed at or prior to Closing and the Closing has not occurred because of such failure; or

- (g) by either Party if there has been a material breach of any provision of this Agreement by the other Party and such breach has not (i) been cured by the breaching Party within 30 days after the date of written notice of the breach from the non-breaching Party containing sufficient particularity as to the alleged breach to permit the breaching Party to rectify the alleged breach, or (ii) been waived by the non-breaching Party.

Section 8.2 Effect of Termination.

- (1) Each Party's right of termination under this Article is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. Nothing in this Article limits or affects any other rights or causes of action any Party may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement. If a Party waives compliance with any of the conditions, obligations or covenants contained in this Agreement, the waiver will be without prejudice to any of its rights of termination in the event of non-fulfilment, non-observance or non-performance of any other condition, obligation or covenant in whole or in part.
- (2) Immediately upon termination:
 - (a) the Purchaser and the Vendors shall jointly notify the Escrow Agent in writing of the termination, substantially in the form of notice attached as Exhibit "C" to the Escrow Agreement; provided that if the Agreement is terminated due to the Purchaser's breach of its obligation to complete the transaction contemplated by this Agreement despite satisfaction or waiver of all conditions set out in Article 6, and the Purchaser refuses to or is unable to deliver the written notice required under this Section, the Vendors' Representative may unilaterally deliver the notice to the Escrow Agent, with a copy to the Purchaser; and
 - (b) any amounts paid by the Purchaser to the Escrow Agent under Section 2.3(a) or Section 2.3(b) shall be refunded to the Purchaser in full in accordance with the terms of the Escrow Agreement, except that if the Agreement is terminated due to the Purchaser's breach of its obligation to complete the transaction contemplated by this Agreement despite satisfaction or waiver of all conditions set out in Article 6, all amounts paid by the Purchaser to the Escrow Agent under Section 2.3(a) and Section 2.3(b) shall be paid to the Vendors.
- (3) If this Agreement is terminated pursuant to Section 8.1, all obligations of the Parties under this Agreement will terminate, except that:
 - (a) each Party's obligations under Section 5.4, Section 12.4, Section 12.5 and Section 12.7 will survive; and

- (b) if this Agreement is terminated by a Party because of a breach of this Agreement by the other Party or because a condition for the benefit of the terminating Party has not been satisfied because the other Party has failed to perform any of its obligations or covenants under this Agreement, the terminating Party's right to pursue all legal remedies will survive such termination unimpaired.

ARTICLE 9 INDEMNIFICATION

Section 9.1 Survival.

- (1) The representations and warranties contained in this Agreement and the certificates to be delivered pursuant to Section 6.1(a) and Section 6.2(a) will survive the Closing and continue in full force and effect for a period of two years after the Closing Date, except that:
 - (a) the representations and warranties set out in Section 3.1(a), Section 3.1(b), Section 3.1(c), Section 3.1(d), Section 3.1(e), Section 3.1(f), Section 3.1(g), Section 3.1(h), Section 3.1(i), Section 3.1(j), Section 4.1(a), Section 4.1(b), Section 4.1(c), Section 4.1(d) and the corresponding representations and warranties set out in the certificates to be delivered pursuant to Section 6.1(a) and Section 6.2(a) will survive and continue in full force and effect without limitation of time; and
 - (b) ~~the representations and warranties set out in Section 3.1(qq) (and the corresponding representations and warranties set out in the certificates to be delivered pursuant to Section 6.1(a)), will survive and continue in full force and effect until 6 months after the expiration of the period (the "tax assessment period") during which any tax assessment may be issued by a Governmental Entity in respect of any taxation year to which such representations and warranties extend. The tax assessment period will be determined without regard to any consent, waiver, agreement or other document, made or filed after the Closing Date that extends the period during which a Governmental Entity may issue a tax assessment. A tax assessment includes any assessment, reassessment or other form of recognized document assessing liability for Taxes under applicable Law; and~~
 - (c) any representation and warranty involving fraud or fraudulent misrepresentation by the Party giving that representation and warranty will survive and continue in full force and effect without limitation of time.
- (2) No Party has any obligation or liability with respect to any representation or warranty made by such Party in this Agreement or the certificates to be delivered pursuant to Section 6.1(a) and Section 6.2(a) after the end of the applicable time period specified in Section 9.1(1) except for claims relating to the representations and warranties that the Party has been notified of prior to the end of the applicable time period.

Section 9.2 No Effect of Knowledge.

The right to indemnification or other remedy of any Party based on the representations, warranties, covenants and obligations contained in this Agreement and the certificates to be delivered pursuant to Section 6.1(a) and Section 6.2(a), exists notwithstanding the Closing and notwithstanding any investigation or knowledge acquired prior to the Closing.

Section 9.3 Indemnification in Favour of the Purchaser.

(1) Subject to Section 9.5 and Section 9.8, the Vendors will severally indemnify and save each of the Purchaser and the Corporation harmless of and from, and will pay for, any Damages suffered by, imposed upon or asserted against it or any of them as a result of, in respect of, connected with, or arising out of, under, or pursuant to:

- (a) any breach or inaccuracy of any representation or warranty given by the Vendors contained in this Agreement or the certificate to be delivered pursuant to Section 6.1(a);
- (b) any failure of the Vendors to perform or fulfil any of their covenants or obligations under this Agreement; and
- (c) any failure of the Vendors to transfer good and valid title to the Purchased Shares to the Purchaser, free and clear of all Liens other than (i) those restrictions on transfer, if any, contained in the articles of the Corporation, and (ii) Liens granted by the Purchaser.

Section 9.4 Indemnification in Favour of the Vendors.

(1) Subject to Section 9.5, the Purchaser will indemnify and save the Vendors harmless of and from, and will pay for, any Damages suffered by, imposed upon or asserted against any of them as a result of, in respect of, connected with, or arising out of, under or pursuant to:

- (a) any breach or inaccuracy of any representation or warranty given by the Purchaser contained in this Agreement or the certificate to be delivered pursuant to Section 6.2(a); and
- (b) any failure of the Purchaser to perform or fulfil any of its covenants or obligations under this Agreement.

Section 9.5 Limitations on Indemnification.

(1) The Vendors will have no obligation to make any payment for Damages (for indemnification or otherwise) with respect to the matters described in Section 9.3(1) until the total of all Damages with respect to such matters exceeds \$150,000. Once the total of all Damages with respect to such matters exceeds \$150,000, each Vendor will be fully liable for the proportion of all such Damages, both below and above the threshold amount, that is equal to 125% of its proportionate allocation of the Purchase Price, up to a maximum of \$16 million amongst all Vendors.

- (2) Section 9.5(1) will not apply to: (i) any breach or inaccuracy of the representations and warranties given in Section 3.1(a), Section 3.1(b), Section 3.1(c), Section 3.1(d), Section 3.1(e), Section 3.1(f), Section 3.1(g), Section 3.1(h), Section 3.1(i), Section 3.1(j), Section 3.1(qq), Section 4.1(a), Section 4.1(b), Section 4.1(c) or Section 4.1(d); (ii) any breach or inaccuracy of any of the Vendors' representations and warranties of which the Vendors had knowledge at any time prior to the date on which such representation and warranty was made; (iii) any fraudulent act or fraudulent misrepresentation of the Vendors with respect to any representation or warranty given by the Vendors contained in this Agreement or the certificate to be delivered pursuant to Section 6.1(a); or (iv) any intentional breach by the Vendors of any covenant or obligation under this Agreement, and the Vendors will be liable for all Damages with respect to such matters.
- (3) The Purchaser will have no obligation to make any payment for Damages (for indemnification or otherwise) with respect to the matters described in Section 9.4(1) until the total of all Damages with respect to such matters exceeds \$150,000. Once the total of all Damages with respect to such matters exceeds \$150,000, the Purchaser will be fully liable for all such Damages, both below and above the threshold amount, up to a maximum of \$16 million.
- (4) Section 9.5(3) will not apply to: (i) any breach or inaccuracy of any of the Purchaser's representations and warranties of which the Purchaser had knowledge at any time prior to the date on which such representation and warranty was made; (ii) any fraudulent act or fraudulent misrepresentation of the Purchaser with respect to any representation or warranty given by the Purchaser contained in this Agreement or the certificate to be delivered pursuant to Section 6.2(a); or (iii) any intentional breach by the Purchaser of any covenant or obligation, and the Purchaser will be liable for all Damages with respect to such matters.
- (5) For purposes of determining whether a threshold in Section 9.5(1) or Section 9.5(3) has been met, Damages in respect of claims by a Party for indemnification or otherwise which have not been asserted will be included and nothing will preclude or prevent such Party from entering into evidence in connection with any claim the amount of such Damages.

Section 9.6 Notification.

- (1) If a Third Party Claim is instituted or asserted against an Indemnified Person, the Indemnified Person will promptly notify the Indemnifying Party in writing of the Third Party Claim. The notice must specify in reasonable detail, the identity of the Person making the Third Party Claim and, to the extent known, the nature of the Damages and include a reasonable estimate of the amount needed to investigate, defend, remedy or address the Third Party Claim.
- (2) If an Indemnified Person becomes aware of a Direct Claim, the Indemnified Person will promptly notify the Indemnifying Party in writing of the Direct Claim, using the form of notice attached as Exhibit "D" to the Escrow Agreement. The notice must specify in reasonable detail the nature of the Damages and a reasonable estimate of

the amount needed to investigate, defend, remedy or address the Direct Claim (the "Direct Claim Estimate").

- (3) If an Indemnified Person has given a notice of a Direct Claim under Section 9.6(2), the Indemnifying Party shall determine whether it wishes to dispute the Direct Claim. If the Indemnifying Party wishes to dispute the Direct Claim, it shall promptly notify the Indemnified Person in writing (the "Notice of Dispute") within 30 days after the date of the notice given under Section 9.6(2).
- (4) Notice to an Indemnifying Party under this Section of a Direct Claim or a Third Party Claim is assertion of a claim for indemnification against the Indemnifying Party under this Agreement. Upon receipt of such notice, the provisions of Section 9.7 will apply to any Third Party Claim and, provided a Notice of Dispute has been delivered in respect of a Direct Claim, the provisions of Article 11 will apply to any Direct Claim. If no Notice of Dispute is delivered in accordance with Section 9.6(3), the Indemnified Person in respect of that Direct Claim shall be entitled to prompt payment by the Indemnifying Party of the amount specified in the notice of the Direct Claim and, to the extent that any Holdback Amount is then held in trust by the Escrow Agent, shall be entitled to direct the Escrow Agent to pay the Indemnified Person the amount of the Direct Claim (or any portion thereof to the extent of the Holdback Amount) from the Holdback Amount in accordance with the Escrow Agreement.
- (5) The omission to notify the Indemnifying Party will not relieve the Indemnifying Party from any obligation to indemnify the Indemnified Person, unless the notification occurs after the expiration of the specified period set out in Section 9.1 or (and only to that extent that) the omission to notify materially prejudices the ability of the Indemnifying Party to exercise its right to defend provided in Section 9.7.
- (6) Copies of all notices given under this Section before the Holdback Amount has been paid out in full under the Escrow Agreement shall be simultaneously delivered to the Escrow Agent.

Section 9.7 Procedure for Third Party Claims.

- (1) Upon receiving notice of a Third Party Claim, the Indemnifying Party may participate in the investigation and defence of the Third Party Claim, subject to the terms of this Section. The Indemnifying Party may also elect to assume the investigation and defence of the Third Party Claim, subject to the terms of this Section. The Vendors may not participate in or assume the investigation or defence of a Third Party Claim if it relates to Taxes of the Purchaser, or to Taxes of the Corporation other than Taxes in respect of financial years ending before the Closing Date, and the Purchaser may not participate in or assume the investigation or defence of a Third Party Claim if it relates to Taxes of any of the Vendors.
- (2) In order to assume the investigation and defence of a Third Party Claim, the Indemnifying Party must give the Indemnified Person written notice of its election within 15 days of Indemnifying Party's receipt of notice of the Third Party Claim.

- (3) Except as contemplated by Section 9.7(4), the Indemnifying Party may not assume the investigation and defence of a Third Party Claim if:
- (a) the Indemnifying Party is also a party to the Third Party Claim and the Indemnified Person determines in good faith that joint representation would be inappropriate;
 - (b) the Indemnifying Party fails to provide reasonable assurance to the Indemnified Person of its financial capacity to defend the Third Party Claim and provide indemnification with respect to the Third Party Claim;
 - (c) the Indemnifying Party does not unconditionally acknowledge in writing its obligation to indemnify and hold the Indemnified Person harmless with respect to the Third Party Claim; or
 - (d) the Third Party Claim seeks relief against the Indemnified Person other than monetary damages or the Indemnified Person determines in good faith that there is a reasonable probability that the Third Party Claim may adversely affect it or its affiliates and the Indemnified Person has notified the Indemnifying Party that it will exercise its exclusive right to defend, compromise or settle the Third Party Claim.
- (4) If the Indemnifying Party assumes the investigation and defence of a Third Party Claim:
- (a) the Indemnifying Party will pay for all costs and expenses of the investigation and defence of the Third Party Claim except that the Indemnifying Party will not, so long as it diligently conducts such defence, be liable to the Indemnified Person for any fees of other counsel or any other expenses with respect to the defence of the Third Party Claim, incurred by the Indemnified Person after the date the Indemnifying Party validly exercised its right to assume the investigation and defence of the Third Party Claim;
 - (b) the Indemnifying Party will reimburse the Indemnified Person for all costs and expenses incurred by the Indemnified Person in connection with the investigation and defence of the Third Party Claim prior to the date the Indemnifying Party validly exercised its right to assume the investigation and defence of the Third Party Claim;
 - (c) the Indemnified Person will not contact or communicate with the Person making the Third Party Claim without the prior written consent of the Indemnifying Party, unless required by applicable Law; and
 - (d) legal counsel chosen by the Indemnifying Party to defend the Third Party Claim must be satisfactory to the Indemnified Person, acting reasonably.

- (5) If the Indemnifying Party (i) is not entitled to assume the investigation and defence of a Third Party Claim under Section 9.7(1) or Section 9.7(3), other than Section 9.7(3)(d), (ii) does not elect to assume the investigation and defence of a Third Party Claim, (iii) assumes the investigation and defence of a Third Party Claim but fails to diligently pursue such defence, or (iv) the Indemnified Person concludes that the Third Party Claim is not being defended to its satisfaction, acting reasonably, the Indemnified Person has the right (but not the obligation) to undertake the defence of the Third Party Claim and, thereafter, compromise and settle the Third Party Claim on behalf, for the account, and at the risk and at the cost and expense of the Indemnifying Party. In the case where the Indemnifying Party fails to diligently pursue the defence of the Third Party Claim or the Indemnified Person concludes that the Third Party Claim is not being defended to its satisfaction, acting reasonably, the Indemnified Person may not assume the defence of the Third Party Claim unless the Indemnified Person gives the Indemnifying Party written demand to diligently pursue the defence and the Indemnifying Party fails to do so within 14 days after receipt of the demand, or such shorter period as may be required to respond to any deadline imposed by a court, arbitrator or other tribunal.
- (6) If, under Section 9.7(3)(d), the Indemnifying Party is not entitled to assume the investigation and defence of a Third Party Claim, the Indemnifying Party will not be bound by any determination of the Third Party Claim or any compromise or settlement of the Third Party Claim effected without the consent of the Indemnifying Party (which consent may not be unreasonably withheld or delayed).
- (7) The Indemnifying Party will not be permitted to compromise and settle or remedy or to cause a compromise and settlement or remedy of a Third Party Claim without the prior written consent of the Indemnified Person, which consent may not be unreasonably withheld or delayed unless:

 - (a) the terms of the compromise and settlement or remedy require only the payment of money for which the Indemnified Person is entitled to full indemnification under this Agreement;
 - (b) the Indemnified Person is not required to admit any wrongdoing, take or refrain from taking any action, acknowledge any rights of the Person making the Third Party Claim or waive any rights that the Indemnified Party may have against the Person making the Third Party Claim; and
 - (c) the Indemnified Person receives, as part of the compromise and settlement or remedy, a legally binding and enforceable unconditional release from any and all obligations or liabilities it may have with respect to the Third Party Claim. Such release must be, in form and substance, satisfactory to the Indemnified Person, acting reasonably.
- (8) The Indemnified Person and the Indemnifying Party agree to keep each other fully informed of the status of any Third Party Claim and any related proceedings. If the Indemnifying Party assumes the investigation and defence of a Third Party Claim, the Indemnified Person will, at the request and expense of the Indemnifying Party,

use its reasonable efforts to make available to the Indemnifying Party, on a timely basis, those employees whose assistance, testimony or presence is necessary to assist the Indemnifying Party in investigating and defending the Third Party Claim. The Indemnified Person shall, at the request and expense of the Indemnifying Party, make available to the Indemnifying Party, or its representatives, on a timely basis all documents, records and other materials in the possession, control or power of the Indemnified Person, reasonably required by the Indemnifying Party for its use solely in defending any Third Party Claim which it has elected to assume the investigation and defence of. The Indemnified Person shall cooperate on a timely basis with the Indemnifying Party in the defence of any Third Party Claim.

Section 9.8 Rate Base Recovery

If the Purchaser makes any claim for indemnity pursuant to Section 9.3(1) in respect of Damages which, in the opinion of the Vendors, acting reasonably, are recoverable in whole or in part by the Corporation through its rate base, then the Purchaser will cause the Corporation to apply to the BCUC within a reasonable time for an adjustment to its rates to recover all Damages arising out of such claim to the greatest extent obtainable, and any liability of the Vendors in respect thereof will be reduced to the extent that such Damages are actually recovered by the Corporation by way of that adjustment to the rate base.

**ARTICLE 10
POST-CLOSING COVENANTS**

Section 10.1 Access to Books and Records.

For a period of 6 years from the Closing Date, the Purchaser shall retain all original accounting Books and Records relating to the Corporation that are part of the Books and Records existing on the Closing Date that relate to the 5 year period prior to the Closing Date, but the Purchaser shall not be responsible or liable to the Vendor for or as a result of any accidental loss or destruction of or damage to any such Books and Records. So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, the Vendor shall have the reasonable right to inspect and to make copies (at its own expense) of them at any time and from time to time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Corporation. The Purchaser shall have the right to have its representatives present during any such inspection.

Section 10.2 Vendor Confidentiality.

After the Closing, the Vendors will keep confidential all information in their possession or under their control relating to the Corporation and the Business, unless such information is or becomes generally available to the public other than as a result of a disclosure by a Vendor in violation of this Agreement.

Section 10.3 Employment Matters.

The Purchaser hereby covenants to procure that after Closing the Corporation shall continue to honour the Collective Agreements in effect on the Closing Date, and the change

of control agreements dated February 1, 2008 in respect of John Barnes and Gerry Mitton, in accordance with their respective terms.

Section 10.4 Further Assurances.

From time to time after the Closing Date, each Party shall, at the request of any other Party, execute and deliver such additional conveyances, transfers and other assurances as may be reasonably required to effectively transfer the Purchased Shares to the Purchaser and carry out the intent of this Agreement and any Ancillary Agreement.

**ARTICLE 11
DISPUTE RESOLUTION**

Section 11.1 Settling Disputes.

If any dispute, claim, question or difference arises with respect to this Agreement or its performance, enforcement, breach, termination or validity (a "Dispute"), the Parties will use their reasonable efforts to settle the Dispute in good faith within 30 days after the first notice of the Dispute by any Party to the others.

Section 11.2 Availability of Officers, Employees, etc.

Each Party to a Dispute agrees to use all reasonable efforts to make available to the other Party to the Dispute, upon reasonable request, those current and former officers, employees, agents and representatives of the Party or any of its affiliates whose assistance is necessary or desirable to assist the other Party in the settlement of the Dispute, but only for such purpose.

**ARTICLE 12
MISCELLANEOUS**

Section 12.1 Notices.

Any notice, direction or other communication (each a "Notice") given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

(a) to the Purchaser at:

#501 - 1067 West Cordova Street
Vancouver, BC V6C 1C7

Attention: Diane Rapatz
Telephone: 604-893-1729
Facsimile: 604-893-1708

with a copy to:

Kornfeld LLP
#1100 - 505 Burrard Street
Vancouver, BC V7X 1M5

Attention: Neil Kornfeld
Telephone: 604-331-8301
Facsimile: 604-683-0570

(b) to the Vendors at:

John S. Barnes
720 Beatty Street
Vancouver, BC V6B 2M1

Telephone: 604-688-9584
Facsimile: 604-688-2213

A Notice is deemed to be delivered and received (i) if sent by personal delivery, on the date of delivery if it is a Business Day and the delivery was received prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by same-day service courier, on the date of delivery if sent on a Business Day and delivery was received prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (iii) if sent by overnight courier, on the next Business Day, or (iv) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile. A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a Party.

Section 12.2 Vendors' Representative

The Purchaser shall be entitled to deal with the Vendors' Representative with respect to the giving and receiving of all notices and directions by or to the Vendors contemplated in this Agreement. Notwithstanding the foregoing, the Vendors' Representative personally will have no liability to the Purchaser arising out of his consenting to and acting as the representative of the Vendors to facilitate the procedures contemplated in this Agreement, beyond his personal liability, if any, as a Vendor. Any notices to be given by the Purchaser to one or more Vendors under this Agreement shall be deemed to be valid and sufficient notice to all Vendors if delivered to the Vendors' Representative.

Section 12.3 Time of the Essence.

Time is of the essence in this Agreement.

Section 12.4 Brokers.

The Vendors shall jointly and severally indemnify and save harmless the Purchaser and the Corporation from and against any and all claims, losses and costs whatsoever for any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for any Vendor or the Corporation. The Purchaser shall indemnify and save harmless the Vendors from and against any and all claims, losses and costs whatsoever for any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for the Purchaser. These indemnities are not subject to any of the limitations set out in Article 9.

Section 12.5 Announcements.

No press release, public statement or announcement or other public disclosure (a "Public Statement") with respect to this Agreement or the transactions contemplated in this Agreement may be made prior to Closing except with the prior written consent and joint approval of the Vendors and the Purchaser, or if required by Law or a Governmental Entity. Where the Public Statement is required by Law or a Governmental Entity, the Party required to make the Public Statement will use its commercially reasonable efforts to obtain the approval of the other Party as to the form, nature and extent of the disclosure. After the Closing, any Public Statement by the Vendors may be made only with the prior written consent and approval of the Purchaser unless the Public Statement is required by Law or a Governmental Entity, in which case the Vendors shall use their commercially reasonable efforts to obtain the approval of the Purchaser as to the form, nature and extent of the disclosure.

Section 12.6 Third Party Beneficiaries.

The Vendors and the Purchaser intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties. Except for the Indemnified Persons, no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. The Parties reserve their right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Agreement to any Person who is not a Party, without notice to or consent of that Person, including any Indemnified Person.

Section 12.7 Expenses.

Except as otherwise expressly provided in this Agreement, each Party will pay for its own costs and expenses incurred in connection with this Agreement and the transactions contemplated thereby. The fees and expenses referred to in this Section are those which are incurred in connection with the negotiation, preparation, execution and performance of this Agreement, and the transactions contemplated by this Agreement, including the fees and expenses of legal counsel, investment advisers and accountants.

Section 12.8 Amendments.

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Vendors and the Purchaser.

Section 12.9 Waiver.

No waiver of any of the provisions of this Agreement or any Ancillary Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Section 12.10 Non-Merger.

Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties shall not merge on and shall survive the Closing. Notwithstanding the Closing or any investigation made by or on behalf of any Party, the covenants, representations and warranties shall continue in full force and effect. Closing shall not prejudice any right of one Party against any other Party in respect of anything done or omitted under this Agreement or in respect of any right to damages or other remedies.

Section 12.11 Entire Agreement.

This Agreement, together with the Ancillary Agreements, constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement or any Ancillary Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement and the Ancillary Agreements. If there is any conflict or inconsistency between the provisions of this Agreement and the provisions of any Ancillary Agreement, the provisions of this Agreement shall govern.

Section 12.12 Successors and Assigns.

- (1) This Agreement becomes effective only when executed by the Vendors and the Purchaser. After that time, it will be binding upon and enure to the benefit of the Vendors, the Purchaser and their respective heirs, administrators, executors, legal personal representatives, successors and permitted assigns.
- (2) Except as provided in this Section 12.12, neither this Agreement nor any of the rights or obligations under this Agreement is assignable or transferable by any Party without the prior written consent of the other Party. Upon giving notice to the Vendors at any time on or prior to the Closing Date, the Purchaser is entitled to assign this Agreement or any of its rights or obligations under this Agreement to any of its affiliates, subject to the following conditions:

- (a) the assignee must execute and deliver a confidentiality agreement to the Vendors in substantially the same form as the confidentiality agreement executed by the Purchaser;
- (b) the assignee must execute acknowledgement confirming the assignment and the assumption by the assignee of all representations and warranties and obligations of the Purchaser under this Agreement;
- (c) the Purchaser shall provide an indemnity to the Vendors in respect of the obligations of the assignee under this Agreement, on terms reasonably acceptable to the Vendors and the Purchaser; and
- (d) the opinion given under Section 6.1(e)(vi) of this Agreement shall be amended to the extent necessary to apply to both the Purchaser, as indemnitor, and the assignee,

and upon delivery to the Vendor of the confidentiality agreement and the acknowledgement referred to above, the Purchaser will be released from any liability hereunder.

Section 12.13 Severability.

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect.

Section 12.14 Governing Law.

- (1) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- (2) Each Party irrevocably attorns and submits to the exclusive jurisdiction of the British Columbia courts and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 12.15 Counterparts and Delivery.

This Agreement may be executed in any number of counterparts and delivered in the original or by facsimile or as an image file attached to an e-mail and all such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Share Purchase Agreement as of the date first set out above.

Witness [Signature])
 1151 Arborlynn Dr.)
 Address North Vancouver, BC)
 Secretary)
 Occupation)
 Witness [Signature])
 Address 4723 Maple Ridge Drive)
 North Vancouver BC)
 V7R 3R2)
 Occupation President Utility)
 Witness)
 Address)
 Occupation)

[Signature]
 JOHN BARNES

[Signature]
 JUDE M. BARNES

THOMAS J. BARNES

D.W. THOMSON & COMPANY LTD.
 By: [Signature]
 Authorized Signing Officer

WELSH HOLDINGS LTD.
 By: [Signature]
 Authorized Signing Officer

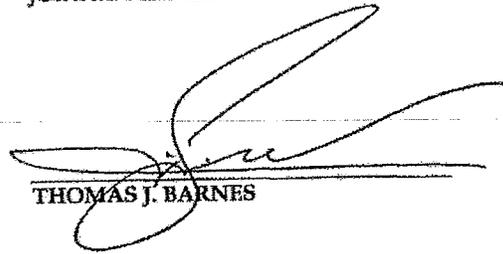
CREATIVE ENERGY CANADA
 PLATFORMS CORP.
 By: _____
 Authorized Signing Officer

- 60 -

_____))
 Witness)
 _____))
 Address)
 _____))
 _____))
 Occupation)
 _____))
 Witness)
 _____))
 Address)
 _____))
 _____))
 Occupation)
 _____))
 Witness)
Colin Keane)
 Address)
1489 DEARBY RD. Victoria, BC V8P1T4)
 _____))
H.P. MECHANIC)
 Occupation)

JOHN BARNES

JUDE M. BARNES



THOMAS J. BARNES

D.W. THOMSON & COMPANY LTD.

By: _____
Authorized Signing Officer

WELSH HOLDINGS LTD.

By: _____
Authorized Signing Officer

CREATIVE ENERGY CANADA
PLATFORMS CORP.

By: _____
Authorized Signing Officer

_____))
 Witness _____))
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 Address _____))
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 Address _____))
 _____))
 _____))
 Occupation _____))

JOHN BARNES

JUDE M. BARNES

THOMAS J. BARNES

D.W. THOMSON & COMPANY LTD.

By:

Authorized Signing Officer

WELSH HOLDINGS LTD.

By:

Authorized Signing Officer

CREATIVE ENERGY CANADA
PLATFORMS CORP.

By:

Authorized Signing Officer

SCHEDULE 2.3(a)
FORM OF ESCROW AGREEMENT

THIS AGREEMENT is made as of the _____ day of _____, 2013.

BETWEEN:

JOHN BARNES, a business person having an address at 720 Beatty Street, Vancouver, British Columbia, V6B 2M1

(the "**Vendors' Representative**")

AND

JUDE M. BARNES, a business person having an address at 4723 Mapleridge Drive, North Vancouver, British Columbia, V7R 3T6

("Jude")

AND

THOMAS J. BARNES, a business person having an address at 1087 Lands End Road, RR#3, Sidney, British Columbia, V8L 5G3

("Thomas")

AND

D.W. THOMSON & COMPANY LTD., a British Columbia company having an office at 4093 St. Mary's Avenue, North Vancouver, British Columbia, V7N 1Y6

("D.W. Thomson")

AND

WELSH HOLDINGS INC., a British Columbia company having an office at Suite #3 – 720 Beatty Street, Vancouver, British Columbia, V6B 2M1

("Welsh")

(the Vendors' Representative, Jude, Thomas, D.W. Thomson and Welsh, each a "**Vendor**" and collectively, the "**Vendors**")

AND

CREATIVE ENERGY CANADA PLATFORMS CORP., a British Columbia company having a registered office at 1100 – 505 Burrard Street, Box 11, Vancouver, BC, V7X 1M5

(the "**Purchaser**")

AND

KORNFELD LLP, a partnership of barristers and solicitors, having an office at the City of Vancouver, Province of British Columbia

(the "Escrow Agent")

WHEREAS:

A. the Vendors and the Purchaser have entered into a share purchase agreement (the "Agreement"), executed contemporaneously with this Agreement, pursuant to which the Purchaser has agreed to purchase and each of the Vendors has agreed to sell all of the issued and outstanding shares of Central Heat Distribution Ltd. (the "Company");

B. the Agreement contemplates that \$750,000 of the Purchase Price shall be held in escrow by an escrow agent to facilitate payment of the Purchase Price, and as security for certain claims that may be made by the Purchaser under the indemnification provisions of the Agreement;

C. the Escrow Agent is willing to act as escrow agent for the sole purpose of accepting, holding and releasing the Escrow Funds (as hereinafter defined) in accordance with the terms and conditions of this Escrow Agreement;

D. the Vendors have appointed the Vendors' Representative to act on their behalf with respect to the receipt and delivery of notices required or permitted to be given under the Agreement and this Escrow Agreement; and

E. all capitalized terms used herein shall have the meanings ascribed thereto in the Agreement unless they are otherwise defined in this Escrow Agreement.

NOW THEREFORE THIS ESCROW AGREEMENT WITNESSES THAT in consideration of the respective covenants and agreements of the parties herein contained, the parties hereto agree as follows:

1. Appointment of Escrow Agent

The Vendors and the Purchaser hereby appoint the Escrow Agent to act as escrow agent on the terms and conditions set forth herein and the Escrow Agent hereby accepts such appointment on such terms and conditions.

2. Deposit of Escrow Funds and Receipts

Pursuant to Section 2.3 of the Agreement,

- (a) The Purchaser shall pay the sum of \$300,000.00 (the "First Deposit") to the Escrow Agent on delivery of the notice described in Section 5.5(4)(a) of the Agreement; and
- (b) The Purchaser shall pay the sum of \$700,000.00 (the "Second Deposit") to the Escrow Agent on receipt of the BCUC Approval in accordance with the Agreement.

(until deposit of the Second Deposit, the First Deposit shall be the "Escrow Funds"; and after deposit of the Second Deposit, the First Deposit and the Second Deposit together shall be the "Escrow Funds")

Upon the payment of each of the First Deposit and the Second Deposit, the Escrow Agent will acknowledge receipt of the First Deposit or the Second Deposit, as applicable, to the Vendors' Representative and the Purchaser and will deal with the Escrow Funds strictly in accordance with the terms and conditions of this Escrow Agreement.

3. Investment of Escrow Funds

The Escrow Agent is hereby authorized and directed to cause the Escrow Funds to be invested and reinvested from time to time in an interest bearing instrument with a maturity of not more than 90 days issued, guaranteed or accepted by any Canadian chartered bank. Interest earned and paid on such investments shall be added to and form part of the Escrow Funds and shall be invested and reinvested from time to time in accordance with this section. Subject to Section 8(c), all interest earned and paid on the Escrow Funds shall be for the benefit of the Vendors.

4. Payment in Accordance with Instructions

The Escrow Agent shall only pay out the Escrow Funds as directed from time to time by a notice in writing delivered in accordance with this Agreement, or, in the absence of such a notice, by order of a court of competent jurisdiction.

5. Escrow Release At Closing

If the Escrow Agent receives a notice (the "**Closing Escrow Notice**") from the Vendors' Representative and the Purchaser substantially in the form attached as Exhibit "A", the Escrow Agent will, at Closing, pay \$250,000.00 of the Escrow Funds to or to the order of the Vendors in accordance with the delivery instructions set out in the Closing Escrow Notice. Such payment will satisfy the Purchaser's obligation to pay such amount to the Vendors. The Escrow Agent will retain the balance of the Escrow Funds in trust pursuant to this Escrow Agreement.

If the Escrow Agent receives a Closing Escrow Notice that has been signed by one party but not the other (for purposes of this Section, the "**Non-Signing Party**"), the Escrow Agent will deliver a copy of the Closing Escrow Notice to the Non-Signing Party within two Business Days of receiving the Closing Escrow Notice. If the Non-Signing Party does not return a fully signed copy to the Escrow Agent within five Business Days, the Escrow Agent shall retain the Escrow Funds in trust until otherwise directed in accordance with Section 4.

6. Escrow Release Post-Closing

If the Escrow Agent receives a notice (the "**Escrow Release Notice**") from the Vendors' Representative and the Purchaser substantially in the form attached as Exhibit "B", the Escrow Agent will pay out the Escrow Funds in accordance with the delivery instructions set out in the Escrow Release Notice, but subject to Section 8 of this Escrow Agreement. Such payment will satisfy each party's obligation to pay the applicable amount payable by it under Section 2.8 of the Agreement, to the extent of the amount paid by the Escrow Agent. The Escrow Agent will retain the balance of the Escrow Funds, if any, in trust pursuant to this Escrow Agreement.

If the Escrow Agent receives an Escrow Release Notice that has been signed by one party but not the other (for purposes of this Section, the "**Non-Signing Party**"), the Escrow Agent will deliver a copy of the Escrow Release Notice to the Non-Signing Party within two Business Days of receiving the Escrow Release Notice. If the Non-Signing Party does not return a fully signed copy

to the Escrow Agent within five Business Days, the Escrow Agent shall retain the Escrow Funds in trust until otherwise directed in accordance with Section 4.

Notwithstanding the payment dates specified in the Agreement, in the case of Escrow Funds invested pursuant to Section 3 of this Escrow Agreement, the Escrow Agent will pay out such Escrow Funds on the date that is the later of (i) the third Business Day after its actual receipt of the Escrow Release Notice, and (ii) the third Business Day after the investment of such property matures without penalty, unless the Escrow Agent is otherwise instructed and the incurrance of such penalty, if any, is authorized and acknowledged in writing by the Vendors' Representative and the Purchaser.

If the Escrow Release Notice is not received by the Escrow Agent prior to November 1, 2014, the Escrow Funds shall be released to the Vendors' Representative, subject only to any amounts that are subject to a Notice of Dispute and that are being retained in trust by the Escrow Agent under Section 8 of this Escrow Agreement.

7. No Completion

If the Escrow Agent receives a notice (the "**Termination Notice**") substantially in the form attached as Exhibit "C" and signed by both the Vendors' Representative and the Purchaser, the Escrow Agent shall pay out the Escrow Funds as directed in the Termination Notice. If the Termination Notice has only been signed by the Vendors' Representative, but not the Purchaser:

- (a) the Escrow Agent will promptly deliver the Termination Notice to the Purchaser;
- (b) if the Purchaser, within 30 days after the date of the Termination Notice, delivers a written notice to the Escrow Agent stating that it disputes the termination or the proposed release of Escrow Funds, the Escrow Agent shall retain the Escrow Funds in trust until such time as the dispute has been finally resolved, upon which the Purchaser and the Vendors' Representative shall deliver a joint written notice to the Escrow Agent, confirming the resolution of the dispute and that the Escrow Funds may be released as directed in the joint notice. If the dispute was resolved by order of a court of competent jurisdiction, the joint written notice shall also include a copy of the order, and the Escrow Agent shall not release the Escrow Funds to the party or parties specified in the order until 10 days after receiving a copy of the order, and then shall release the Escrow Funds only if the Escrow Agent has not received a copy of any notice of appeal or stay of execution in respect of that order; and
- (c) if the Purchaser does not deliver a notice of dispute within 30 days after the date of the Termination Notice, the Escrow Agent shall deliver the Escrow Funds to the Vendors in full.

The Escrow Agent shall deliver the Escrow Funds in accordance with the delivery instructions set out in the applicable notice, within three Business Days after its actual receipt of the notice, and such delivery will satisfy the parties' obligation to pay such amounts under the Agreement.

8. Indemnified Claims

If, at a time when the Escrow Agent is holding any Escrow Funds, the Escrow Agent receives one or more notices from the Purchaser substantially in the form attached as Schedule "D", (each, a "**Direct Claim Notice**"), then:

- (a) the Escrow Agent will deliver a copy of each Direct Claim Notice to the Vendors' Representative within two Business Days after receipt thereof from the Purchaser;
- (b) if the Vendors' Representative, within 30 days after the date of the Direct Claim Notice, delivers a written notice to the Escrow Agent stating that the Vendors dispute the Direct Claim, and the dispute relates to only a portion of the amount of the Direct Claim as set out in the Direct Claim Notice, the Escrow Agent will release to the Purchaser the portion of the amount claimed that is not disputed. If the dispute relates to the full amount of the Direct Claim as set out in the Direct Claim Notice, the Escrow Agent will make payments (together with any interest which has accrued on the amount so paid) from the Escrow Funds to the Purchaser, to the extent of the Escrow Funds, only in accordance with authorization in the form of (i) disbursement instructions signed by the Vendors' Representative and the Purchaser, or (ii) an order of a court of competent jurisdiction in respect of the Direct Claim. The Escrow Agent will make any such payment so authorized within three Business Days after its actual receipt of such authorization, except if the authorization takes the form of an order of a court of competent jurisdiction, the Escrow Agent shall not make the payment until 10 days after receiving a copy of the order, and then shall only make the payment if the Escrow Agent has not received a copy of any notice of appeal or stay of execution in respect of that judgment.
- (c) If the Vendors' Representative does not, within 30 days after the date of the Direct Claim Notice, deliver a written notice to the Escrow Agent stating that the Vendors dispute the Direct Claim, the Escrow Agent will release to the Purchaser an amount (together with any interest which has accrued on the amount so paid) from the Escrow Funds equal to the amount of the Direct Claim as set out in the Direct Claim Notice, to the extent of the Escrow Funds.

9. Termination of Escrow Agreement

Other than the provisions of this Escrow Agreement relating to the protection of the Escrow Agent, this Escrow Agreement shall terminate on the earliest to occur of:

- (a) if the Purchaser notifies the Vendors and the Escrow Agent pursuant to Section 5.5(4)(b) of the Agreement that the Purchaser has determined that it does not wish to proceed with the transaction contemplated by the Agreement;
- (b) if the Escrow Agent is replaced pursuant to Section 12(c) of this Escrow Agreement; or
- (c) on the date that the Escrow Agent ceases to hold any Escrow Funds.

10. Determination

The parties hereto agree that the Escrow Agent shall not be required to make any determination or decision with respect to the validity of any claim made by any party, or of any denial thereof, but shall be entitled to rely conclusively on the terms hereof and the documents tendered to it in accordance with the terms hereof, absent manifest error.

11. Fees

The actual out-of-pocket costs and disbursements relating to the services of the Escrow Agent hereunder shall be shared and paid as to 50% by the Purchaser and as to 50% by the Vendors acting jointly, forthwith upon notice by the Escrow Agent of the amount thereof.

12. Escrow Agent

The acceptance by the Escrow Agent of its duties under this Escrow Agreement is subject to the following terms and conditions which shall govern and control the rights, duties, liabilities and immunities of the Escrow Agent:

- (a) The Escrow Agent may resign at any time as escrow agent upon 10 Business Days' prior notice to the Vendors' Representative and the Purchaser, or such shorter notice as they may accept as sufficient.
- (b) The Escrow Agent may be removed in the following manner:
 - (i) the Vendors' Representative and the Purchaser, acting jointly, shall have the power at any time on 10 Business Days' written notice to remove the Escrow Agent and appoint a replacement escrow agent; or
 - (ii) if the Vendors' Representative has cause to believe the Escrow Agent has acted or is about to act in a manner that is biased in favour of the Purchaser, the Vendors' Representative shall have the power at any time on 5 Business Days' written notice to unilaterally remove the Escrow Agent and appoint a trust company registered under the laws of British Columbia or a lawyer in good standing with the Law Society of British Columbia, in either case acceptable to the Purchaser, to act as a replacement escrow agent.
- (c) In the event of the Escrow Agent resigning pursuant to Section 12(a) or being removed pursuant to Section 12(b), the Vendors and the Purchaser shall jointly appoint a new escrow agent, and provide the Escrow Agent with written notice thereof, upon which the Escrow Agent shall transfer the Escrow Funds to the replacement escrow agent, provided that the Escrow Agent shall have received payment in full of all expenses owing to it hereunder. Any replacement escrow agent shall be subject to removal in the same manner as aforesaid, or as otherwise agreed upon by the Vendors, the Purchaser and the replacement escrow agent. On any such appointment, and upon receipt of the Escrow Funds, the replacement escrow agent shall be vested with the same powers, rights and obligations as if it had been originally named herein as escrow agent, without any further assurance, conveyance, act or deed; but there shall be immediately executed, at the expense of the Vendors and the Purchaser, all such conveyances or other instruments as may, in the reasonable opinion of the Escrow Agent, be necessary or advisable for the purpose of effectively transferring the Escrow Funds to the replacement escrow agent and otherwise assuring the replacement escrow agent the full rights, privileges and obligations of the Escrow Agent hereunder, except as otherwise agreed by the Vendors, the Purchaser and the replacement escrow agent. Should the Vendors and the Purchaser fail to appoint a replacement escrow agent as outlined above, then the Escrow Agent shall cease its function at the expiration of

the period of notice and may retain the Escrow Funds on a merely safekeeping basis at such reasonable fee as may be determined solely by the Escrow Agent, or may pay into or otherwise deposit with a court of competent jurisdiction in Vancouver, Province of British Columbia, the Escrow Funds, pending the appointment of such a replacement escrow agent.

- (d) The Escrow Agent is not bound by any agreement, arrangement or understanding relating to or arising out of the matters provided for in this Escrow Agreement, other than as expressly set forth herein.
- (e) The Escrow Agent shall be entitled to rely upon any notice, declaration, certificate, waiver, consent, receipt or other paper or document purporting to be delivered pursuant to this Escrow Agreement and shall not enquire as to the veracity, accuracy or adequacy thereof or be bound by any notice or direction to the contrary by any person other than a person entitled to give such notice and in the absence of bad faith or fraud on the part of the Escrow Agent, the Vendors and the Purchaser shall not hold the Escrow Agent liable for any loss or injury to them.
- (f) It is understood and agreed that the duties of the Escrow Agent hereunder are purely administrative in nature and that the Escrow Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted to be taken by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, except for its own bad faith or fraud.
- (g) The Escrow Agent shall incur no liability hereunder or in connection herewith for anything whatsoever other than as a result of its own bad faith or fraud. The Purchaser and the Vendors jointly and severally shall indemnify, hold harmless and defend the Escrow Agent from and against any and all actions, causes of action, claims, demands, damages, losses, costs, liabilities and expense, of any nature or kind (including costs incurred by the Escrow Agent in retaining its own counsel), which may be made or brought against the Escrow Agent or which the Escrow Agent may suffer or incur as a result of or in respect of or arising out of its appointment as Escrow Agent hereunder, except such as shall result solely and directly from the Escrow Agent's own bad faith or fraud.
- (h) In the event of any disagreement between any of the Purchaser and the Vendors hereto which in the reasonable opinion of the Escrow Agent may result in adverse claims or demands with respect to the Escrow Funds or if any of the parties hereto, including the Escrow Agent, are in disagreement about the interpretation of this Escrow Agreement or the Agreement, or about the rights and obligations of the Escrow Agent or the propriety of an action contemplated by the Escrow Agent under this Escrow Agreement, the Escrow Agent may, at its option, if it then holds any Escrow Funds, pay into court or otherwise deposit those Escrow Funds with a court of competent jurisdiction in Vancouver, Province of British Columbia. Upon the Escrow Agent making such deposit, the Escrow Agent shall be discharged and released of its duties and obligations hereunder. The Escrow Agent shall be indemnified by the Vendors and the Purchaser jointly and severally in any such action, interpleader or any other action or proceeding for all costs, liabilities, expenses and fees (including costs incurred by the Escrow Agent in retaining its

own counsel) which it may suffer or incur in its capacity as Escrow Agent.

13. Vendors' Representative

The Escrow Agent shall be entitled to deal with the Vendors' Representative, or any other person who is appointed to represent the Vendors in the same capacity from time to time, written notice of which has been given to the Escrow Agent, with respect to all matters under this Escrow Agreement, including making and receiving payments, receiving and sending notices, and receiving and delivering documents and money. All references in this Escrow Agreement to actions to be taken by the Vendors shall be deemed taken by them if such actions are taken by the Vendors' Representative. All references in this Escrow Agreement to actions to be taken by the Escrow Agent or the Purchaser and directed to the Vendors or any of them, as the case may be, shall be deemed directed to such Vendors or any of them, as the case may be, if such actions are directed by the Escrow Agent or the Purchaser to the Vendors' Representative acting within the scope of his authority as provided in the Agreement.

14. Notice

Any notice, approval, consent, instruction, direction or other communication to be given under or in connection with this Escrow Agreement shall be in writing and shall be given by personal delivery or by telecopier addressed or sent as set out below or to such other address or electronic communication number as may from time to time be the subject of a notice hereunder.

(a) to the Vendors' Representative:

720 Beatty Street
Vancouver, BC V6B 2M1

(b) to Jude:

4723 Mapleridge Drive
North Vancouver, BC V7R 3T6

(c) to Thomas:

1087 Lands End Road, RR#3
Sidney, BC V8L 5G3

(d) to D.W. Thomson:

4093 St. Mary's Avenue
North Vancouver, BC V7N 1Y6

(e) to Welsh:

Suite #3 – 720 Beatty Street
Vancouver, BC V6B 2M1

(f) to the Purchaser:

#501 – 1067 West Cordova Street
Vancouver, BC V6C 1C7

Attention: Diane Rapatz

Facsimile No.: 604-893-1708

with a copy to:

Kornfeld LLP

#1100 – 505 Burrard Street
Vancouver, BC V7X 1M5

Attention: Neil Kornfeld

Facsimile No.: 604-683-0570

(g) to the Escrow Agent:

Kornfeld LLP

#1100 – 505 Burrard Street
Vancouver, BC V7X 1M5

Attention: Neil Kornfeld

Facsimile No.: 604-683-0570

Any notice, approval, consent, instruction, direction or other communication to be given under or in connection with this Escrow Agreement, if personally delivered, shall be deemed to have been given and received on the date of delivery and if sent by telecopier or other electronic communication with confirmation of transmission shall be deemed to have been given on the Business Day after it is received.

15. Residence of Purchaser and Vendors

Each of the Purchaser and the Vendors severally, but not jointly, represents and warrants to the Escrow Agent that they are not "non-residents" as defined in the *Income Tax Act* (Canada).

16. Entire Agreement

Subject to the provisions of Section 12.11 of the Agreement, this Escrow Agreement constitutes the entire agreement between the parties with respect to the escrow delivery of, and subsequent dealing with, the Escrow Funds.

17. Severability

Any provision hereof that is held to be inoperative, unenforceable or invalid in any jurisdiction shall be severable from the remaining provisions which shall continue to be valid and enforceable to the fullest extent permitted by law.

18. Applicable Law

This Escrow Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

19. Further Assurances

The Purchaser and the Vendors will at any time and from time to time, upon the request of any of the other parties or the Escrow Agent, execute and deliver such further documents and do such further acts and things as may reasonably be requested by the Escrow Agent in order to evidence, carry out and give effect to the terms, conditions, intent and meaning of this Escrow Agreement.

20. No Waiver

No failure or delay on the part of the Escrow Agent, the Purchaser or the Vendors in exercising any right, power or remedy provided herein may be, or may be deemed to be, a waiver thereof; nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise of such right, power or remedy or other right, power or remedy.

21. Amendments

This Escrow Agreement may not be amended or modified in any respect except by written instrument signed by all the parties hereto.

22. Time of the Essence

Time is of the essence of this Escrow Agreement.

23. No Conflict of Interest

Each of the parties hereby acknowledges that the Escrow Agent has acted and will continue to act as counsel for the Purchaser with respect to various matters, and agrees that, notwithstanding anything in this Escrow Agreement, the fact that that Escrow Agent agrees to act and carry out responsibilities hereunder shall in no way whatsoever prejudice or affect the ability of the Escrow Agent to continue to act as counsel for the Purchaser in the event of any dispute arising in connection with this Escrow Agreement, the Agreement, or any other matter.

24. No Assignment; Successors

No party shall be permitted to assign its rights under this Escrow Agreement without the express written consent of each of the other parties hereto. This Escrow Agreement shall be binding upon, and shall enure to the benefit of each of the parties hereto and their respective successors and permitted assigns.

25. Independent Legal Advice

The Purchaser and the Vendors acknowledge that the Escrow Agent has acted as legal adviser to the Purchaser in the transaction contemplated by the Agreement, including with respect to this Escrow Agreement. The Vendors further acknowledge that each of them has had an opportunity to

consult independent legal advisers in respect of this Escrow Agreement. The Purchaser and the Vendors further acknowledge that in the event of a dispute between the parties under this Escrow Agreement, the Code of Professional Conduct for British Columbia of the Law Society of British Columbia shall apply, and the Escrow Agent, in its capacity as escrow agent hereunder, may be required to resign as escrow agent or to advise the parties to seek independent legal advice in respect of this Escrow Agreement.

26. Counterparts

This Escrow Agreement may be executed and delivered in any number of counterparts, and may be executed and delivered as originals, by facsimile or as an image file attached to an e-mail, and all counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have hereunto duly executed this Escrow Agreement as of the date first set out above.

D.W. THOMSON & COMPANY LTD.

WELSH HOLDINGS INC.

Per: _____
Name:
Title:
**CREATIVE ENERGY CANADA
PLATFORMS CORP.**

Per: _____
Name:
Title:
KORNFELD LLP

Per: _____
Name:
Title:

Per: _____
Name:
Title:

_____)
Witness _____)
_____)
Address _____)
_____)
_____)
Occupation _____)

JOHN BARNES

_____)
Witness _____)
_____)
Address _____)
_____)
_____)
Occupation _____)

JUDE M. BARNES

_____)
Witness)
_____)
Address)
_____)
_____)
_____)
Occupation)

THOMAS J. BARNES

EXHIBIT "A"

CLOSING ESCROW NOTICE

TO: KORNFELD LLP

Please be advised that the conditions to Closing set out in the Agreement have been satisfied or waived in their entirety and Closing has been confirmed to occur on _____[date]. You are hereby irrevocably authorized and directed to deliver \$250,000.00 of the Escrow Funds in the following amounts to the following persons on the Closing Date:

Amount

Delivered To

TOTAL: \$ _____

and this shall be your good and sufficient authority for doing so. You are also irrevocably authorized and directed to retain the balance of the Escrow Funds in accordance with the Escrow Agreement.

This is the Closing Escrow Notice contemplated in the Escrow Agreement dated as of June _____ 2013 among John Barnes, Jude M. Barnes, Thomas J. Barnes, D.W. Thomson & Company Ltd., Welsh Holdings Inc., Creative Energy Canada Platforms Corp. and Kornfeld LLP. Capitalized terms in this Closing Escrow Notice shall have the meaning ascribed in such terms in such agreement.

DATED this _____ day of _____, 2014.

**CREATIVE ENERGY CANADA PLATFORMS
CORP.**

Per: _____

Name:

Title:

_____))
Witness))
_____))
Address))
_____))
_____))
Occupation))

JOHN BARNES

ACKNOWLEDGED this _____ day of _____, 2014.

KORNFELD LLP

Per: _____
Name:
Title: Partner

EXHIBIT "B"

ESCROW RELEASE NOTICE

TO: KORNFELD LLP

Please be advised that the Closing Balance Sheet has been finalized. You are hereby irrevocably authorized and directed to deliver the following amounts of the Escrow Funds to the following persons:

Amount

Delivered To

TOTAL: \$ _____

and this shall be your good and sufficient authority for doing so.

This is the Escrow Release Notice contemplated in the Escrow Agreement dated as of June _____ 2013 among John Barnes, Jude M. Barnes, Thomas J. Barnes, D.W. Thomson & Company Ltd., Welsh Holdings Inc., Creative Energy Canada Platforms Corp. and Kornfeld LLP. Capitalized terms in this Escrow Release Notice shall have the meaning ascribed in such terms in such agreement.

DATED this _____ day of _____, 2014.

**CREATIVE ENERGY CANADA PLATFORMS
CORP.**

Per: _____
Name:
Title:

_____)
Witness _____)
_____)
Address _____)
_____)
_____)
Occupation _____)

JOHN BARNES

ACKNOWLEDGED this _____ day of _____, 2014.

KORNFELD LLP

Per: _____
Name:
Title: Partner

EXHIBIT "C"

TERMINATION NOTICE

TO: KORNFELD LLP

Please be advised that the Agreement has been terminated as of _____ [date] as a result of _____. You are hereby irrevocably authorized and directed to deliver the following amounts of the Escrow Funds to the following persons:

<u>Amount</u>	<u>Delivered To</u>
---------------	---------------------

TOTAL: \$ _____

and this shall be your good and sufficient authority for doing so.

This is the Termination Notice contemplated in the Escrow Agreement dated as of June _____ 2013 among John Barnes, Jude M. Barnes, Thomas J. Barnes, D.W. Thomson & Company Ltd., Welsh Holdings Inc., Creative Energy Canada Platforms Corp. and Kornfeld LLP. Capitalized terms in this Termination Notice shall have the meaning ascribed in such terms in such agreement.

DATED this _____ day of _____, 2013.

**CREATIVE ENERGY CANADA PLATFORMS
CORP.**

Per: _____
Name:
Title:

_____)
 Witness _____)
 _____)
 Address _____)
 _____)
 _____)
 Occupation _____)

JOHN BARNES

ACKNOWLEDGED this _____ day of _____, 2013.

KORNFELD LLP

Per: _____

Name:

Title: Partner

EXHIBIT "D"

DIRECT CLAIM NOTICE

TO: KORNFELD LLP

Please be advised that the Purchaser has become aware of a Direct Claim and that the Purchaser has notified the Vendors' Representative in writing of the Direct Claim in accordance with Section 9.6(2) of the Agreement. The Purchaser estimates that the amount reasonably required to investigate, defend, remedy or address the Direct Claim is \$_____.

This is the Direct Claim Notice contemplated in the Escrow Agreement dated as of June _____ 2013 among John Barnes, Jude M. Barnes, Thomas J. Barnes, D.W. Thomson & Company Ltd., Welsh Holdings Inc., Creative Energy Canada Platforms Corp. and Kornfeld LLP. Capitalized terms in this Termination Notice shall have the meaning ascribed in such terms in such agreement.

DATED this _____ day of _____, 2014.

CREATIVE ENERGY CANADA PLATFORMS
CORP.

Per: _____
Name:
Title:

ACKNOWLEDGED this _____ day of _____, 2014.

KORNFELD LLP

Per: _____
Name:
Title: Partner

SCHEDULE 6.1(e)(vi)
FORM OF VENDOR'S OPINION

◆, 2014

[Purchaser]
[address]
[address]

Kornfeld LLP
Suite 1100 - 505 Burrard Street
Vancouver, BC V7X 1M5

Dear Sirs:

Re: Share Purchase Agreement (the "**Share Purchase Agreement**") dated ◆, 2013 among Creative Energy Canada Platforms Corp. (the "**Purchaser**") as purchaser and John S. Barnes, Jude M. Barnes, Thomas J. Barnes, D.W. Thomson & Company Ltd. and Welsh Holdings Inc. (together, the "**Vendors**") as vendors in respect of the shares of Central Heat Distribution Limited (the "**Corporation**")

We have acted as legal counsel to the Vendors and the Corporation in connection with the purchase by the Purchaser of all of the issued and outstanding shares of the Corporation (the "**Transaction**") pursuant to the Share Purchase Agreement. This opinion is delivered to you pursuant to Section 6.1(e)(v) of the Share Purchase Agreement. Capitalized terms used but not defined herein shall have the meanings given to them in the Share Purchase Agreement. D.W. Thomson & Company Ltd. and Welsh Holdings Inc. are referred to herein together as the "**Corporate Vendors**".

For the purposes of this opinion, we have examined, among other things, the following:

- (a) an executed copy of the Share Purchase Agreement;
- (b) an executed copy of the Escrow Agreement;
- (c) an executed copy of each of the non-competition agreements between the Vendors and the Corporation delivered under Section 6.1(e)(vi) of the Share Purchase Agreement (the "**Non-Competition Agreements**", and collectively with the Share Purchase Agreement and the Escrow Agreement, the "**Transaction Documents**"); and
- (d) certificates of good standing (the "**Certificates of Good Standing**") issued by the Registrar of Companies for the Province of British Columbia dated ◆ in respect of each of the Corporation and the Corporate Vendors.

We have also:

- (a) examined such statutes, regulations, public records and certificates of government officials;
- (b) examined such corporate records of the Corporation including the central securities register (the "**Register**") of the Corporation;
- (c) made such further examinations, investigations and searches; and
- (d) considered such questions of law,

as we have considered relevant and necessary as a basis for the opinions hereinafter expressed.

We have relied solely and without independent verification upon the officer's certificates (the "**Certificates**") of ♦ (the "**CHDL Certificate**"), ♦ and ♦ dated ♦ and attached hereto as Schedules A, B and C, respectively, as to matters material to the opinions expressed in paragraphs 4, 5, 6, 7(c), 8 and 10.

We are solicitors qualified to practice only in the Province of British Columbia. Our opinion is expressed only with respect to the laws of the Province of British Columbia and the laws of Canada applicable therein on the date of this opinion. We express no opinion with respect to the laws of any other jurisdictions.

Assumptions and Limitations

For the purposes of the opinions expressed herein, we have assumed:

- (a) the genuineness of all signatures of all parties;
- (b) the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified or photostatic or electronically transmitted copies or facsimiles thereof and the authenticity of the originals of such certified, photostatic or electronically transmitting copies or facsimile;
- (c) the accuracy and completeness of all information provided to us by offices of public record; and
- (d) in respect of each Vendor who is an individual, that such Vendor is legally competent to execute and deliver the Transaction Documents and each of the instruments to be delivered by such Vendor thereunder, to perform all of his or her obligations thereunder and to take all actions required pursuant thereto.

We have not undertaken any independent investigation to verify the accuracy or completeness of these assumptions. A specific assumption, limitation or qualification in this opinion is not to be interpreted to restrict the generality of an assumption, limitation or qualification expressed in

general terms that includes the subject matter of the specific assumption, limitation or qualification.

Opinions

Based on and subject to the foregoing and subject to the qualification set out in the last paragraph of this opinion, we are of the opinion that, on the date hereof:

1. Each of the Corporation and the Corporate Vendors is a validly existing company under the *Business Corporations Act* (British Columbia) and each is in good standing with respect to the filing of annual reports.
2. The Corporation has the corporate power and capacity to own and operate its properties and assets and to conduct its business.
3. Each of the Corporate Vendors has the corporate power and capacity to execute and deliver each Transaction Document to which it is a party and to perform its obligations thereunder.
4. Each of the Corporate Vendors has taken all necessary corporate action and proceedings to authorize the execution and delivery of each Transaction Document to which it is a party.
5. Each Transaction Document has been duly executed and delivered by each Vendor that is a party to such Transaction Document.
6. The execution and delivery by the Corporate Vendors of each Transaction Document to which they are a party, the performance by the Corporate Vendors of their respective obligations thereunder and the consummation of the transactions contemplated thereby to be consummated by the Corporate Vendors will not violate, result in a breach all or constitute a default under:
 - (a) the constating documents of the Corporate Vendors, respectively; or
 - (b) any laws of the Province of British Columbia or the federal laws of Canada applicable to the Corporate Vendors.
7. The transfer of the Purchased Shares from the Vendors to the Purchaser will not violate, result in a breach all or constitute a default under:
 - (a) the constating documents of the Corporation;
 - (b) any laws of the Province of British Columbia or the federal laws of Canada applicable to the Corporation; or
 - (c) any order, judgment or decree of any Governmental Entity which is binding upon the Corporation or any on its property and assets.

8. No consent, approval or authorization of, registration or filing with, or notice to, any Governmental Entity is necessary or required under the laws of the Province of British Columbia or the federal laws of Canada applicable therein in connection with the transfer on the records of the Corporation of all the Purchased Shares other than such consents and approvals as have been obtained or are listed in Schedule D to this opinion.

9. The authorized capital of the Corporation consists of 250,000 Common shares without par value (the "**Common Shares**"), of which 53,385 Common Shares are issued and outstanding. None of such issued and outstanding Common Shares have been issued in violation or breach of any pre-emptive rights pursuant to the Corporation's constating documents or, to our knowledge, any contract or instrument. There are no contracts or instruments, other than the Share Purchase Agreement, to which the Corporation is a party for the purchase or sale after the date hereof of any shares of the Corporation.

10. The Common Shares are fully paid and non-assessable.

11. All necessary corporate actions and proceedings have been taken by the Corporation to approve the transfer of the Purchased Shares to the Purchaser.

12. According to the Register, the persons named in the CHDL Certificate were, immediately prior to the Closing, the sole registered holders of the shares set beside his, her or its name in the CHDL Certificate.

13. According to the Register and after giving effect to the Transaction, the Purchased Shares are registered in the Purchaser's name and are the only issued and outstanding shares in the capital of the Corporation.

14. Each of the Transaction Documents to which the Vendors are a party constitutes a valid and legally binding obligation of the Vendors, enforceable against it in accordance with its terms.

Qualifications

The foregoing opinions are subject to the following qualifications:

1. The enforceability of each of the Transaction Documents is subject to bankruptcy, insolvency, reorganization, arrangement, winding-up, moratorium and other similar laws of general application affecting the enforcement of creditors' rights generally.

2. The enforceability of each of the Transaction Documents is subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of a court.

3. We express no opinion as to the enforceability of any provision of the Transaction Documents which states that amendments or waivers of or with respect to the Transaction Documents that are not in writing will not be effective.

4. Provisions contained in any Transaction Document which purports to sever from such Transaction Document any provision which is prohibited or unenforceable under applicable law without affecting the enforceability or validity of the remainder of the Transaction Document may be enforced only in the discretion of a court.

5. Any provision of the Transaction Documents which requires a party to pay or to indemnify any other party for the costs and expenses of such person in connection with judicial proceedings is subject to the court's discretion to determine by whom and to what extent those costs should be paid.

This opinion is provided solely for the benefit of the addressees of this opinion in connection with the Transaction and may not be quoted in whole or in part, or circulated to, referred to by, or relied upon by, any other person or used for any other purposes without our prior written consent.

Yours truly,

◆

SCHEDULE A
OFFICER'S CERTIFICATE
OF
CENTRAL HEAT DISTRIBUTION LIMITED
(the "Corporation")

To: Creative Energy Canada Platforms Corp. (the "Purchaser")
And to: Kornfeld LLP
And to: Watson Goepel LLP

Re: Share Purchase Agreement (the "Share Purchase Agreement") dated ♦, 2013 among the Purchaser and John S. Barnes, Jude M. Barnes, Thomas J. Barnes, D.W. Thomson & Company Ltd. and Welsh Holdings Inc. (the "Vendors") as vendors in respect of the shares of Central Heat Distribution Limited (the "Corporation")

I, ♦, a director of the Corporation, hereby certify, on behalf of the Corporation and not in my personal capacity, as of the date hereof, as follows:

1. I am a director of the Corporation and have furnished this certificate pursuant to section ♦ of the Share Purchase Agreement with the intent that it may be relied on by the Purchaser as a basis for the completion of the transactions contemplated by the Share Purchase Agreement and by Watson Goepel LLP in connection with the opinion to be given by it (the "Opinion") to the Purchaser and Kornfeld LLP pursuant to Section 6.1(e)(v) of the Share Purchase Agreement.
2. Capitalized terms used but not defined herein shall have the meanings given to them in the Share Purchase Agreement.
3. I have read and am familiar with the provisions of each of:
 - (a) the Share Purchase Agreement and all Ancillary Agreements;
 - (b) the Escrow Agreement;
 - (c) an executed copy of each of the non-competition agreements between the Vendors and the Corporation delivered under Section 6.1(e)(vi) of the Share Purchase Agreement (the "Non-Competition Agreements")(the Share Purchase Agreement and all Ancillary Agreements, the Escrow Agreement and the Non-Competition Agreements are referred to collectively herein as the "Transaction Documents").
4. I have made or caused to be made such examinations or investigations as are, in my opinion, necessary to make the statements contained in this certificate.
5. Attached hereto as Exhibit 1 is a true and complete copy of the Certificate of Incorporation, Notice of Articles and Articles of the Corporation issued by the Registrar of

Companies of British Columbia (the "Constating Documents"). The Constating Documents have not been amended or supplemented and are in full force and effect.

6. The Corporation has not taken any steps to surrender, cancel, amend or supplement the Constating Documents, terminate its corporate existence, amalgamate, continue in any other jurisdiction or change its corporate existence in any way since the date of its incorporation. The Corporation has not received any notice or other communication from any person indicating that there exists any situation, and the Corporation has no knowledge of any circumstances, which, unless remedied, could result in the termination of the corporate existence of the Corporation.

7. The corporate records of the Corporation that have been made available to Watson Goepel LLP are true and complete copies of the minute books and corporate records on the Corporation for the period from the date of incorporation of the Corporation to the date hereof and contain a register of shareholders of the Corporation, the Articles and minutes of all proceedings of the shareholders and directors and committees thereof of the Corporation.

8. The amount of consideration recited in the resolutions of the directors for the Corporation for which 53,385 Common Shares of the Corporation which are outstanding were issued, has actually been received by the Corporation.

9. There are no contracts or instruments, other than the Share Purchase Agreement, to which the Corporation is a party for the purchase or sale after the date hereof of any shares of the Corporation.

10. There are no orders, judgments or decrees of any Governmental Entity which are binding upon the Corporation or any on its property and assets.

11. Other than such consents and approvals as have been obtained or are listed in Schedule D to the Opinion, the Corporation does not require the consent, approval or authorization of, registration or filing with, or notice to, any Governmental Entity to consummate the transfer of the Purchased Shares from the Vendors to the Purchaser.

12. The following is a list of the directors and officers of the Corporation who were on March 14, 2013 and at all relevant times thereafter authorized to sign agreements, together with their specimen signatures:

Name of Director or Officer

Signature

Date ♦, 2013.

♦

Exhibits

Exhibit 1 - Constating Documents

SCHEDULE B

OFFICER'S CERTIFICATE
OF
WELSH HOLDINGS INC.
(the "Corporation")

To: Creative Energy Canada Platforms Corp. (the "Purchaser")
And to: Kornfeld LLP
And to: Watson Goepel LLP

Re: Share Purchase Agreement (the "Share Purchase Agreement") dated ♦, 2013 among the Purchaser and John S. Barnes, Jude M. Barnes, Thomas J. Barnes, D.W. Thomson & Company Ltd. and Welsh Holdings Inc. ("WHI") as vendors in respect of the shares of Central Heat Distribution Limited (the "Corporation")

I, ♦, a director of WHI, hereby certify, on behalf of WHI and not in my personal capacity, as of the date hereof, as follows:

1. I am a director of WHI and have furnished this certificate pursuant to Section 6.1(e)(ii) of the Share Purchase Agreement with the intent that it may be relied on by the Purchaser as a basis for the completion of the transactions contemplated by the Share Purchase Agreement and by Watson Goepel LLP in connection with the opinion to be given by it (the "Opinion") to the Purchaser and Kornfeld LLP pursuant to Section 6.1(e)(v) of the Share Purchase Agreement.
2. Capitalized terms used but not defined herein shall have the meanings given to them in the Share Purchase Agreement.
3. I have read and am familiar with the provisions of each of:
 - (a) the Share Purchase Agreement and all Ancillary Agreements;
 - (b) the Escrow Agreement;
 - (c) the non-competition agreement between WHI and the Corporation delivered under Section 6.1(e)(vi) of the Share Purchase Agreement (the "Non-Competition Agreement")(the Share Purchase Agreement and all Ancillary Agreements, the Escrow Agreement and the Non-Competition Agreement are referred to collectively herein as the "Transaction Documents").
4. I have made or caused to be made such examinations or investigations as are, in my opinion, necessary to make the statements contained in this certificate.
5. Attached hereto as Exhibit 1 is a true and complete copy of the Certificate of Incorporation and Notice of Articles of WHI issued by the Registrar of Companies of British

Columbia and the Articles of WHI (the "Constating Documents"). The Constating Documents have not been amended or supplemented and are in full force and effect.

6. The execution and delivery by WHI of each Transaction Document to which it is a party, the fulfillment by WHI of its obligations thereunder and the consummation of the transactions contemplated thereby to be consummated have been authorized by all necessary corporate action.

7. There are no contracts or instruments, other than the Share Purchase Agreement, to which WHI is a party for the purchase or sale after the date hereof of any shares of the Corporation.

8. Other than such consents and approvals as have been obtained or are listed in Schedule D to the Opinion, WHI does not require the consent, approval or authorization of, registration or filing with, or notice to, any Governmental Entity to consummate the transfer of the Purchased Shares owned by WHI to the Purchaser.

9. The following is a list of the directors and officers of WHI who were on March 14, 2013 and at all relevant times thereafter authorized to sign agreements, together with their specimen signatures:

Name of Director or Officer	Signature

Date ♦, 2013.

♦

Exhibits

Exhibit 1 - Constating Documents

SCHEDULE C

OFFICER'S CERTIFICATE
OF
WELSH HOLDINGS INC.
(the "Corporation")

To: Creative Energy Canada Platforms Corp. (the "Purchaser")
And to: Kornfeld LLP
And to: Watson Goepel LLP

Re: Share Purchase Agreement (the "Share Purchase Agreement") dated ♦, 2013 among the Purchaser and John S. Barnes, Jude M. Barnes, Thomas J. Barnes, D.W. Thomson & Company Ltd. ("DWT") and Welsh Holdings Inc. as vendors in respect of the shares of Central Heat Distribution Limited (the "Corporation")

I, ♦, a director of DWT, hereby certify, on behalf of DWT and not in my personal capacity, as of the date hereof, as follows:

1. I am a director of DWT and have furnished this certificate pursuant to Section 6.1(e)(ii) of the Share Purchase Agreement with the intent that it may be relied on by the Purchaser as a basis for the completion of the transactions contemplated by the Share Purchase Agreement and by Watson Goepel LLP in connection with the opinion to be given by it (the "Opinion") to the Purchaser and Kornfeld LLP pursuant to Section 6.1(e)(v) of the Share Purchase Agreement.

2. Capitalized terms used but not defined herein shall have the meanings given to them in the Share Purchase Agreement.

3. I have read and am familiar with the provisions of each of:

- (a) the Share Purchase Agreement and all Ancillary Agreements;
- (b) the Escrow Agreement;
- (c) the non-competition agreement between DWT and the Corporation delivered under Section 6.1(e)(vi) of the Share Purchase Agreement (the "Non-Competition Agreement")

(the Share Purchase Agreement and all Ancillary Agreements, the Escrow Agreement and the Non-Competition Agreement are referred to collectively herein as the "Transaction Documents").

4. I have made or caused to be made such examinations or investigations as are, in my opinion, necessary to make the statements contained in this certificate.

5. Attached hereto as Exhibit 1 is a true and complete copy of the Certificate of Incorporation and Notice of Articles of DWT issued by the Registrar of Companies of British Columbia and the Articles (the "Constating Documents"). The Constating Documents have not been amended or supplemented and are in full force and effect.

6. The execution and delivery by DWT of each Transaction Document to which it is a party, the fulfillment by DWT of its obligations thereunder and the consummation of the transactions contemplated thereby to be consummated have been authorized by all necessary corporate action.

7. There are no contracts or instruments, other than the Share Purchase Agreement, to which DWT is a party for the purchase or sale after the date hereof of any shares of the Corporation.

8. Other than such consents and approvals as have been obtained or are listed in Schedule D to the Opinion, DWT does not require the consent, approval or authorization of, registration or filing with, or notice to, any Governmental Entity to consummate the transfer of the Purchased Shares owned by DWT to the Purchaser.

9. The following is a list of the directors and officers of DWT who were on March 14, 2013 and at all relevant times thereafter authorized to sign agreements, together with their specimen signatures:

Name of Director or Officer

Signature

Date ♦, 2013.

♦

Exhibits

Exhibit 1 - Constating Documents

SCHEDULE 6.1(e)(vii)
FORM OF NON-COMPETITION AGREEMENT
[FORM TO BE USED FOR CORPORATE VENDORS]

THIS AGREEMENT is entered into effective as of ♦, 2014,

BETWEEN :

♦, an individual residing at ♦;

(the "Principal")

AND :

♦, a company incorporated under the laws of ♦, having a registered office at ♦;

(the "Vendor")

(the Principal and the Vendor together, the "Vendor Group")

AND :

CENTRAL HEAT DISTRIBUTION LIMITED, a company incorporated under the laws of British Columbia, having a registered office at ♦;

(the "Corporation")

WHEREAS:

- A. The Vendor is a shareholder of the Corporation;
- B. The Principal is the sole shareholder of the Vendor, **[and is an employee of the Corporation]**;
- C. The Corporation is in the business of generating and distributing steam to downtown Vancouver buildings for use primarily to heat hydronic building mechanical systems (the "Business");
- D. Pursuant to a share purchase agreement dated as of June ♦, 2013 (the "**Share Purchase Agreement**") made between the Vendor, Creative Energy Canada Platforms Corp. as purchaser (the "**Purchaser**"), and others, as of the date of this Agreement the Vendor has sold to the Purchaser and the Purchaser has purchased from the Vendor, certain shares (the "**Shares**") of the Corporation; and
- E. In accordance with the provisions of Section 6.1(e)(vii) of the Share Purchase Agreement, and in connection with the purchase and sale of the Shares, the Vendor has agreed to execute and deliver this non-competition agreement on the terms and conditions more particularly set out herein.

THEREFORE, for \$10 now paid to each of the Principal and the Vendor, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms have the meaning set out below.

- (a) **“Agreement”** means this Non-Competition and Confidentiality Agreement, including all the recitals and schedules attached hereto, if any, and all amendments or restatements, as permitted, and references to **“Article”** or **“Section”** mean the specified Article or Section of this Non-Competition and Confidentiality Agreement;
- (b) **“Business Day”** means any day on which banks are open for business in Vancouver, BC, excluding Saturdays, Sundays and statutory holidays;
- (c) **“Confidential Information”** means all proprietary information and material pertaining to the Business that, if disclosed, could be detrimental to the interests of the Corporation. Confidential Information also includes, but shall not be limited to, the following types of information and other information of a similar nature, whether or not reduced to writing pertaining to the Business: trade secrets, processes, policies, procedures, techniques including recruiting techniques, designs, drawings, know-how, Intellectual Property, specifications, computer software and source code, information and data of the Business, budgets, strategic plans and financial information, the identity and special needs of suppliers and customers of the Business, databases, data, all technology relating to the Business, its systems, methods of operation, suppliers and customers lists, suppliers and customers information, solicitation leads, marketing and advertising materials, methods and manuals and forms, all of which pertain to their respective activities or operations. For the purposes of this Agreement, the following will not constitute Confidential Information:
 - (i) information which is disclosed in a printed publication available to the public, is otherwise in the public domain at the time of disclosure, or becomes publicly known through no breach of this Agreement by the Vendor Group; and
 - (ii) information which is approved for release or disclosure by written authorization by a duly appointed officer of the Corporation;
- (d) **“Parties”** means the parties to this Agreement, and **“Party”** means any one of them; and
- (e) **“Territory”** means the City of Vancouver.

1.2 Rules of Interpretation.

- (a) In this Agreement, unless a contrary intention appears, a reference to a section, subsection or Schedule is a reference to a section, subsection or schedule of or to this Agreement. The Schedules form part of this Agreement.
- (b) The headings in this Agreement are for convenience only and do not affect its interpretation.
- (c) In this Agreement:

- (i) The words "including" and "include" mean "including without limitation" and "include without limitation", respectively;
 - (ii) Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders;
 - (iii) Any reference to a time of day is to the time in Vancouver, BC, Canada;
 - (iv) Any reference to \$ or to dollars is to Canadian dollars or such other lawful currency of Canada as may be in effect from time to time;
 - (v) Any reference to writing includes typing, e-mail, printing, photography and facsimile;
 - (vi) Any reference to a document or instrument is to that document or instrument as amended, varied or restated from time to time otherwise than in breach of this Agreement or that document or instrument;
 - (vii) Any reference to an enactment includes that enactment as amended, extended, superseded or replaced from time to time;
 - (viii) Any reference to a person includes bodies corporate, partnerships and unincorporated associations of persons; and
 - (ix) Specific words indicating a type, class or category of thing shall not restrict the meaning of general words following such specific words, such as general words introduced by the word other or a similar expression. Similarly, general words followed by specific words shall not be restricted in meaning to the type, class or category of thing indicated by such specific words.
- (d) If there is any conflict or inconsistency between a term in the body of this Agreement and a term in any other document referred to or otherwise incorporated into this Agreement, the term in the body of this Agreement shall take precedence, unless the relevant document that is referred to or otherwise incorporated into this Agreement expressly provides that the term in it is to take precedence over the term in the body of this Agreement.

2. NON-COMPETITION AND NON-SOLICITATION

- 2.1 Each of the Principal and the Vendor agrees that, for a period of five years after the date of this Agreement (the "**Term**"), it shall not, either alone or in conjunction with any other person(s), and whether as principal, agent, director, consultant, partner or shareholder (other than a holding of shares listed on a recognized stock exchange that does not exceed, at any time for the Vendor Group in the aggregate, five per cent (5%) of the outstanding shares so listed), or in any other manner whatsoever, directly or indirectly:
- (a) carry on, or be engaged in, or have a financial interest in, any business that is a hot water or steam district utility system ("**Competing Operations**"), or provide services to, advise, invest, lend money to, guarantee the debts or obligations of any person

engaged in, or concerned with, the Competing Operations, whether wholly or partially operating within the Territory, except as permitted under this Agreement;

- (b) solicit or induce or attempt to solicit or induce any client, supplier, or other business relation of the Corporation to cease doing business with, or diminish its business with, the Corporation, or to engage in business with any Competing Operation, or in any way interfere with the relationship between any such client, supplier, or other business relation of the Corporation; and
- (c) induce or attempt to induce any employees to leave or terminate his or her employment or contractual relationship with the Corporation, or in any way interfere with the relationship between the Corporation and any employees, or employ, or otherwise engage as an employee, independent contractor, or otherwise, any employees of the Corporation; provided, however, that the foregoing will not prevent the Principal nor the Vendor from hiring any individual who responds to a general media advertisement (including through the use of recruiting agencies) not specifically directed at the Corporation or its employees.

3. CONFIDENTIALITY

3.1 Confidentiality – The Parties acknowledge that in the course of holding Shares of the Corporation, the Principal and the Vendor may have become aware of Confidential Information. Each of the Principal and the Vendor shall at all times during the Term:

- (a) treat and hold all of the Confidential Information in confidence, shall not, directly or indirectly, disclose such information to any third parties, and shall protect the confidentiality thereof; and
- (b) refrain from using any of the Confidential Information except as permitted under this Agreement.

3.2 Obligation to Disclose - In the event that the Principal or the Vendor is requested or required by written request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process, to disclose any Confidential Information, such person(s) will promptly notify the Corporation of the request or requirement so that the Corporation may seek an appropriate protective order or waive compliance with the provisions of Section 3.1. If, in the absence of a protective order or receipt of a waiver hereunder, the Principal or the Vendor is, on the advice of counsel, compelled to disclose any Confidential Information to any tribunal or else stand liable for contempt, such person(s) may disclose the Confidential Information to the tribunal; provided, however, that she/he/it shall use her/his/its best efforts to obtain, at the request of the Corporation, an order or other assurance that confidential treatment will be accorded to such portion of the Confidential Information required to be disclosed as the Corporation shall designate.

4. REASONABLENESS

- 4.1 Each of the Parties herein acknowledges and agrees that the obligations set out in Sections 2 and 3 of this Agreement are reasonable and valid in all respects and each of the Principal and the Vendor hereby irrevocably waives (and irrevocably agrees not to raise), as a defence, any issue of reasonableness (including any defence as to the duration and scope of this Agreement) in any proceeding for the enforcement of any provision of this Agreement, the intention of the Parties being to provide for the legitimate and reasonable protection of the interests of the Corporation. Each of the Principal and the Vendor agrees and acknowledges the covenants made herein are reasonable with regards to their scope, term and geographic area and are appropriate and necessary for the protection of the legitimate interests of the Corporation. Each of the Principal and the Vendor acknowledges and agrees that it has received legal advice prior to executing this Agreement.

5. ENFORCEMENT

- 5.1 Each of the Principal and the Vendor specifically acknowledges and agrees that a breach of the terms of this Agreement by him/her/it may cause irreparable harm to the Corporation not compensable in damages. Each of the Principal and the Vendor further acknowledges and agrees that, as monetary damages may not be a sufficient remedy for any breach of this Agreement by the Principal or the Vendor, it is essential to the effective enforcement of this Agreement that the Corporation be entitled to seek the remedy of injunctive relief and specific performance as a remedy for any such breach. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement by the Principal or the Vendor but shall be in addition to all other remedies available to the Corporation at law or in equity.

6. INDEMNIFICATION AND GUARANTEE

- 6.1 **Indemnification** - Each of the Principal and the Vendor shall severally indemnify and save harmless the Corporation, its directors, officers, agents and representatives (each, an "**Indemnified Person**"), effective as and from the date hereof, from and against any claims, damages, losses, liabilities, costs and expenses (including reasonable fees of legal counsel) of whatsoever nature which any Indemnified Person may suffer or incur, or which may be made or brought against them or any of them, as a result of, in respect of, or arising out of, any breach or non-fulfilment of any term or condition of this Agreement by the Principal or the Vendor, as the case may be.
- 6.2 **Guarantee** - The Principal hereby guarantees the obligations of the Vendor under this Agreement. To the extent that that the Vendor does not satisfy any of its obligations under this Agreement, the Principal shall perform and satisfy such obligations in the same manner, and the Corporation may enforce any such obligation against that Principal, as though the Principal were the Vendor under this Agreement. However, this section shall not operate to release the Vendor in any manner from any of its obligations hereunder.

7. GENERAL

- 7.1 **Assignment** - Except as provided in this section, no Party may assign its right or benefits under this Agreement. The Corporation may, at any time after the date of this Agreement, assign any or all of its rights and benefits under this Agreement to a purchaser of any or all of

the assets of the Business, as conducted after the Closing Date, or of any or all of the issued and outstanding shares of the Corporation or its shareholder(s), as the case may be.

7.2 Successors and Assigns - This Agreement shall enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, personal legal representatives, successors and permitted assigns.

7.3 Notices - Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, shall be deemed to have been received on the fourth (4th) Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications shall be delivered by hand or sent by facsimile or other means of electronic communication and shall be deemed to have been received in accordance with this section. Notices and other communications shall be addressed as follows:

if to the Principal, at: ♦

if to the Vendor, at: ♦

if to the Corporation, at: ♦

or to such other address as a Party may advise the others by written notice from time to time.

7.4 Entire Agreement - This Agreement and the other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written pertaining to such subject matter. There are no covenants, promises, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement.

7.5 Time of Essence - Time is of the essence of this Agreement.

7.6 Expenses - Each Party under this Agreement shall be responsible for its own expenses (including fees and expenses of legal advisers, accountants and other professional advisers) incurred by it in connection with the negotiation and settlement of this Agreement and the completion of the transactions contemplated hereby.

7.7 Amendments - This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by all the Parties.

7.8 Further Assurances - Each of the Parties shall take all such steps as may be reasonably within her/his/its power to implement to their full extent the provisions of this Agreement.

7.9 Severability - If any provision of this Agreement shall be determined by an arbitrator or any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this Agreement and the remaining provisions shall continue in full force and effect.

7.10 Governing Law - This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

7.11 Counterparts - This Agreement may be signed in counterparts and delivered in the original or by facsimile or electronic copy and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement effective as of the date first written above.

CENTRAL HEAT DISTRIBUTION LIMITED ♦

Per: _____
Name: Name
Title: ♦

Per: _____
Name: Name
Title: ♦

_____))
Witness))
_____))
Address))
_____))
_____))
Occupation))

_____))
[♦]

[FORM TO BE USED FOR INDIVIDUAL VENDORS]

THIS AGREEMENT is entered into effective as of ♦, 2014,

BETWEEN :

AND : ♦, an individual residing at ♦;
(the "Vendor")

AND : CENTRAL HEAT DISTRIBUTION LIMITED, a company
incorporated under the laws of British Columbia, having a
registered office at ♦;
(the "Corporation")

WHEREAS:

- F. The Vendor is a shareholder [and employee] of the Corporation;
- G. The Corporation is in the business of generating and distributing steam to downtown Vancouver buildings for use primarily to heat hydronic building mechanical systems (the "Business");
- H. Pursuant to a share purchase agreement dated as of June ♦, 2013 (the "Share Purchase Agreement") made between the Vendor, Creative Energy Canada Platforms Corp. as purchaser (the "Purchaser"), and others, as of the date of this Agreement the Vendor has sold to the Purchaser and the Purchaser has purchased from the Vendor, certain shares (the "Shares") of the Corporation; and
- I. In accordance with the provisions of Section 6.1(e)(vii) of the Share Purchase Agreement, and in connection with the purchase and sale of the Shares, the Vendor has agreed to execute and deliver this non-competition agreement on the terms and conditions more particularly set out herein.

THEREFORE, for \$10 now paid to the Vendor, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms have the meaning set out below.
 - (f) "Agreement" means this Non-Competition and Confidentiality Agreement, including all the recitals and schedules attached hereto, if any, and all amendments or restatements, as permitted, and references to "Article" or "Section" mean the specified Article or Section of this Non-Competition and Confidentiality Agreement;
 - (g) "Business Day" means any day on which banks are open for business in Vancouver, BC, excluding Saturdays, Sundays and statutory holidays;

(h) **“Confidential Information”** means all proprietary information and material pertaining to the Business that, if disclosed, could be detrimental to the interests of the Corporation. Confidential Information also includes, but shall not be limited to, the following types of information and other information of a similar nature, whether or not reduced to writing pertaining to the Business: trade secrets, processes, policies, procedures, techniques including recruiting techniques, designs, drawings, know-how, Intellectual Property, specifications, computer software and source code, information and data of the Business, budgets, strategic plans and financial information, the identity and special needs of suppliers and customers of the Business, databases, data, all technology relating to the Business, its systems, methods of operation, suppliers and customers lists, suppliers and customers information, solicitation leads, marketing and advertising materials, methods and manuals and forms, all of which pertain to their respective activities or operations. For the purposes of this Agreement, the following will not constitute Confidential Information:

(iii) information which is disclosed in a printed publication available to the public, is otherwise in the public domain at the time of disclosure, or becomes publicly known through no breach of this Agreement by the Vendor; and

(iv) information which is approved for release or disclosure by written authorization by a duly appointed officer of the Corporation;

(i) **“Parties”** means the parties to this Agreement, and **“Party”** means any one of them; and

(j) **“Territory”** means the City of Vancouver.

1.2 **Rules of Interpretation.**

(e) In this Agreement, unless a contrary intention appears, a reference to a section, subsection or Schedule is a reference to a section, subsection or schedule of or to this Agreement. The Schedules form part of this Agreement.

(f) The headings in this Agreement are for convenience only and do not affect its interpretation.

(g) In this Agreement:

(i) The words "including" and "include" mean "including without limitation" and "include without limitation", respectively;

(ii) Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders;

(iii) Any reference to a time of day is to the time in Vancouver, BC, Canada;

(iv) Any reference to \$ or to dollars is to Canadian dollars or such other lawful currency of Canada as may be in effect from time to time;

- (v) Any reference to writing includes typing, e-mail, printing, photography and facsimile;
- (vi) Any reference to a document or instrument is to that document or instrument as amended, varied or restated from time to time otherwise than in breach of this Agreement or that document or instrument;
- (vii) Any reference to an enactment includes that enactment as amended, extended, superseded or replaced from time to time;
- (viii) Any reference to a person includes bodies corporate, partnerships and unincorporated associations of persons; and
- (ix) Specific words indicating a type, class or category of thing shall not restrict the meaning of general words following such specific words, such as general words introduced by the word other or a similar expression. Similarly, general words followed by specific words shall not be restricted in meaning to the type, class or category of thing indicated by such specific words.
- (h) If there is any conflict or inconsistency between a term in the body of this Agreement and a term in any other document referred to or otherwise incorporated into this Agreement, the term in the body of this Agreement shall take precedence, unless the relevant document that is referred to or otherwise incorporated into this Agreement expressly provides that the term in it is to take precedence over the term in the body of this Agreement.

2. NON-COMPETITION AND NON-SOLICITATION

- 2.1 [Other than the provision of legal or mediation services,] [Note: The foregoing to be included in Jude Barnes' non-competition agreement only.] The Vendor agrees that, for a period of five years after the date of this Agreement (the "Term"), he shall not, either alone or in conjunction with any other person(s), and whether as principal, agent, director, consultant, partner or shareholder (other than a holding of shares listed on a recognized stock exchange that does not exceed, at any time, five per cent (5%) of the outstanding shares so listed), or in any other manner whatsoever, directly or indirectly:
- (a) carry on, or be engaged in, or have a financial interest in, any business that is a hot water or steam district utility system ("**Competing Operations**"), or provide services to, advise, invest, lend money to, guarantee the debts or obligations of any person engaged in, or concerned with, the Competing Operations, whether wholly or partially operating within the Territory, except as permitted under this Agreement;
 - (b) solicit or induce or attempt to solicit or induce any client, supplier, or other business relation of the Corporation to cease doing business with, or diminish its business with, the Corporation, or to engage in business with any Competing Operation, or in any way interfere with the relationship between any such client, supplier, or other business relation of the Corporation; and
 - (c) induce or attempt to induce any employees to leave or terminate his employment or contractual relationship with the Corporation, or in any way interfere with the

relationship between the Corporation and any employees, or employ, or otherwise engage as an employee, independent contractor, or otherwise, any employees of the Corporation; provided, however, that the foregoing will not prevent the Vendor from hiring any individual who responds to a general media advertisement (including through the use of recruiting agencies) not specifically directed at the Corporation or its employees.

- [2.2 **Nothing in this Agreement will be construed to prevent or hinder the Vendor from taking employment with or providing services to any governmental entity that has direct or indirect jurisdiction over the Corporation.] [Note: To be included in Non-Competition Agreement for John Barnes only.]**

3. CONFIDENTIALITY

- 3.1 **Confidentiality** – The Parties acknowledge that in the course of holding Shares of the Corporation, the Vendor may have become aware of Confidential Information. The Vendor shall at all times during the Term:
- (a) treat and hold all of the Confidential Information in confidence, shall not, directly or indirectly, disclose such information to any third parties, and shall protect the confidentiality thereof; and
 - (b) refrain from using any of the Confidential Information except as permitted under this Agreement.
- 3.2 **Obligation to Disclose** - In the event that the Vendor is requested or required by written request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process, to disclose any Confidential Information, such person(s) will promptly notify the Corporation of the request or requirement so that the Corporation may seek an appropriate protective order or waive compliance with the provisions of Section 0. If, in the absence of a protective order or the receipt of a waiver hereunder, the Vendor is, on the advice of counsel, compelled to disclose any Confidential Information to any tribunal or else stand liable for contempt, such person(s) may disclose the Confidential Information to the tribunal; provided, however, that he shall use his best efforts to obtain, at the request of the Corporation, an order or other assurance that confidential treatment will be accorded to such portion of the Confidential Information required to be disclosed as the Corporation shall designate.

4. REASONABLENESS

- 4.1 Each of the Parties herein acknowledges and agrees that the obligations set out in Sections 2 and 3 of this Agreement are reasonable and valid in all respects and the Vendor hereby irrevocably waives (and irrevocably agrees not to raise), as a defence, any issue of reasonableness (including any defence as to the duration and scope of this Agreement) in any proceeding for the enforcement of any provision of this Agreement, the intention of the Parties being to provide for the legitimate and reasonable protection of the interests of the Corporation. The Vendor agrees and acknowledges the covenants made herein are reasonable with regards to their scope, term and geographic area and are appropriate and

necessary for the protection of the legitimate interests of the Corporation. The Vendor acknowledges and agrees that he has received legal advice prior to executing this Agreement.

5. ENFORCEMENT

- 5.1 The Vendor specifically acknowledges and agrees that a breach of the terms of this Agreement by him may cause irreparable harm to the Corporation not compensable in damages. The Vendor further acknowledges and agrees that, as monetary damages may not be a sufficient remedy for any breach of this Agreement by the Vendor, it is essential to the effective enforcement of this Agreement that the Corporation be entitled to seek the remedy of injunctive relief and specific performance as a remedy for any such breach. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement by the Vendor but shall be in addition to all other remedies available to the Corporation at law or in equity.

6. INDEMNIFICATION AND GUARANTEE

- 6.1 **Indemnification** - The Vendor shall severally indemnify and save harmless the Corporation, its directors, officers, agents and representatives (each, an "**Indemnified Person**"), effective as and from the date hereof, from and against any claims, damages, losses, liabilities, costs and expenses (including reasonable fees of legal counsel) of whatsoever nature which any Indemnified Person may suffer or incur, or which may be made or brought against them or any of them, as a result of, in respect of, or arising out of, any breach or non-fulfilment of any term or condition of this Agreement by the Vendor.

7. GENERAL

- 7.1 **Assignment** - Except as provided in this section, no Party may assign its right or benefits under this Agreement. The Corporation may, at any time after the date of this Agreement, assign any or all of its rights and benefits under this Agreement to a purchaser of any or all of the assets of the Business, as conducted after the Closing Date, or of any or all of the issued and outstanding shares of the Corporation or its shareholder(s), as the case may be.
- 7.2 **Successors and Assigns** - This Agreement shall enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, personal legal representatives, successors and permitted assigns.
- 7.3 **Notices** - Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, shall be deemed to have been received on the fourth (4th) Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted

below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications shall be delivered by hand or sent by facsimile or other means of electronic communication and shall be deemed to have been received in accordance with this section. Notices and other communications shall be addressed as follows:

if to the Vendor, at: ♦

if to the Corporation, at: ♦

or to such other address as a Party may advise the others by written notice from time to time.

- 7.4 **Entire Agreement** - This Agreement and the other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written pertaining to such subject matter. There are no covenants, promises, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement.
- 7.5 **Time of Essence** - Time is of the essence of this Agreement.
- 7.6 **Expenses** - Each Party under this Agreement shall be responsible for its own expenses (including fees and expenses of legal advisers, accountants and other professional advisers) incurred by it in connection with the negotiation and settlement of this Agreement and the completion of the transactions contemplated hereby.
- 7.7 **Amendments** - This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by all the Parties.
- 7.8 **Further Assurances** - Each of the Parties shall take all such steps as may be reasonably within her/his/its power to implement to their full extent the provisions of this Agreement.
- 7.9 **Severability** - If any provision of this Agreement shall be determined by an arbitrator or any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this Agreement and the remaining provisions shall continue in full force and effect.
- 7.10 **Governing Law** - This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- 7.11 **Counterparts** - This Agreement may be signed in counterparts and delivered in the original or by facsimile or electronic copy and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement effective as of the date first written above.

CENTRAL HEAT DISTRIBUTION LIMITED

Per: _____
Name: Name
Title: ♦

_____)
Witness)
_____)
Address)
_____)
_____)
Occupation)

_____ ♦

SCHEDULE 6.1(e)(x)
FORM OF RELEASE AND LIST OF PERSONS EXECUTING RELEASES

John Barnes

Jude M. Barnes

Thomas J. Barnes

D.W. Thomson & Company Ltd.

Rand Thomson

Welsh Holdings Inc.

Fred Welsh

[FORM OF RELEASE FOR CORPORATE VENDORS]

RELEASE

THIS RELEASE ("**Release**") is being executed and delivered by ♦ (the "**Releasor**") to and in favour of, and for the benefit of CREATIVE ENERGY CANADA PLATFORMS CORP. (the "**Purchaser**") and CENTRAL HEAT DISTRIBUTION LIMITED (the "**Corporation**").

WHEREAS:

- (A) Pursuant to a share purchase agreement (the "**Agreement**") dated June ♦, 2013 between the Releasor and the Purchaser, among others, the Purchaser agreed to purchase from the Releasor, and the Releasor agreed to sell to the Purchaser, certain shares of the Corporation held by the Releasor; and
- (B) The share purchase and sale transactions contemplated by the Agreement have been completed as of the date of this Release,

NOW THEREFORE, THIS RELEASE WITNESSES that in consideration of the completion of the purchase and sale transactions provided for in the Agreement and payment to the Releasor of the sum of \$1.00 (the receipt and sufficiency of which are hereby acknowledged by the parties):

1. The Releasor, for itself, its administrators, successors and assigns and each of them DOES HEREBY REMISE, RELEASE AND FOREVER DISCHARGE the Purchaser and the Corporation, and their respective administrators, successors, affiliates, subsidiaries and assigns and each of them from any and all actions, causes of action, claims and demands, suits, debts, dues, accounts, expenses, sums of money whatsoever or wheresoever, whether at law or in equity and whether known or unknown, suspected or unsuspected which the Releasor or its administrators, successors or assigns have or hereafter can, shall and may have in any way resulting or arising from any cause, matter or thing whatsoever existing up to the Closing Date (as such term is defined in the Agreement).
2. THIS RELEASE contains the entire agreement between the parties with respect to the subject matter of this Release and the terms of this Release are contractual and not a mere recital.
3. The Releasor states that it has carefully read the foregoing Release, and has had an opportunity to obtain independent legal advice or has been told to obtain independent legal advice, and knows the contents, and signs this Release freely, voluntarily and without duress.

IN WITNESS WHEREOF _____ has executed this Release this ____ day of _____, 2014.

SIGNED, SEALED AND DELIVERED by ♦ in)
the presence of:)

Signature)

Name)

Address)

Occupation)

Name

♦

Per:

Authorized Signatory

[FORM OF RELEASE FOR INDIVIDUAL VENDORS OTHER THAN JOHN BARNES]

RELEASE

THIS RELEASE ("**Release**") is being executed and delivered by ♦ (the "**Releasor**") to and in favour of, and for the benefit of CREATIVE ENERGY CANADA PLATFORMS CORP. (the "**Purchaser**") and CENTRAL HEAT DISTRIBUTION LIMITED (the "**Corporation**").

WHEREAS:

(C) Pursuant to a share purchase agreement (the "**Agreement**") dated June ♦, 2013 between the Releasor and the Purchaser, among others, the Purchaser agreed to purchase from the Releasor, and the Releasor agreed to sell to the Purchaser, certain shares of the Corporation held by the Releasor; and

(D) The share purchase and sale transactions contemplated by the Agreement have been completed as of the date of this Release.

NOW THEREFORE, THIS RELEASE WITNESSES that in consideration of the completion of the purchase and sale transactions provided for in the Agreement and payment to the Releasor of the sum of \$1.00 (the receipt and sufficiency of which are hereby acknowledged by the parties):

4. The Releasor, for himself, his personal representatives, heirs and executors and each of them **DOES HEREBY REMISE, RELEASE AND FOREVER DISCHARGE** the Purchaser and the Corporation, and their respective successors, affiliates, subsidiaries and assigns and each of them from any and all actions, causes of action, claims and demands, suits, debts, dues, accounts, expenses, sums of money whatsoever or wheresoever, whether at law or in equity and whether known or unknown, suspected or unsuspected which the Releasor or his personal representatives, heirs or executors have or hereafter can, shall and may have in any way resulting or arising from any cause, matter or thing whatsoever existing up to the Closing Date (as such term is defined in the Agreement).

5. **THIS RELEASE** contains the entire agreement between the parties with respect to the subject matter of this Release and the terms of this Release are contractual and not a mere recital.

6. The Releasor states that he has carefully read the foregoing Release, and has had an opportunity to obtain independent legal advice or has been told to obtain independent legal advice, and knows the contents, and signs this Release freely, voluntarily and without duress.

IN WITNESS WHEREOF the Releasor has executed this Release this ____ day of _____, 2014.

SIGNED, SEALED AND DELIVERED BY ♦ in)
the presence of)

Name)

Address)

_____)

♦

[FORM OF RELEASE FOR JOHN BARNES]

RELEASE

THIS RELEASE ("Release") is being executed and delivered by JOHN BARNES (the "Releasor") to and in favour of, and for the benefit of CREATIVE ENERGY CANADA PLATFORMS CORP. (the "Purchaser") and CENTRAL HEAT DISTRIBUTION LIMITED (the "Corporation").

WHEREAS:

- (E) Pursuant to a share purchase agreement (the "Agreement") dated June 4, 2013 between the Releasor and the Purchaser, among others, the Purchaser agreed to purchase from the Releasor, and the Releasor agreed to sell to the Purchaser, certain shares of the Corporation held by the Releasor;
- (F) The share purchase and sale transactions contemplated by the Agreement have been completed as of the date of this Release; and
- (G) The Releasor has been and continues to be an employee of the Corporation.

NOW THEREFORE, THIS RELEASE WITNESSES that in consideration of the completion of the purchase and sale transactions provided for in the Agreement and payment to the Releasor of the sum of \$1.00 (the receipt and sufficiency of which are hereby acknowledged by the parties):

7. The Releasor, for himself, his personal representatives, heirs and executors and each of them **DOES HEREBY REMISE, RELEASE AND FOREVER DISCHARGE** the Purchaser and the Corporation, and their respective successors, affiliates, subsidiaries and assigns and each of them from any and all actions, causes of action, claims and demands, suits, debts, dues, accounts, expenses, sums of money whatsoever or wheresoever, whether at law or in equity and whether known or unknown, suspected or unsuspected which the Releasor or his personal representatives, heirs or executors have or hereafter can, shall and may have in any way resulting or arising from any cause, matter or thing whatsoever existing up to the Closing Date (as such term is defined in the Agreement), except whatever rights and entitlements the Releasor has as of the Closing Date arising out of his employment with the Corporation, including any salary due to the Releasor, reimbursement of any expenses incurred by the Releasor on behalf of the Corporation in the ordinary course of business that are reimbursable under the terms of his employment, the Change of Control Agreement dated February 1, 2008 between the Releasor and the Corporation and the Releasor's entitlements as an employee of the Corporation with respect to severance, vacation and benefits.

8. **THIS RELEASE** contains the entire agreement between the parties with respect to the subject matter of this Release and the terms of this Release are contractual and not a mere recital.

9. The Releasor states that he has carefully read the foregoing Release, and has had an opportunity to obtain independent legal advice or has been told to obtain independent legal advice, and knows the contents, and signs this Release freely, voluntarily and without duress.

IN WITNESS WHEREOF the Releasor has executed this Release this ____ day of _____, 2014.

SIGNED, SEALED AND DELIVERED BY ♦ in)
the presence of)

Name)

Address)

_____)

♦

SCHEDULE 6.2(d)(iv)
FORM OF PURCHASER'S OPINION

◆, 2014

John Barnes, Jude M. Barnes, Thomas J.
Barnes, D.W. Thomson & Company Ltd. and
Welsh Holdings Inc.
[address]
[address]

Watson Goepel LLP
1700 - 1075 West Georgia Street
Vancouver, BC V6E 3C9
Dear Sirs:

Re: Share Purchase Agreement (the "Share Purchase Agreement") dated ◆, 2013 among Creative Energy Canada Platforms Corp. (the "Purchaser") as purchaser and John Barnes, Jude M. Barnes, Thomas J. Barnes, D.W. Thomson & Company Ltd. and Welsh Holdings Inc. (together, the "Vendors") as vendors in respect of the shares of Central Heat Distribution Limited (the "Corporation")

We have acted as legal counsel to the Purchaser in connection with the purchase by the Purchaser of all of the issued and outstanding shares of the Corporation pursuant to the Share Purchase Agreement (the "**Transaction**"). Capitalized terms used but not defined herein shall have the meanings given to them in the Share Purchase Agreement. For the purposes of this opinion, we have examined, among other things, the following:

- (e) an executed copy of the Share Purchase Agreement;
- (f) an executed copy of the Escrow Agreement; and

(the Share Purchase Agreement and the Escrow Agreement are referred to herein collectively as the "**Transaction Documents**")

- (g) a certificate of good standing (the "**Certificate of Good Standing**") issued by the Registrar of Companies for the Province of British Columbia dated ◆ in respect of the Purchaser.

We have also:

- (a) examined such statutes, regulations, public records and certificates of government officials;
- (b) examined such corporate records of the Purchaser;

- (c) made such further examinations, investigations and searches; and
- (d) considered such questions of law,

as we have considered relevant and necessary as a basis for the opinions hereinafter expressed.

We have relied solely and without independent verification upon the officer's certificate (the "Certificate") of ♦, dated ♦ and attached hereto as Schedule "A", as to matters material to the opinions expressed in paragraphs 1 and 2.

We are solicitors qualified to practice only in the Province of British Columbia. Our opinion is expressed only with respect to the laws of the Province of British Columbia and the laws of Canada applicable therein on the date of this opinion. We express no opinion with respect to the laws of any other jurisdictions.

Assumptions and Limitations

For the purposes of the opinions expressed herein, we have assumed:

- (a) the genuineness of all signatures of all parties;
- (b) the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified or photostatic or electronically transmitted copies or facsimiles thereof and the authenticity of the originals of such certified, photostatic or electronically transmitted copies or facsimiles; and
- (c) the accuracy and completeness of all information provided to us by offices of public record.

We have not undertaken any independent investigation to verify the accuracy or completeness of these assumptions. A specific assumption, limitation or qualification in this opinion is not to be interpreted to restrict the generality of an assumption, limitation or qualification expressed in general terms that includes the subject matter of the specific assumption, limitation or qualification.

Opinions

Based and subject to the foregoing and subject to the qualifications set forth below, we are of the opinion that:

1. The Purchaser is a validly existing company under the *Business Corporations Act* (British Columbia) and is, according to the records of the Registrar, in good standing with respect to the filing of annual reports.

2. The Transaction Documents have been duly executed and delivered by the Purchaser, and each constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, and the performance by the Purchaser of its obligations thereunder and the consummation of the transactions contemplated thereby to be consummated by the Purchaser will not violate, result in a breach of or constitute a default under the constating documents of the Purchaser.

Qualifications

The foregoing opinions are subject to the following qualifications:

1. The enforceability of each of the Transaction Documents is subject to bankruptcy, insolvency, reorganization, arrangement, winding-up, moratorium and other similar laws of general application affecting the enforcement of creditors' rights generally.
2. The enforceability of each of the Transaction Documents is subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of a court.
3. We express no opinion as to the enforceability of any provision of the Transaction Documents which states that amendments or waivers of or with respect to the Transaction Documents that are not in writing will not be effective.
4. Provisions contained in any Transaction Document which purports to sever from such Transaction Document any provision which is prohibited or unenforceable under applicable law without affecting the enforceability or validity of the remainder of the Transaction Document may be enforced only in the discretion of a court.
5. Any provision of the Transaction Documents which requires a party to pay or to indemnify any other party for the costs and expenses of such person in connection with judicial proceedings is subject to the court's discretion to determine by whom and to what extent those costs should be paid.

This opinion is provided solely for the benefit of the addressees of this opinion in connection with the Transaction and may not be quoted in whole or in part, or circulated to, referred to by, or relied upon by, any other person or used for any other purpose without our prior written consent.

Yours truly,

◆

SCHEDULE "A"
OFFICER'S CERTIFICATE
OF

CREATIVE ENERGY CANADA PLATFORMS CORP. (the "Company")

To: John S. Barnes

And to: Jude M. Barnes

And to: Thomas J. Barnes

And to: D.W. Thomson & Company Ltd.

And to: Welsh Holdings Inc.

And to: Watson Goepel LLP

And to: Kornfeld LLP

Re: Share Purchase Agreement (the "**Share Purchase Agreement**") dated ♦, 2013 among the Company as purchaser and John Barnes, Jude M. Barnes, Thomas J. Barnes, D.W. Thomson & Company Ltd. and Welsh Holdings Inc. (together, the "**Vendors**") as vendors in respect of the shares of Central Heat Distribution Limited (the "**Corporation**")

I, ♦, a director of the Company, hereby certify on behalf of the Company and not in my personal capacity, as of the date hereof, as follows:

1. I am a director of the Company and have furnished this certificate pursuant to Section ♦ of the Share Purchase Agreement with the intent that it may be relied upon by the Vendors as a basis for the completion of the transactions contemplated by the Share Purchase Agreement and by Kornfeld LLP in connection with the opinion to be given by it to the Vendors and Watson Goepel LLP pursuant to Section 6.2(d)(iv) of the Share Purchase Agreement.
2. Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Share Purchase Agreement.
3. I have read and am familiar with the provisions of:
 - (a) the Share Purchase Agreement; and
 - (b) the Escrow Agreement(together, the "**Transaction Documents**").

4. I have made or caused to be made such examinations or investigations as are, in my opinion, necessary to make the statements contained in this certificate.
5. Attached hereto as Exhibit 1 is a true and complete copy of the Certificate of Incorporation, Notice of Articles and Articles of the Company issued by the Registrar of Companies of British Columbia (the "Constating Documents"). The Constating Documents have not been amended or supplemented and are in full force and effect.
6. The execution and delivery by the Company of each Transaction Document, the fulfillment by the Company of its obligations thereunder and the consummation of the transactions contemplated thereby to be consummated have been authorized by all necessary corporate action, which has not been amended or rescinded as of the date hereof.
7. The following is a list of the directors and officers of the Company who were on March 14, 2013 and at all relevant times thereafter authorized to sign agreements, together with their specimen signatures:

Name of Director or Officer

Signature

DATED ♦, 2014.

♦

SCHEDULE "B"
LETTERS OF SUPPORT FROM CITY OF VANCOUVER
(See attached)

September 13, 2013

Trent Berry
Strategic Advisor
Creative Energy Canada
1100 Bentall Centre,
505 Burrard St., Box 11
Vancouver, B.C. V7X 1M5

Dear Trent,

**RE: Central Heat Distribution Limited (“CHDL”) and Creative Energy Canada
Platforms Corp. (“Creative Energy Canada”) - Transaction**

In regards to the transaction between CHDL and Creative Energy Canada, the City of Vancouver is in support of the sale of CHDL to Creative Energy Canada.

The City looks forward to working with Creative Energy Canada to explore low-carbon district energy opportunities in Downtown Vancouver and thereby supporting the City’s goals in its Greenest City 2020 Action Plan.

Sincerely,



Chris Baber, P.Eng.
Neighbourhood Energy Manager

tel: 604.871.6127
chris.baber@vancouver.ca

Direct Line: (604) 873-7506
File No. 12-1035
Email: francie.connell@vancouver.ca

September 16, 2013

EMAIL (barnes.chdl@telus.net)

John Barnes
President
Central Heat Distribution Limited
1-720 Beatty Street
Vancouver, BC V6B 2M1

EMAIL (tmberry@compassrm.com)

Trent Berry
Strategic Advisor
Creative Energy Canada
Box 11, Bentall Centre,
1100-505 Burrard Street
Vancouver, BC V7X 1M5

Dear John and Trent,

Re: Central Heat Distribution Limited ("CHDL") and Creative Energy Canada Platforms Corp. ("Creative Energy Canada") - Assignment of Municipal Access Agreement

We write with regards to your letter dated September 12, 2013 seeking the City's consent (the "Request for Consent") to the deemed assignment under section 2.5 of the Municipal Access Agreement between the City of Vancouver and CHDL dated September 1, 1999 ("Municipal Access Agreement").

We understand that you have sent your Request for Consent to the City in connection with the purchase of all of the shares of CHDL by Creative Energy Canada in accordance with the terms of a Share Purchase Agreement entered into by the shareholders of CHDL and Creative Energy Canada on June 20, 2013 (the "Share Purchase Transaction").

The City hereby consents to the Share Purchase Transaction and the resulting deemed assignment under section 2.5 of the Municipal Access Agreement, subject to all of the following being delivered to the City's Director of Legal Services as conditions to the City's consent:

#162184v1

Page 1

Mailing Address:
453 West 12th Avenue
Vancouver, BC V5Y 1V4
Canada

Telephone: (604) 873-7512
Fax: (604) 873-7445

Delivery Address:
401-515 West 10th Avenue
Vancouver, BC V5Z 4A8
Canada



-
- (a) written approval by the B.C. Utilities Commission of the Share Purchase Transaction in form and substance satisfactory to the City's Director of Legal Services, acting reasonably;
 - (b) upon request, copies of the Share Purchase Agreement, all related schedules and appendices and all amendments;
 - (c) written notice of the completion of the Share Purchase Transaction as soon as possible after completion;
 - (d) within 30 days of the completion of the Share Purchase Transaction, a copy of the share register of CHDL showing Creative Energy Canada as the sole shareholder of CHDL in form and substance satisfactory to the City's Director of Legal Services, acting reasonably.
-

We understand that since only the ownership of CHDL is changing, CHDL will continue to operate its existing district energy business. Accordingly, you are not asking to have CHDL replaced with another party under the Municipal Access Agreement and CHDL and the City will remain the parties to that agreement. This is a further condition of the City's consent.

Creative Energy Canada has communicated to the City that it intends to pursue expansion of CHDL's network using modern hot water distribution technologies and low carbon energy sources, and will also pursue development of a low carbon energy supply for CHDL's existing system. If Creative Energy Canada is successful in realizing these goals, it would result in significant carbon pollution reductions and would help the City in achieving its Greenest City Action Plan policy objectives.

Yours truly,

CITY OF VANCOUVER

Per:



Francie Connell

FJC/DKL:mek

cc: Damon Chan, Westbank (damon@westbankcorp.com)

SCHEDULE "C"
REFERENCE LETTER FROM ROYAL BANK OF CANADA
(See Attached)



RBC
Royal Bank

Wesley McCrorie, CGA
Senior Account Manager
Real Estate & Hospitality

RBC Commercial Markets
1055 West Georgia Street, 36th Floor
Vancouver, B.C., V6E 3S5
Tel: (604) 665-0480
Fax: (604) 665-3176
Email: wesley.mccrorie@rbc.com

September 10, 2013

Private and Confidential

British Columbia Utilities Commission
900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: To Whom It May Concern:

Re: Creative Energy Canada Platforms Corp.

We write in connection with Creative Energy Canada Platforms Corp. ("CEC"), a fully owned subsidiary of one of our existing clients at the Bank. We understand that CEC would like to purchase 100% of the shares of Central Heat Distribution Limited ("Central Heat") and RBC has no objections to this transfer of shares.

Further to this, while we are unable to disclose specific details of our client due to client confidentiality, we have reviewed their financial strength and can advise that our client has available financial resources to support this transaction and continue to operate the business.

RBC has enjoyed a good relationship with CEC's sole shareholder, since 2006 and we look forward to continuing to meet their banking and financial requirements in the future.

We trust the foregoing is satisfactory; however, should you have any further questions in this regard, please do not hesitate to contact the writer.

Yours truly,

A handwritten signature in black ink, appearing to read 'Wesley McCrorie'.

Wesley McCrorie, CGA
Senior Account Manager
Royal Bank of Canada

SCHEDULE "D"

DRAFT ORDER

(See Attached)

DRAFT

IN THE MATTER OF

the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Creative Energy Canada Platforms Corp for Approval of the Acquisition of the Issued and Outstanding Shares of Central Heat Distribution Ltd.

BEFORE: ●, Commissioner October __, 2013
●, Commissioner

ORDER

WHEREAS:

- A. On September XX, 2013 Creative Energy Canada Platforms Corp (“**Creative Energy**”) applied pursuant to Section 54 of the *Utilities Commission Act* (the Act) for an Order approving the acquisition of all of the issued and outstanding common shares of Central Heat Distribution Ltd. (CHDL) (the “**Application**”);
- B. CHDL is a public utility regulated by the British Columbia Utilities Commission (the “**Commission**”) under the Act;
- C. Creative Energy is a corporation duly incorporated under the laws of the Province of British Columbia with registered office located at Kornfeld LLP of 1100 One Bentall Centre, 505 Burrard Street, Box 11, Vancouver, BC V7X 1M5. ;

D. Section 54(9) of the Act states:

“The commission may give its approval under this section subject to conditions and requirements it considers necessary or desirable in the public interest, but the commission must not give its approval under this section unless it considers that the public utility and the users of the service of the public utility will not be detrimentally affected”

E. Creative Energy and CHDL have jointly undertaken communication and consultation with key stakeholders of CHDL and no concerns were raised by key stakeholders in these consultations;

F. A letter of support of the Application has been submitted to the Commission by the City of Vancouver;

G. No concerns were raised respecting the acquisition by Creative Energy of CHDL during the Application process;

H. The Commission has reviewed the Application and submissions received and considers that CHDL and the users of the services of CHDL will not be detrimentally affected and that approval is warranted.

NOW THEREFORE the Commission orders as follows:

1. The Application by Creative Energy to acquire all of the issued and outstanding common shares of CHDL is hereby approved pursuant to section 54 of the Act.

DATED at the City of Vancouver, in the Province of British Columbia, this ● day of October 2013.

BY ORDER

●

Commissioner