



200 – 395 Centre St N, Huntsville, ON P1H 2M2
Phone (705) 789-5442 Toll Free 1-888-282-7711
Fax (705) 789-3110

July 4, 2014

Ontario Energy Board
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto, Ontario
M4P 1E4
Attention: Ms. K. Walli, Board Secretary

Re: Application for an Order from Ontario Energy Board (the “Board”) to seek an amendment to its generation licence

Dear Ms. K. Walli:

Bracebridge Generation Ltd. and Parry Sound PowerGen Corporation (the “Applicants”) apply to the Board for an amendment to their respective generation licences.

The Applicants have outlined in the attached Application summary and the Board’s Preliminary Filing Requirements the nature of the proposed transaction and the relief sought from the Board.

As per the Board’s requirements, 2 copies of the Application are enclosed via mail and a pdf version will be submitted via email to Board Secretary.

Should there be any questions, please contact me at the number above.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Margaret Maw".

Margaret Maw
Chief Financial Officer
Bracebridge Generation Ltd.

ONTARIO ENERGY BOARD

IN THE MATTER OF an application by Bracebridge Generation Ltd. and Parry Sound PowerGen Corporation under section 74 of the

Ontario Energy Board Act, 1998 seeking an order to amend
the distribution licence of Bracebridge Generation Ltd.

AND IN THE MATTER OF a request by Parry Sound PowerGen Corporation
under section 77(5) of the *Ontario Energy Board Act, 1998* seeking the
cancellation of its generation licence,

AND IN THE MATTER OF a request by Bracebridge Generation Ltd.
under section 77(5) of the *Ontario Energy Board Act, 1998* seeking the
cancellation of its generation licence for Burk's Falls Water Power Corporation,

AND IN THE MATTER OF a request by Bracebridge Generation Ltd.
under section 77(5) of the *Ontario Energy Board Act, 1998* seeking the
cancellation of its generation licence for Bancroft Light and Power Company
(2000) Limited.

Table of Contents

Application Summary

Exhibit 1	Electricity Generation Licence EG-2003-0120 – Bracebridge Generation Ltd.
Exhibit 2	Electricity Generation Licence EG-2002-0271 – Burk’s Falls Water Power Corporation
Exhibit 3	Electricity Generation Licence EG-2003-0173 – Bancroft Light and Power Company (2000) Limited
Exhibit 4	Electricity Generation Licence EG-2003-0128 – Parry Sound PowerGen Corporation
Exhibit 5	Ontario Energy Board Decision and Order – March 27, 2014 – MADD application – Merger of Lakeland Power Distribution Ltd. And Parry Sound Power Corporation
Exhibit 6	MergeCo Affiliate Chart
Exhibit 7	Shareholder Agreement
Exhibit 8	Purchase/Sale Agreement – Burk’s Falls Waterpower Corporation
Exhibit 9	Purchase/Sale Agreement – Bancroft Light and Power Company (2000) Limited

APPLICATION

Bracebridge Generation Ltd. (“BGL”) and Parry Sound PowerGen Corporation (“PSPG”) hereby jointly apply to the Ontario Energy Board (the “Board” or the “OEB”), pursuant to section 74 of the *Ontario Energy Board Act, 1998, S.O. 1998, c. 15* (Schedule B) (the “Act”), seeking leave to amend their generation licences pending the amalgamation of the two companies. BGL and PSPG are collectively referred to in this application as the “Applicants” or “Parties” and the amalgamated company is referred to as “GenCo”. The amalgamation is referred to as the “Proposed Transaction”.

The closing date of the Proposed Transaction is July 1, 2014. The Board has granted leave to Lakeland Power Distribution and Parry Sound Power Corporation to amalgamate, in its decision of March 27, 2014 on Board File No. EB-2013-0427 and EB-2013-0428. BGL is requesting, under section 74 of the Act, that its generation licence be amended to include in its Schedule 1, the generating facility currently operated by PSPG. In addition, BGL is also requesting that two other own generation facilities located in Burk’s Falls, Ontario and Bancroft, Ontario, be also added to Schedule 1 of licence EG-2003-0120.

BGL owns, operates and manages assets associated with the generation of electricity within the geographic territory and municipal boundaries of the Town of Bracebridge, Village of Burk’s Falls, and Town of Bancroft, as described in its

electricity generation licences (EG-2003-0120, EG-2002-0271, EG-2003-0173). BGL purchased the shares and generation assets of Burk's Falls Water Power Corporation on May 9, 2005 and purchased Bancroft Light and Power Company (2000) Limited shares and assets on July 19, 2012.

PSPG owns, operates and manages assets associated with the generation of electricity within the geographic territory and municipal boundaries of the Town of Parry Sound, as described in its electricity generation licence (EG-2003-0128).

The Board has approved a related MADD application Board File No. EB-2013-0427/0428 which amended the licence of Lakeland Power Distribution to include Parry Sound Power service area and to cancel the electricity licence of PSPC. The applicants wish to apply the same procedure regarding the respective generation licences, amend EG-2003-0120 to include all generation plants under the 4 generation licences and then cancel licences EG-2003-0128, EG-2002-0271, EG-2003-0173.

As of July 1, 2014, Lakeland Holding Ltd. (LHL) owns 100% of the shares of BGL. LHL is owned by the Town of Bracebridge, Town of Huntsville, Town of Parry Sound, Town of Sundridge, Village of Burk's Falls, and Municipality of Magnetawan in their share percentages established at the time of the merger of their LDCs at July 1, 2014.

BGL, PSPG and their respective shareholders (the "Parties") are all parties to the Proposed Transaction. There are no other parties to the Proposed Transaction. The parties request that this proceeding is disposed of without a hearing. As this is an amendment due to an amalgamation which the OEB has approved, no other person will be adversely affected in a material way by the outcome of the proceeding.

Exhibit 1
Electricity Generation
Licence EG-2003-0120
Bracebridge Generation Ltd.



Electricity Generation Licence

EG-2003-0120

Bracebridge Generation Ltd.

Valid Until
October 7, 2023

Mark C. Garner
Secretary
Ontario Energy Board

Date of Issuance: October 8, 2003

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th. Floor
Toronto, ON M4P 1E4

Commission de l'Énergie de l'Ontario
C.P. 2319
2300, rue Yonge
26e étage
Toronto ON M4P 1E4

1 Definitions

In this Licence:

“**Act**” means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

“**Electricity Act**” means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

“**generation facility**” means a facility for generating electricity or providing ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system and includes any structures, equipment or other things used for that purpose;

“**Licensee**” means: Bracebridge Generation Ltd.;

“**regulation**” means a regulation made under the Act or the Electricity Act;

2 Interpretation

- 2.1 In this Licence words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this licence where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in the Licence:

- a) to generate electricity or provide ancillary services for sale through the IMO-administered markets or directly to another person subject to the conditions set out in this Licence. This Licence authorizes the Licensee only in respect of those facilities set out in Schedule 1;
- b) to purchase electricity or ancillary services in the IMO-administered markets or directly from a generator subject to the conditions set out in this Licence; and

c)	to sell electricity or ancillary services through the IMO-administered markets or directly to another person, other than a consumer, subject to the conditions set out in this Licence.	14
4	Obligation to Comply with Legislation, Regulations and Market Rules	15
4.1	The Licensee shall comply with all applicable provisions of the Act and the Electricity Act, and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.	16
4.2	The Licensee shall comply with all applicable Market Rules.	17
5	Obligation to Maintain System Integrity	18
5.1	Where the IMO has identified, pursuant to the conditions of its licence and the Market Rules, that it is necessary for purposes of maintaining the reliability and security of the IMO-controlled grid, for the Licensee to provide energy or ancillary services, the IMO may require the Licensee to enter into an agreement for the supply of energy or such services.	19
5.2	Where an agreement is entered into in accordance with paragraph 5.1, it shall comply with the applicable provisions of the Market Rules or such other conditions as the Board may consider reasonable. The agreement shall be subject to approval by the Board prior to its implementation. Unresolved disputes relating to the terms of the Agreement, the interpretation of the Agreement, or amendment of the Agreement, may be determined by the Board.	20
6	Restrictions on Certain Business Activities	21
6.1	Neither the Licensee, nor an affiliate of the Licensee shall acquire an interest in a transmission or distribution system in Ontario, construct a transmission or distribution system in Ontario or purchase shares of a corporation that owns a transmission or distribution system in Ontario except in accordance with section 81 of the Act.	22
7	Provision of Information to the Board	23
7.1	The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.	24
7.2	Without limiting the generality of paragraph 7.1 the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee, as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.	25

8	Term of Licence	26
8.1	This Licence is effective on October 8, 2003 and shall expire on October 7, 2023. The term of this Licence may be extended by the Board.	27
9	Fees and Assessment	28
9.1	The Licensee shall pay all fees charged and amounts assessed by the Board.	29
10	Communication	30
10.1	The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.	31
10.2	All official communication relating to this Licence shall be in writing.	32
10.3	All written communication is to be regarded as having been given by the sender and received by the addressee:	33
a)	when delivered in person to the addressee by hand, by registered mail or by courier;	34
b)	ten (10) business days after the date of posting if the communication is sent by regular mail; and	35
c)	when received by facsimile transmission by the addressee, according to the sender's transmission report.	36
11	Copies of the Licence	37
11.1	The Licensee shall:	38
a)	make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and	39
b)	provide a copy of the Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.	40

SCHEDULE 1 LIST OF LICENSED GENERATION FACILITIES

41

The Licence authorizes the Licensee only in respect to the following:

42

1. High Falls Generating Station owned & operated by the Licensee at 1296 High Falls Rd.
Bracebridge, Ontario.

43

2. Wilson Falls Generating Station owned & operated by the Licensee at 500 Wilson Falls Rd.
Bracebridge, Ontario.

44

3. Bracebridge Falls Generating Station owned & operated by the Licensee at 35 Wharf Rd.
Bracebridge, Ontario.

45

Exhibit 2
Electricity Generation
Licence EG-2002-0271
Burk's Falls Water Power Corporation



ELECTRICITY GENERATION LICENCE

EG-2002-0271

Burk's Falls Water Power Corporation

**Valid Until
May 16, 2022**

Mark C. Garner
Director of Licensing
Ontario Energy Board

Date of Issuance: May 17, 2002

**Ontario Energy
Board**
P.O. Box 2319
2300 Yonge Street
26th. Floor
Toronto ON M4P 1E4

**Commission de l'Énergie
de l'Ontario**
C.P. 2319
2300, rue Yonge
26e étage
Toronto ON M4P 1E4

TABLE OF CONTENTS

PART 1 - DEFINITIONS AND INTERPRETATIONS	3
1. Definitions	3
2. Interpretations.....	4
PART 2 - CONDITIONS	4
3. Authorization.....	4
4. Fees and Assessment	4
5. Term of Licence	4
6. Transfer of Licence.....	5
7. Amendment of Licence	5
8. Orders for Securing Compliance.....	5
9. Suspension or Revocation of Licence	5
10. Provision of Information to the Board	5
11. Restrictions on Certain Business Activities.....	5
12. Compliance with Market Rules	5
13. System Integrity	5
14. Communication.....	6
15. Pass-Through of Rebate	6
SCHEDULE 1LIST OF LICENSED GENERATION FACILITIES.....	7
Appendix A - Pass-Through of Rebate	

PART 1 - DEFINITIONS AND INTERPRETATIONS

1. Definitions

In this licence:

"Act" means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

"affiliate", with respect to a corporation, has the same meaning as in the *Business Corporations Act*;

"ancillary services" means services necessary to maintain the reliability of the IMO-controlled grid including frequency control, voltage control, reactive power and operating reserve services;

"Board" means the Ontario Energy Board;

"consumer" means a person who uses, for the person's own consumption, electricity that the person did not generate;

"Director" means the Director of Licensing appointed under section 5 of the Act;

"distribute", with respect to electricity, means to convey electricity at voltages of 50 kilovolts or less;

"distribution system" means a system for distributing electricity and includes any structures, equipment or other things used for that purpose;

"distributor" means a person who owns or operates a distribution system;

"*Electricity Act*" means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

"generate" means to produce electricity or provide ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system;

"generation facility" means a facility for generating electricity or providing ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system and includes any structures, equipment or other things used for that purpose;

"generator" means a person who owns or operates a generation facility;

"IMO" means the Independent Electricity Market Operator established under the *Electricity Act*;

"IMO-administered markets" means the market established by the Market Rules under the *Electricity Act*;

"IMO-controlled grid" means the transmission systems with respect to which, pursuant to agreements, the IMO has authority to direct operations;

"Licensee" means the person named on the front of this Licence;

"market participant" means a person who is authorized by the Market Rules to participate in the IMO-administered markets or to cause or permit electricity to be conveyed into, through or out of the IMO-controlled grid;

"Market Rules" means the rules made under section 32 of the *Electricity Act*;

"regulations" means the regulations made under the *Act* or the *Electricity Act*;

"transmission system" means a system for transmitting electricity, and includes any structures, equipment or other things used for that purpose;

"transmit", with respect to electricity, means to convey electricity at voltages of more than 50 kilovolts; and

"transmitter" means a person who owns or operates a transmission system.

2. Interpretations

In this Licence words and phrases shall have the meaning ascribed to them in the *Act* or the *Electricity Act*. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this licence where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day.

PART 2 - CONDITIONS

3. Authorization

- 3.1 The Licensee is authorized to generate electricity or provide ancillary services for sale through the IMO-administered markets or directly to another person subject to the conditions set out in this Licence. This Licence authorizes the Licensee only in respect of those facilities set out in Schedule 1.
- 3.2 The Licensee is authorized to purchase electricity or ancillary services in the IMO-administered markets or directly from a generator subject to the conditions set out in this Licence.
- 3.3 The Licensee is authorized to sell electricity or ancillary services through the IMO-administered markets or directly to another person, other than a consumer, subject to the conditions set out in this Licence.

4. Fees and Assessment

The Licensee shall pay all fees charged and amounts assessed by the Board.

5. Term of Licence

This Licence shall come into force on May 17, 2002 and shall remain in force until May 16, 2022. The term of this Licence may be extended by the Board.

6. Transfer of Licence

This Licence is not transferable or assignable without leave of the Board.

7. Amendment of Licence

The conditions of this Licence are subject to amendment in accordance with section 74 of the *Act*.

8. Orders for Securing Compliance

If the Board is satisfied that the Licensee is contravening this Licence or is likely to contravene this Licence, the Board may order the Licensee to comply with this Licence in accordance with section 75 of the *Act*.

9. Suspension or Revocation of Licence

9.1 The Board may suspend or revoke this Licence in accordance with sections 76 and 77 of the *Act*.

9.2 The Board may cancel this Licence if the Licensee agrees, at any time, in writing that this Licence should be cancelled.

10. Provision of Information to the Board

10.1 The Licensee shall provide, in the manner and form determined by the Board, such information as the Board may require from time to time to monitor the Licensee's compliance with the conditions of this Licence and any other legislative or regulatory requirements.

10.2 Without limiting the generality of paragraph 10.1 the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the Licensee's ability to comply with the conditions of this Licence, as soon as practicable, but in any event within fifteen days of the date upon which such change occurs.

11. Restrictions on Certain Business Activities

Neither the Licensee, nor an affiliate of the Licensee shall acquire an interest in a transmission or distribution system in Ontario, construct a transmission or distribution system in Ontario or purchase shares of a corporation that owns a transmission or distribution system in Ontario except in accordance with section 81 of the *Act*.

12. Compliance with Market Rules

The Licensee shall comply with all applicable Market Rules.

13. System Integrity

- 13.1 Where the IMO has identified, pursuant to the conditions of its licence and the Market Rules, that it is necessary for purposes of maintaining the reliability and security of the IMO-controlled grid, for the Licensee to provide energy or ancillary services, the IMO may require the Licensee to enter into an agreement for the supply of energy or such services.
- 13.2 Where an agreement is entered into in accordance with paragraph 13.1, it shall comply with the applicable provisions of the Market Rules or such other conditions as the Board may consider reasonable. The agreement shall be subject to approval by the Board prior to its implementation. Disputes relating to the terms of the Agreement, the interpretation of the Agreement, or amendment of the Agreement shall, where unresolved by the parties, be determined by the Board.

14. Communication

- 14.1 All communication relating to this Licence shall be in writing.
- 14.2 All communication is to be regarded as having been given by the sender and received by the addressee:
 - a) when delivered in person to the addressee either by hand, or by courier;
 - b) 10 business days after the date of posting, if the communication is sent by registered mail; and,
 - c) when received by facsimile transmission by the addressee as confirmed by the sender's transmission report.

15. Pass-Through of Rebate

The licensee shall comply with the pass-through of rebate conditions set out in Appendix A.

**SCHEDULE 1
LIST OF LICENSED GENERATION FACILITIES**

The Licence authorizes the Licensee only in respect to the following:

1. Burk's Falls Waterpower Corporation generating station, owned and operated by the licensee, at Sypes St., Plan 26, Lot 1, Burk's Falls, Ontario.

Appendix A - Pass Through of Rebate Conditions

"OPGI" means Ontario Power Generation Inc.

"Prime Rate" means the variable annual rate of interest, calculated on the basis of a calendar year, announced from time to time by the IMO's then principal Canadian banker as the reference rate of interest (commonly known as its prime rate) then in effect and used by such bank for determining interest rates on Canadian dollar denominated commercial loans made by it in Canada to customers of varying degrees of credit-worthiness.

Prompt pass throughs, with the normal bill delivered in respect of the month in which the rebate amount was received, of any rebate received from the IMO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, will be required by the licensee so that its ultimate customers in Ontario benefit *pro rata* on the basis of energy consumed.

If requested in writing by OPGI, such licensee shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill:

"ONTARIO POWER GENERATION INC. rebate"

Any rebate amount which cannot be distributed as provided above shall be promptly returned to the IMO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, for use to offset the IMO uplift.

Nothing shall preclude agreements, that require the purchaser to return the rebate or any portion thereof to the seller or any other party.

Pending pass-through or return to the IMO of any rebate received, the licensee shall hold the funds in trust for the beneficiaries thereof in a segregated account.

Exhibit 3
Electricity Generation
Licence EG-2003-0173
Bancroft Light and Power Company
(2000) Limited



Electricity Generation Licence

EG-2003-0173

Bancroft Light and Power Company (2000) Limited

Valid Until
October 7, 2023

Mark C. Garner
Secretary
Ontario Energy Board

Date of Issuance: October 8, 2003

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th. Floor
Toronto, ON M4P 1E4

Commission de l'Énergie de l'Ontario
C.P. 2319
2300, rue Yonge
26e étage
Toronto ON M4P 1E4

1 Definitions

In this Licence:

“**Act**” means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

“**Electricity Act**” means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

“**generation facility**” means a facility for generating electricity or providing ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system and includes any structures, equipment or other things used for that purpose;

“**Licensee**” means: Bancroft Light and Power Company (2000) Limited;

“**regulation**” means a regulation made under the Act or the Electricity Act;

2 Interpretation

- 2.1 In this Licence words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this licence where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in the Licence:

- a) to generate electricity or provide ancillary services for sale through the IMO-administered markets or directly to another person subject to the conditions set out in this Licence. This Licence authorizes the Licensee only in respect of those facilities set out in Schedule 1;
- b) to purchase electricity or ancillary services in the IMO-administered markets or directly from a generator subject to the conditions set out in this Licence; and

- c) to sell electricity or ancillary services through the IMO-administered markets or directly to another person, other than a consumer, subject to the conditions set out in this Licence.

4 Obligation to Comply with Legislation, Regulations and Market Rules

- 4.1 The Licensee shall comply with all applicable provisions of the Act and the Electricity Act, and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.

- 4.2 The Licensee shall comply with all applicable Market Rules.

5 Obligation to Maintain System Integrity

- 5.1 Where the IMO has identified, pursuant to the conditions of its licence and the Market Rules, that it is necessary for purposes of maintaining the reliability and security of the IMO-controlled grid, for the Licensee to provide energy or ancillary services, the IMO may require the Licensee to enter into an agreement for the supply of energy or such services.

- 5.2 Where an agreement is entered into in accordance with paragraph 5.1, it shall comply with the applicable provisions of the Market Rules or such other conditions as the Board may consider reasonable. The agreement shall be subject to approval by the Board prior to its implementation. Unresolved disputes relating to the terms of the Agreement, the interpretation of the Agreement, or amendment of the Agreement, may be determined by the Board.

6 Restrictions on Certain Business Activities

- 6.1 Neither the Licensee, nor an affiliate of the Licensee shall acquire an interest in a transmission or distribution system in Ontario, construct a transmission or distribution system in Ontario or purchase shares of a corporation that owns a transmission or distribution system in Ontario except in accordance with section 81 of the Act.

7 Provision of Information to the Board

- 7.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.

- 7.2 Without limiting the generality of paragraph 7.1 the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee, as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.

8	Term of Licence	26
8.1	This Licence is effective on October 8, 2003 and shall expire on October 7, 2023. The term of this Licence may be extended by the Board.	27
9	Fees and Assessment	28
9.1	The Licensee shall pay all fees charged and amounts assessed by the Board.	29
10	Communication	30
10.1	The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.	31
10.2	All official communication relating to this Licence shall be in writing.	32
10.3	All written communication is to be regarded as having been given by the sender and received by the addressee:	33
a)	when delivered in person to the addressee by hand, by registered mail or by courier;	34
b)	ten (10) business days after the date of posting if the communication is sent by regular mail; and	35
c)	when received by facsimile transmission by the addressee, according to the sender's transmission report.	36
11	Copies of the Licence	37
11.1	The Licensee shall:	38
a)	make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and	39
b)	provide a copy of the Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.	40

SCHEDULE 1 LIST OF LICENSED GENERATION FACILITIES

41

The Licence authorizes the Licensee only in respect to the following:

42

Hydro-electric Generation Facility, owned and operated by the Licensee at 37 Mill Street
(Highway 62), Bancroft, Ontario.

43

Exhibit 4
Electricity Generation
Licence EG-2003-0128
Parry Sound PowerGen Corporation



Electricity Generation Licence

EG-2003-0128

Parry Sound PowerGen Corporation

Valid Until
October 20, 2023

Mark C. Garner
Secretary
Ontario Energy Board

Date of Issuance: October 21, 2003

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th. Floor
Toronto, ON M4P 1E4

Commission de l'Énergie de l'Ontario
C.P. 2319
2300, rue Yonge
26e étage
Toronto ON M4P 1E4

1 Definitions

In this Licence:

“**Act**” means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

“**Electricity Act**” means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

“**generation facility**” means a facility for generating electricity or providing ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system and includes any structures, equipment or other things used for that purpose;

“**Licensee**” means: Parry Sound PowerGen Corporation;

“**regulation**” means a regulation made under the Act or the Electricity Act;

2 Interpretation

- 2.1 In this Licence words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this licence where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in the Licence:

- a) to generate electricity or provide ancillary services for sale through the IMO-administered markets or directly to another person subject to the conditions set out in this Licence. This Licence authorizes the Licensee only in respect of those facilities set out in Schedule 1;
- b) to purchase electricity or ancillary services in the IMO-administered markets or directly from a generator subject to the conditions set out in this Licence; and

c)	to sell electricity or ancillary services through the IMO-administered markets or directly to another person, other than a consumer, subject to the conditions set out in this Licence.	14
4	Obligation to Comply with Legislation, Regulations and Market Rules	15
4.1	The Licensee shall comply with all applicable provisions of the Act and the Electricity Act, and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.	16
4.2	The Licensee shall comply with all applicable Market Rules.	17
5	Obligation to Maintain System Integrity	18
5.1	Where the IMO has identified, pursuant to the conditions of its licence and the Market Rules, that it is necessary for purposes of maintaining the reliability and security of the IMO-controlled grid, for the Licensee to provide energy or ancillary services, the IMO may require the Licensee to enter into an agreement for the supply of energy or such services.	19
5.2	Where an agreement is entered into in accordance with paragraph 5.1, it shall comply with the applicable provisions of the Market Rules or such other conditions as the Board may consider reasonable. The agreement shall be subject to approval by the Board prior to its implementation. Unresolved disputes relating to the terms of the Agreement, the interpretation of the Agreement, or amendment of the Agreement, may be determined by the Board.	20
6	Restrictions on Certain Business Activities	21
6.1	Neither the Licensee, nor an affiliate of the Licensee shall acquire an interest in a transmission or distribution system in Ontario, construct a transmission or distribution system in Ontario or purchase shares of a corporation that owns a transmission or distribution system in Ontario except in accordance with section 81 of the Act.	22
7	Provision of Information to the Board	23
7.1	The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.	24
7.2	Without limiting the generality of paragraph 7.1 the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee, as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.	25

8 Term of Licence

- 8.1 This Licence is effective on October 21, 2003 and shall expire on October 20, 2023. The term of this Licence may be extended by the Board.

9 Fees and Assessment

- 9.1 The Licensee shall pay all fees charged and amounts assessed by the Board.

10 Communication

- 10.1 The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.

- 10.2 All official communication relating to this Licence shall be in writing.

- 10.3 All written communication is to be regarded as having been given by the sender and received by the addressee:

- a) when delivered in person to the addressee by hand, by registered mail or by courier;
- b) ten (10) business days after the date of posting if the communication is sent by regular mail; and
- c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

11 Copies of the Licence

- 11.1 The Licensee shall:

- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of the Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

SCHEDULE 1 LIST OF LICENSED GENERATION FACILITIES

41

The Licence authorizes the Licensee only in respect to the following:

42

1. Parry Sound PowerGen Corporation, owned and operated by the Licensee at 2 Cascade Street, Parry Sound, Ontario.

43

Exhibit 5
OEB Decision & Order
MAAD Application
March 27, 2014



EB-2013-0427
EB-2013-0428

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Lakeland Power Distribution Ltd. and Parry Sound Power Corporation under Section 86(1) (c) of the *Ontario Energy Board Act, 1998* seeking an order for leave to amalgamate;

AND IN THE MATTER OF an application by Lakeland Power Distribution Ltd. and Parry Sound Power Corporation under section 74 of the *Ontario Energy Board Act, 1998* seeking an order to amend the distribution licence of Lakeland Power Distribution Ltd.;

AND IN THE MATTER OF a request by Parry Sound Power Corporation under section 77(5) of the *Ontario Energy Board Act, 1998* seeking the cancellation of its distribution licence.

BEFORE: Christine Long
Presiding Member

Ken Quesnelle
Vice-Chair

DECISION AND ORDER

March 27, 2014

INTRODUCTION

Lakeland Power Distribution Ltd. ("LPDL") and Parry Sound Power Corporation ("PSPC"), both licensed electricity distributors (the "Applicants"), have jointly filed

an application with the Ontario Energy Board, received on December 12, 2013, seeking leave to amalgamate LPDL and PSPC and address licensing matters resulting from the proposed amalgamation. Specifically,

- The Applicants seek leave of the Board to amalgamate LPDL and PSPC pursuant to section 86(1) (c) of the *Ontario Energy Board Act, 1998* (the "Act"). Board file number: **EB-2013-0427**.
- If the Board grants LPDL and PSPC leave to amalgamate, upon closing of the proposed transaction, the Applicants seek to amend LPDL's electricity distribution licence pursuant to section 74 of the Act to include in its service area the area currently served by PSPC and to include PSPC's identified Conservation and Demand Management ("CDM") targets, and PSPC requests that its electricity distribution licence be canceled pursuant to section 77(5) of the Act. Board file number: **EB-2013-0428**.

The Board issued its Notice of Application and Hearing (the "Notice") on December 19, 2013. The Notice was published in the affected service areas as directed by the Board on January 8, 2014. No one responded to the Notice.

The Board has proceeded by way of a written hearing. Board staff participated in the hearing by way of filing interrogatories ("IRs") and a submission supporting the proposed transaction. The Applicants filed responses to Board staff's IRs and filed a letter with the Board indicating that they agree with the submission of Board staff and will therefore not file a reply submission.

For the reasons set out below the requested relief is granted.

BACKGROUND

LPDL owns and operates an electricity distribution system within the geographic territory and municipal boundaries of the Town of Bracebridge, the Town of Huntsville, the Town of Sundridge, the Village of Burk's Falls, and the Municipality of Magnetawan, as described in its electricity distribution licence (ED-2002-0540). PSPC owns and operates an electricity distribution system within the geographic territory and municipal boundaries of the Town of Parry Sound, as described in its electricity distribution licence (ED-2003-0006).

PSPC is currently 100% owned by Parry Sound Hydro Corporation which in turn is wholly owned by the Town of Parry Sound. LPDL is currently 100% owned by Lakeland Holding Ltd. The shares of Lakeland Holding Ltd. are held by five municipalities as follows: the Town of Bracebridge (65.11%), the Town of Huntsville (25.13%), the Town of Sundridge (4.33%), the Village of Burk's Falls (3.96%), and the Municipality of Magnetawan (1.47%).

Upon approval and completion of the proposed transaction, the shares of Lakeland Holding Ltd. will be held by six municipalities as follows: the Town of Bracebridge (54.97%), the Town of Huntsville (21.22%), the Town of Sundridge (3.66%), the Village of Burk's Falls (3.34%), the Municipality of Magnetawan (1.24%), and the Town of Parry Sound (15.57%).

In their application, the Applicants stated that there will be cost savings and operational efficiencies by amalgamating the two distributors. The Applicants further stated that service levels will be maintained or improved. Currently, the rates charged for the delivery of electricity to customers in the LPDL and PSPC service areas are not equal. The Applicants propose to harmonize the two rates at the time of rate rebasing of the amalgamated entity, which the Applicants propose to defer to 2018. Until that time, the Applicants propose to retain the two separate rate schedules for customers in each of the service areas.

The Board notes that the Notice was published in the affected service areas and no objections were received in respect to the proposed transaction.

BOARD FINDING

The full record of this proceeding is available for review at the Board's offices. While the Board has considered the full record, the Board has summarized and referred only to those portions of the record that it considers helpful to provide context to its findings.

The "No Harm" Test

Section 86(1) (c) of the Act provides that no transmitter or distributor, without first obtaining an order from the Board granting leave, shall amalgamate with any other corporation.

In determining whether to approve this application, the Board has been guided by the principles set out in the Board's decision in the combined MAADs proceeding (Board File Numbers RP-2005-0018/EB-2005-0234/EB-2005-0254/EB-2005-0257). In that decision, the Board ruled that the "no harm" test is the relevant test when the Board considers applications for leave to acquire shares or amalgamate under section 86 of the Act. The "no harm" test involves consideration of whether the proposed transaction would have an adverse effect relative to the status quo in relation to the Board's statutory objectives. If the proposed transaction would have a positive or neutral effect on the attainment of the statutory objectives, then the application should be granted. The statutory objectives to be considered in this application are those set out in section 1 of the Act, namely:

1. to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service; and
2. to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.

In their application, the Applicants stated that the proposed transaction meets the "no harm" test established by the Board and provided the following information in support of the proposed transaction:

- The projected net synergy savings from the proposed transaction are expected to be in excess of \$300,000 annually, and transition costs are expected to be equal to approximately one year's projected net synergy savings.
- Transaction costs will be financed through the productivity gains associated with the transaction.
- Capital expense savings through improved purchasing and better utilization of crews are expected to average approximately \$50,000 to \$100,000 annually.
- The amalgamated entity expects to continue with the capital plans/asset management plans submitted in the Applicants' respective cost of service applications.

- Certain areas will be serviced from a closer operations centre, reducing travel time by more than 25% in those areas.
- A complete GIS mapping and conversion to SCADA for the PSPC service territory will be undertaken.
- The proposed transaction will:
 - enhance the amalgamated entity's ability to raise capital at a lower cost going forward; and
 - create an opportunity to complete capital projects with a larger team, more efficiently, with less contractor labour and improved scheduling.

The Board notes that in their interrogatory responses, the Applicants provided a well-delineated account of where they expected to achieve efficiencies through the proposed amalgamation. The Board also notes that while not having equal distribution rates at present, the two distributors have distribution rates that are somewhat comparable. Therefore, the Board does not anticipate that the proposed amalgamation will result in operational costs that are vastly different. The Applicants have also provided evidence which highlights the operational efficiencies they anticipate achieving.

Based on the evidence in this proceeding, the Board finds that the proposed amalgamation will not have an adverse effect relative to the status quo in relation to the Board's statutory objectives. Accordingly, the Board finds that the proposed amalgamation meets the "no harm" test.

Given that the Board is granting leave to amalgamate, the Board finds that it is in the public interest to cancel PSPC's electricity distribution licence and amend LPDL's distribution licence to include in its service area the area currently served by PSPC and include PSPC's CDM targets when the transaction closes.

Rate Rebasing and Rate Harmonization for the Amalgamated Entity

The Board Report on Rate making Associated with Distributor Consolidation, issued on July 23, 2007 (the "Board Report"), permits an amalgamated utility to

defer rebasing for a period of up to five years following the closing date of the transaction.

The Board finds that the Applicants' proposal, to defer rate harmonization and rebasing the rates of the amalgamated entity to 2018, is acceptable. This proposal is consistent with the Board Report referenced above.

Net Metering Thresholds

The current net metering thresholds for LPDL and PSPC are 436 kW and 195 kW, respectively. The Applicants submitted that there are no special circumstances that warrant using a different methodology to determine the net metering threshold. The Board accepts that there are no special circumstances present in this regard and will therefore add together the net metering thresholds for LPDL and PSPC to determine the net metering threshold for the newly amalgamated utility.

THE BOARD ORDERS THAT:

1. The Applicants are hereby granted leave to amalgamate LPDL and PSPC pursuant to section 86(1)(c) of the Act.
2. The Board's leave to amalgamate shall expire 18 months from the date of this Decision and Order. If the transaction has not been completed by that date, a new application for leave to amalgamate will be required in order for the transaction to proceed.
3. The Applicants shall promptly notify the Board of the completion of the transaction.
4. Once the notice referred to in paragraph number 3 above has been provided to the Board, the Board will amend the electricity distribution licence of LPDL to include the service areas formerly served by PSPC and to include PSPC's CDM targets.

5. Once the notice referred to in paragraph number 3 above has been provided to the Board, the Board will cancel the electricity distribution licence of PSPC (ED-2003-0006).
6. Once the notice referred to in paragraph number 3 above has been provided to the Board, the net metering threshold for the newly amalgamated entity will be 631 kW.

All filings to the Board must quote file numbers, EB-2013-0427 and EB-2013-0428, be made through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Gona Jaff at gona.jaff@ontarioenergyboard.ca and Board Counsel, Maureen Helt at maureen.helt@ontarioenergyboard.ca.

ADDRESS

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary

E-mail: boardsec@ontarioenergyboard.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto March 27, 2014

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Ontario Energy
Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie
de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



July 3, 2014

Mr. Christopher Litschko
Lakeland Power Distribution Ltd.
200-395 Centre Street North
Huntsville, ON P1H 2M2

Mr. Miles Thompson
Parry Sound Power Corporation
125 William Street
Parry Sound, ON P2A 1V9

Dear Applicants:

Re: Applications by Lakeland Power Distribution Ltd. and Parry Sound Power Corporation for Amalgamation, Licence Amendment and Licence Cancellation - Board File Numbers: EB-2013-0427/EB-2013-0428

In its Decision and Order dated March 27, 2014 in proceeding EB-2013-0427/EB-2013-0428 (the "Decision"), the Ontario Energy Board (the "Board") granted leave to Lakeland Power Distribution Ltd. ("LPDL") and Parry Sound Power Corporation ("PSPC") leave to amalgamate. In the Decision, the Board stated that upon receiving notification of the completion of the transaction, the Board would:

1. amend the electricity distribution licence of LPDL to include the service areas formerly served by PSPC and to include PSPC's conservation and demand management targets; and
2. cancel the electricity distribution licence of PSPC (ED-2003-0006).

On July 3, 2014, the applicants notified the Board that the transaction had been completed.

Pursuant to the Decision, please find enclosed LPDL's amended licence ED-2002-0540 effective July 3, 2014. PSPC's Electricity distribution licence ED-2003-0006 is cancelled effective July 3, 2014.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

Exhibit 6
MergeCo Affiliate Chart

Municipal Shareholders

Town of Bracebridge	54.97%
Town of Huntsville	21.22%
Town of Sundridge	3.66%
Village of Burk's Falls	3.34%
Municipality of Magnetawan	1.24%
Town of Parry Sound	15.57%

LAKELAND HOLDING LTD.

merge of LHL and PSHC

BRACEBRIDGE GENERATION LTD.

Merge of BGL & PSGC
EG-2003-0120 & EG-2003-0128

LAKELAND POWER DISTRIBUTION LTD.

Distribution system within the municipal boundaries of the
Shareholders – merge of LPDL and PSPC
ED-2002-0540 & ED-2003-0006

LAKELAND ENERGY LTD.

No change

Exhibit 7
Shareholder Agreement

LAKELAND HOLDING LTD.
AMENDED AND RESTATED SHAREHOLDERS' AGREEMENT

BORDEN LADNER GERVAIS LLP

May 23, 2014 with effect as of July 1, 2014

TABLE OF CONTENTS

Page No.

ARTICLE I INTERPRETATION	5
1.1 Definitions.....	5
1.2 Control	9
1.3 Headings.....	9
1.4 Entire Agreement	10
1.5 Number and Gender	10
1.6 Accounting Principles.....	10
1.7 Calculation of Time	10
1.8 Statutory References	10
1.9 Reclassification of Shares	11
1.10 Interpretation.....	11
1.11 Governing Law	11
1.12 Currency.....	11
ARTICLE II BUSINESS OF THE CORPORATIONS	12
2.1 Business of the Corporations	12
2.2 Corporations' Standard of Service	12
ARTICLE III CORPORATE AFFAIRS OF HOLDCO	13
3.1 Assurances	13
3.2 The Board.....	13
(a) New Board	13
(b) Shareholder Action	13
(c) The Board.....	14
(d) Size of the Board	14
(e) Electing the Board.....	14
(f) Qualifications of Board	14
(g) Vacancy.....	15
(h) Quorum	15
(i) Meetings of the Board.....	15
(j) Decisions of the Directors.....	16
(k) Board Duties	16
(l) Indemnification and Insurance for Directors and Officers	16
3.3 Board Committees.....	17
(a) Executive Committee.....	17
(b) Finance Committee	17
(c) Human Resources Committee.....	18
(d) Nominating Committee.....	18
(e) Governance Committee.....	18
(f) Environmental, Health and Safety Committee	18
(g) Mergers and Acquisitions Committee.....	19
(h) General Provisions Relating to Board Committees	19

3.4	Shareholders' Meetings.....	19
3.5	Regular Shareholders Meetings	20
3.6	Decisions of the Shareholders.....	20
3.7	Shareholder Representative.....	20
3.8	Officers.....	21
3.9	Matters Requiring Shareholder Approval	21
3.10	Unanimous Shareholder Agreement	22
3.11	Agreement Binds HoldCo and Subsidiaries.....	22
3.12	Auditors.....	23
3.13	Banking.....	23
3.14	Financial Statements	23
ARTICLE IV REPRESENTATIONS, WARRANTIES AND COVENANTS		24
4.1	Representations and Warranties.....	24
4.2	Covenants.....	24
ARTICLE V TRANSFER OF SHARES.....		25
5.1	General Restriction on Transfer.....	25
5.2	Legend on Shares	25
5.3	Rights of First Refusal	25
(a)	Notice of Offer	26
(b)	Offer Open During Notice Period.....	26
(c)	Acceptance of Offer	26
(d)	Excess Shares.....	27
(e)	No Fractions.....	27
(f)	Sale.....	27
(g)	Deemed Refusal	27
(h)	Prospective Purchaser Bound.....	28
(i)	HoldCo as Purchaser.....	28
5.4	Piggyback Right.....	28
5.5	Drag-Along Right	29
ARTICLE VI CLOSING OF PURCHASE TRANSACTION.....		29
6.1	Time and Place of Closing	29
6.2	Documents to be Delivered by the Vendor	29
6.3	Documents to be Delivered by the Purchaser	30
6.4	Failure to Complete Sale.....	30
ARTICLE VII NON-COMPETITION AND CONFIDENTIALITY		31
7.1	Non-Competition	31
7.2	Confidentiality	32
7.3	Injunctive Relief.....	33
7.4	Accounting for Profits.....	33
7.5	Reasonableness of Restrictions.....	34
ARTICLE VIII BOOKS, RECORDS AND RIGHT TO INFORMATION		34
8.1	Books and Records.....	34

8.2	Right to Information.....	34
8.3	Right to Attend Shareholder Meetings.....	34
8.4	Reporting on Developments.....	34
ARTICLE IX TERM		35
9.1	Term and Automatic Renewal	35
ARTICLE X GENERAL		35
10.1	Notices	35
10.2	Assignment and Binding Effect	37
10.3	Arbitration.....	38
(a)	Selection of Single Arbitrator	38
(b)	Referring Dispute	38
(c)	Attempted Settlement.....	38
(d)	Decision Final and Binding.....	38
(e)	Place of Arbitration	38
(f)	Powers of Arbitrator.....	39
(g)	Costs.....	39
(h)	Written Notices	39
10.4	Further Assurances.....	39
10.5	Severability	39
10.6	Amendment, Modification and Waiver	39
10.7	Amalgamation of Shareholder(s)	40
(a)	Allocation of Proceeds on Sale of Amalgamated Shareholder	40
(b)	Allocation of Dividends Held in Reserve	40
(c)	Allocation of Dividends Received by Amalgamated Shareholder	40
(d)	Best Efforts to Obtain Order	41
10.8	Time of Essence	41
10.9	Counterparts	41
10.10	No Partnership.....	41
10.11	Proceedings	42
SCHEDULE “A” INDEMNITY AGREEMENT		

THIS AMENDED AND RESTATED SHAREHOLDERS AGREEMENT executed the 23rd day of May, 2014 with effect as of the Amalgamation Date.

BETWEEN:

The Corporation of the Town of Bracebridge, a municipal corporation existing under the laws of Ontario

(**"Bracebridge"**)

- and -

The Corporation of the Village of Burk's Falls, a municipal corporation existing under the laws of Ontario

(**"Burk's Falls"**)

- and -

The Corporation of the Town of Huntsville, a municipal corporation existing under the laws of Ontario

(**"Huntsville"**)

- and -

The Corporation of the Municipality of Magnetawan, a municipal corporation existing under the laws of Ontario

(**"Magnetawan"**)

- and -

The Corporation of the Village of Sundridge, a municipal corporation existing under the laws of Ontario

(**"Sundridge"**)

- and -

The Corporation of the Town of Parry Sound, a municipal corporation existing under the laws of Ontario

(**"Parry Sound"**)

- 2 -

- and -

Lakeland Holding Ltd., a corporation existing under the laws of Ontario

(**"HoldCo"**)

- and -

Lakeland Energy Ltd., a corporation existing under the laws of Ontario

(**"ServicesCo"**)

- and -

Lakeland Power Distribution Ltd., a corporation existing under the laws of Ontario

(**"WiresCo"**)

- and -

Bracebridge Generation Ltd., a corporation existing under the laws of Ontario

(**"GenCo"**)

Recitals:

1. HoldCo is a corporation existing under the laws of Ontario;
2. The authorized capital of HoldCo consists of an unlimited number of Shares of which 10,000 are issued and outstanding as fully paid and non-assessable;
3. Parry Sound was the sole shareholder of Parry Sound Hydro Power Corporation (**"Parry Sound HoldCo"**), and Parry Sound HoldCo was the sole shareholder of Parry Sound Power Corporation (**"Parry Sound WiresCo"**) and Parry Sound PowerGen Corporation (**"Parry Sound GenCo"**);

4. Bracebridge, Burk's Falls, Huntsville, Magnetawan, Sundridge and Parry Sound approved the amalgamations (the "**Amalgamations**") of Lakeland HoldCo and Parry Sound HoldCo into HoldCo, Lakeland WiresCo and Parry Sound WiresCo into WiresCo, and Lakeland GenCo and Parry Sound GenCo into GenCo;
5. HoldCo is the sole registered and beneficial shareholder of each of WiresCo and GenCo;
6. Bracebridge, Burk's Falls, Huntsville, Magnetawan, Sundridge and Parry Sound are the sole registered and beneficial shareholders of HoldCo holding the following numbers of Shares, respectively:

<u>NAME OF SHAREHOLDER</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE TOTAL</u>
Bracebridge	5631	56.31%
Huntsville	2174	21.74%
Sundridge	375	3.75%
Burk's Falls	343	3.43%
Magnetawan	127	1.27%
Parry Sound	1350	13.50%

7. As set out in Section 2.1(6) of the Merger Participation Agreement, upon GenCo's receipt of a certificate of project commercial operation in respect of the planned upgrade of the Cascade Generation Station in Parry Sound, the proportionate shareholdings set out in Recital 6 above will change to the following:

<u>NAME OF SHAREHOLDER</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE TOTAL</u>
Bracebridge	5497	54.97%
Huntsville	2122	21.22%
Sundridge	366	3.66%
Burk's Falls	334	3.34%
Magnetawan	124	1.24%
Parry Sound	1557	15.57%

8. Bracebridge, Burk's Falls, Huntsville, Magnetawan, Sundridge, Lakeland HoldCo, Lakeland WiresCo, Lakeland ServicesCo and Lakeland GenCo were parties to the original shareholders agreement in respect of Lakeland HoldCo dated September 1, 2000 (the "**Original Shareholders Agreement**");
9. The parties wish to enter into this Agreement to amend and restate the Original Shareholders Agreement and to provide for the conduct of certain affairs of HoldCo, to provide for certain restrictions on the transfer and ownership of Shares and to govern the mutual rights and obligations of the Shareholders with respect to HoldCo and each other Shareholder,

NOW THEREFORE in consideration of the premises, the mutual promises herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) each of the parties agrees with each other party as follows:

ARTICLE I INTERPRETATION

1.1 Definitions

In this Agreement the following terms shall have the following meanings unless the subject matter or context otherwise requires:

“**Act**” means the *Business Corporations Act* (Ontario);

“**Additional Directors**” has the meaning set out in Subsection 3.2(e);

“**Agreement**” means this Agreement, all schedules attached hereto and any agreement or schedule supplementing or amending this Agreement. All uses of the words “hereto”, “herein”, “hereof”, “hereby” and “hereunder” and similar expressions refer to this Agreement and not to any particular section or portion of it. References to an Article, Section, Subsection or Schedule refer to the applicable article, section, subsection or schedule of this Agreement unless otherwise specified;

“**Amalgamated Shareholder**” has the meaning set out in Subsection 10.7(a);

“**Amalgamation Date**” means the date on which Lakeland Holdco and Parry Sound Holdco amalgamate pursuant to Section 174 of the Act, which shall be July 1st, 2014.

“**Amalgamations**” has the meaning set out in the recitals.

“**Arbitration Act**” means the *Arbitration Act*, S.O., 1991;

“**Arbitrator**” has the meaning set out in Subsection 10.3(a);

“**Arm’s Length**” has the meaning attributed thereto in the *Income Tax Act* (Canada) provided that, for the purposes of Section 5.3, each Shareholder shall be deemed to be acting at Ann’s Length with each other Shareholder and HoldCo;

“**Auditors**” means the firm of chartered accountants appointed as auditor of the Corporations from time to time;

“Board” means the Board of Directors of HoldCo;

“Board Committees” means committees created by the Board from time to time for the purpose of overseeing specific tasks and reporting to the Board and includes the committees referred to in Section 3.3;

“Business” means the business of the Corporations as described in Section 2.1 or as may otherwise be conducted by the Corporations from time to time;

“Business Day” means any day other than a Saturday, Sunday, or statutory holiday in Ontario;

“Chair” means the director elected by the Board to serve as its chairperson from time to time;

“Closing Date” means the date on which the purchase and sale of Shares is to be completed;

“Confidential Information” means any and all information and data relating in any manner to the Business and any activities, plans, ideas, products, services, policies or intentions. (including without limitation, information of an operational, business, marketing, financial or economic nature), whether or not proprietary in nature, that is of value to the Corporations and is held by the Corporations as a trade secret and is not generally known to competitors of the Corporations or to the public;

“Corporations” means collectively HoldCo and any Subsidiary;

“Council” means the municipal council of a municipal Shareholder;

“Current Shareholders” means, at the date of this Agreement, each of Bracebridge, Burk’s Falls, Huntsville, Magnetawan, Sundridge and Parry Sound;

“Disputing Shareholder” has the meaning set out in Subsection 10.3(c);

“Electricity Act” means the *Electricity Act*, 1998 (Ontario);

“Encumbrance” means a mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), security interest, adverse claim, assignment as security or reservation of title of any kind;

“Fiscal Year” means a 12-month period ending on December 31 in each year;

“GenCo” has the meaning set out in the recitals;

“Governmental Authority” means any government or political subdivision (including without limitation, any municipality or federal or provincial ministry) or agency, authority, commission, department or instrumentality of any government or political subdivision, or any court or tribunal, and specifically includes the Ontario Energy Board and the IMO;

“HoldCo” has the meaning set out in the recitals;

“Hold Period” has the meaning set out in Section 5.1;

“IESO” means the Independent Electricity System Operator established pursuant to the Electricity Act and its successors;

“Initial Term” means the period from the date of this Agreement until the date that is one year later or as otherwise determined by the Shareholders;

“Lakeland GenCo” means Bracebridge Generation Ltd. as such corporation existed prior to the Amalgamations;

“Lakeland HoldCo” means Lakeland Holding Ltd. as such corporation existed prior to the Amalgamations;

“Lakeland ServicesCo” means Lakeland Energy Ltd. as such corporation existed prior to the Amalgamations;

“Lakeland WiresCo” means Lakeland Power Distribution Ltd. as such corporation existed prior to the Amalgamations;

“Laws” means any law, including common law, equitable principle, statute, ordinance, regulation, rule, order, permit, decision, declaration, notice, demand, injunction, writ, policy, decree or award of any Governmental Authority;

“New Board” means the new Board which holds office for the Initial Term;

“Notice Period” has the meaning set out in Subsection 5.3(b);

“OEB” means the Ontario Energy Board and its successors;

“Offer” has the meaning set out in Subsection 5.3(a);

“Offered Shares” has the meaning set out in Subsection 5.3(a);

“Original Shareholders Agreement” has the meaning set out in the recitals;

“Other Holders” has the meaning set out in Section 5.3;

“Parry Sound GenCo” has the meaning set out in the recitals;

“Parry Sound HoldCo” has the meaning set out in the recitals;

“Parry Sound WiresCo” has the meaning set out in the recitals;

“Person” means an individual, firm, partnership, unincorporated association, corporation, bank, trust or other legal entity of any kind whatsoever;

“Prospective Purchaser” has the meaning set out in Subsection 5.3(a);

“Purchase Notice” has the meaning set out in Subsection 5.3(c);

“Retiring Director” has the meaning set out in Subsection 3.2(g);

“Reserve” has the meaning set out in Subsection 10.7(b);

“Selling Notice” has the meaning set out in Subsection 5.3(a);

“Selling Shareholder” has the meaning set out in Section 5.3;

“ServicesCo” has the meaning set out in the recitals;

“Shareholder” means any Person which is a registered holder of Shares;

“Shareholder Representative” has the meaning set out in Section 3.7;

“**Shares**” means common shares without par value in the capital of HoldCo;

“**Subsidiary**” means any subsidiary (as this term is defined in the Act) of HoldCo including, without limitation, ServicesCo, WiresCo and GenCo;

“**Third Party**” means any Person with whom a Shareholder deals at Arm’s Length;

“**Vice-Chair**” means the director elected by the Board to serve as its vice-chairperson from time to time; and

“**WiresCo**” has the meaning set out in the recitals.

1.2 Control

For the purposes of this Agreement, a body corporate shall be deemed to be “controlled” by another Person or by two or more Persons if such Person or Persons (either individually or collectively and whether or not they act together jointly or in concert) directly or indirectly own, legally and beneficially, and exercise the full voting rights over, shares of such body corporate which:

- (a) have attached to them voting rights, exercisable in all circumstances, which represent more than fifty (50%) percent of the votes attaching to all outstanding securities of such body corporate;
- (b) have sufficient votes to elect a majority of the board of directors of such body corporate; and
- (c) carry a right to receive, on a winding up or dissolution, more than fifty (50%) percent of the remaining property of such body corporate after payment of all debts and liabilities of the body corporate.

1.3 Headings

The division of this Agreement into Articles, Sections and Subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The Article and Section headings in this Agreement are not

intended to be full or precise descriptions of the text to which they refer and shall not be considered part of this Agreement.

1.4 Entire Agreement

This Agreement amends and restates the Original Shareholders Agreement and supersedes and replaces it in its entirety. This Agreement constitutes the entire agreement among the Parties relating to the matters set forth herein. The execution of this Agreement has not been induced by, nor do any of the parties rely upon or regard as material, any representations, warranties, conditions, other agreements or acknowledgements not expressly made in this Agreement, the Merger Agreement and in the agreements and other documents to be delivered pursuant hereto or in the Merger Agreement.

1.5 Number and Gender

In this Agreement, words in the singular include the plural and vice-versa and words in one gender include all genders.

1.6 Accounting Principles

All accounting and financial terms used herein, unless specifically provided to the contrary, shall be interpreted and applied in accordance with generally accepted accounting principles in Canada.

1.7 Calculation of Time

In this Agreement, a period of days shall be deemed to begin on the first (1st) day after the event which began the period and to end at 5:00 p.m. (Eastern Standard time) on the last day of the period. If, however, the last day of the period does not fall on a Business Day, the period shall terminate at 5:00 p.m. (Eastern Standard time) on the next Business Day.

1.8 Statutory References

A reference in this Agreement to a statute refers to that statute, and any regulations or rules issued thereunder, as amended, supplemented or replaced from time to time.

1.9 Reclassification of Shares

The provisions of this Agreement shall apply, with any necessary changes to (a) any shares or securities of any nature into which the Shares or any of them may be converted, exchanged, reclassified, redivided, redesignated, subdivided or consolidated; (b) any shares or securities of any nature that are received by a Shareholder as a stock dividend or distribution payable in shares, securities, warrants, rights or options of any nature of HoldCo; (c) any shares, securities, warrants, rights or options of any nature of HoldCo or any successor, continuing company or corporation of HoldCo that may be received by a Shareholder on a reorganization, amalgamation, arrangement, consolidation or merger, statutory or otherwise; and (d) any shares, securities, warrants, rights or options hereafter issued or allotted by HoldCo to a Shareholder, all of which shares, securities, warrants, rights or options shall be deemed to be Shares for all purposes of this Agreement.

1.10 Interpretation

If any conflict shall appear between the by-laws and the articles of HoldCo and the provisions of this Agreement, the provisions of this Agreement shall govern.

1.11 Governing Law

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

1.12 Currency

All dollar amounts referred to in this Agreement and all payments to be made hereunder are in Canadian funds.

ARTICLE II BUSINESS OF THE CORPORATIONS

2.1 Business of the Corporations

The Corporations may engage in the following business activities and such other business activities as may be permitted by Law and authorized by the Board from time to time:

- (a) transmitting or distributing electricity;
- (b) owning and/or operating an electricity generation facility;
- (c) retailing electricity;
- (d) distributing or retailing gas or any other energy product which is carried through pipes or wires to the user;
- (e) business activities that enhance or develop the ability of any of the Corporations to carry on any of the activities described in paragraphs (a), (b), (c), or (d) above including, but not limited to selling, acquiring and releasing interests in land;
- (f) business activities the principal purpose of which is to use more effectively the assets of any of the Corporations including providing meter installation and reading services, providing billing services and business activities in the telecommunications area;
- (g) renting, selling or maintaining equipment and appliances, including without limitation, hot water heaters; and
- (h) providing services related to improving energy efficiency.

2.2 Corporations' Standard of Service

It is the intention of the Current Shareholders that as new standards of service are established by the OEB after the date of this Agreement, each service area will enjoy common standards and derive equal benefits, including but not limited to, the following matters:

- (a) distribution, energy services and tariffs;
- (b) maintenance standards and schedules;
- (c) emergency response capabilities;
- (d) distribution system capacity;
- (e) customer convenience and accessibility;
- (f) power reliability and quality; and
- (g) marketing programmes and services.

ARTICLE III CORPORATE AFFAIRS OF HOLDCO

3.1 Assurances

The Shareholders shall cause such meetings of Shareholders to be held, votes to be cast, resolutions to be passed, by-laws to be made, confirmed and/or repealed, agreements and other documents and instruments to be executed and all other acts and things to be done, to ensure that at all times the provisions of this Article III are in effect, complied with or implemented.

3.2 The Board

- (a) **New Board.** Notwithstanding any other provision of this Section 3.2, each of the Current Shareholders agrees to elect members of the New Board in accordance with the provisions of the Merger Agreement. The business and affairs of HoldCo shall be managed or supervised for the Initial Term by the New Board. In the event that a director of the New Board ceases to be a director, the provisions of Subsection 3.2(g) and the remainder of this Section 3.2 shall apply.
- (b) **Shareholder Action.** Following the election of the New Board and for each subsequent election of one or more directors to the Board, each of the Shareholders agrees to elect directors to the Board from the nominees put forward by the Nominating Committee.

- (c) **The Board.** Following the expiry of the Initial Term, the Shareholders shall elect directors to the Board which Board shall be a staggered Board. The Shareholders shall designate a term of one (1), two (2) or three (3) years for each director elected to the Board.
- (d) **Size of the Board.** The business and affairs of HoldCo shall be managed or supervised by the Board which shall consist of four (4) to seven (7) directors or such other number of directors as the Shareholders may determine from time to time by special resolution in accordance with the Act. Until changed by the Shareholders, the Board shall be initially set at five (5) directors.
- (e) **Electing the Board.** Following the expiry of the Initial Term for each director of the Board, the expiry of the initial designated term of each Additional Director, if any, and at the expiry of each successive three (3) year term thereafter, the Shareholders shall elect directors to the Board for a term of three (3) years. Each Shareholder shall be entitled to one (1) vote per share held by that Shareholder. Shareholders may vote for a number of nominees to the Board not greater than the number of directors determined by Subsection 3.2(d). Directors may serve successive terms on the Board but no director shall serve more than six (6) consecutive years on the Board. In the event that the Shareholders desire to increase the number of directors serving on the Board following the election of the Board, the Shareholders shall elect such directors (“**Additional Directors**”) for an initial term, determined by the Shareholders at that time, in order to maintain the staggered nature of the Board.

The Board shall annually elect from its members a Chair and Vice-Chair.

- (f) **Qualifications of Board.** In addition to the requirements of the Act, the qualifications of candidates for the Board shall, where possible, include the following:
 - (i) business experience;

- (ii) time availability;
 - (iii) financial skills;
 - (iv) marketing skills;
 - (v) industry knowledge;
 - (vi) independence of judgment;
 - (vii) integrity;
 - (viii) knowledge of public policy issues relating to the Corporations;
 - (ix) knowledge and experience concerning environmental matters, labour relations and occupational health and safety issues; and
 - (x) not an employee, director or officer of any municipal Shareholder.
- (g) **Vacancy.** If a director of the Board ceases to be a director for any reason (a “Retiring Director”), the Shareholders shall fill the vacancy thereby created as soon as reasonably possible in accordance with this Subsection 3.2.
- (h) **Quorum.** A quorum for a meeting of the Board shall be a majority of the members of the Board. A meeting shall be adjourned for lack of a quorum and a notice of the adjourned meeting shall be sent to all directors rescheduling the meeting to a date at least fifteen (15) days following the adjourned meeting.
- (i) **Meetings of the Board.** Meetings of the Board shall be held at least once in every calendar quarter or at the request of the Chair or of a majority of the members of the Board. All meetings of the Board shall be held in Ontario, or by such telephone or electronic communication devices as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. At least five (5) days’ written notice of the time and place of the meeting and of the business to be transacted at the meeting in sufficient detail to enable each director to assess reasonably the importance of such business to the

affairs of HoldCo shall be given to each director. The Chief Executive Officer shall attend and have observer status at each Board meeting, unless otherwise determined by the Board, and shall not have any right to vote.

- (j) **Decisions of the Directors.** Decisions or resolutions of the Board shall require the approval of the majority of the directors present at each meeting thereof. The Chair shall not have a second vote. A resolution in writing signed by all of the directors entitled to vote on that resolution at a meeting of the Board is as valid as if it had been passed at a meeting of the Board.
- (k) **Board Duties.** Subject to those matters requiring Shareholder approval as set out in Section 3.9 hereof, the Board shall supervise the management of the business and affairs of HoldCo and, without limiting the generality of the foregoing, the Board shall be responsible for, but not limited to, overseeing the following specific matters:
 - (i) the establishment of appropriate reserves consistent with sound financial principles, all with the intention of providing the Shareholders with a reasonable rate of return on their investment while maintaining reasonable rates for customers; and
 - (ii) declaration of any dividend or distribution of capital in respect of the Shares.
- (l) **Indemnification and Insurance for Directors and Officers.** Each of the Corporations shall indemnify and save its directors and officers harmless from and against any and all liability, damages, costs (including any income tax payable as a result of receiving such indemnity, reasonable counsel fees and disbursements), charges and expenses arising out of or related to any act or omission done or permitted by them to be done in connection with the execution of the duties of their office as directors or officers of any one (1) or more of the Corporations or by reason of their being or having been directors of any one or more of the Corporations, substantially in the form of the indemnification

agreement annexed hereto as Schedule "A", or as otherwise agreed, and shall provide liability insurance for directors and officers in such amounts as the Board may determine from time to time.

3.3 Board Committees

The Board may establish Board Committees from time to time and delegate certain duties to them as follows:

(a) **Executive Committee.**

- (i) The Executive Committee shall be appointed by the Board from time to time and shall be responsible for supervising the management of the day to day operations of the Corporations;
- (ii) The Executive Committee shall be comprised of at least three (3) directors as determined by the Board;
- (iii) The Chair and the Vice-Chair shall be a member of the Executive Committee; and
- (iv) The members of the Executive Committee shall meet at least once a month or as otherwise determined by the Executive Committee. Members of the Executive Committee may serve for a term not to exceed three (3) years. Members of the Executive Committee may serve successive terms on the Executive Committee

- (b) **Finance Committee.** The Board shall appoint members to the Finance Committee. The Finance Committee shall be comprised of at least three (3) directors. The chair of the Finance Committee shall be a member of the Board other than the Chair or Vice-Chair. The duties of the Finance Committee will be to assist the Board in its oversight of the reliability and integrity of the accounting principles and practices, financial statements and other financial reporting, and disclosure practices followed by the Corporation and its subsidiaries.

- (c) **Human Resources Committee.** The Board shall appoint members to the Human Resources Committee. The Human Resources Committee shall be comprised of at least three (3) directors. The chair of the Human Resources Committee is recommended to be a member of the Board other than the Chair or Vice-Chair. The duties of the Human Resources Committee will be to assist the Board in carrying out its responsibilities by reviewing compensation and human resources issues and making recommendations to the Board as appropriate.
- (d) **Nominating Committee.** The Board shall appoint members to the Nominating Committee. The Nominating Committee shall be comprised of at least three (3) directors. The Vice-Chair shall be a member of the Nominating Committee and is recommended, but not required to, be the chair of the Nominating Committee. The purpose of the Nominating Committee shall be to make recommendations to the Shareholders concerning candidates for the Board and the compensation for members of the Board, the Chair, Vice-Chair and Board Committee members, and chairpersons.
- (e) **Governance Committee.** The Board shall appoint members to the Governance Committee. The Governance Committee shall be comprised of at least three (3) directors. The purpose of the Governance Committee shall be to manage the corporate governance system for the Board and to assist the Board in fulfilling its duty to meet the applicable legal, regulatory and self-regulatory borrows principles and codes of best practice of corporate behaviour and conduct.
- (f) **Environmental, Health and Safety Committee.** The Board shall appoint members to the Environmental, Health and Safety Committee. The Environmental, Health and Safety Committee shall be comprised of at least three (3) directors. The purpose of the Environmental, Health and Safety Committee shall be to assist the Board in carrying out its responsibilities by reviewing EH&S policies, practices & guidelines to ensure compliance with all current laws and legislation and to make recommendations to the Board as appropriate.

- (g) **Mergers and Acquisitions Committee.** The Board shall appoint members to the Mergers and Acquisitions Committee. The Mergers and Acquisitions Committee shall be comprised of at least three (3) directors. The Finance Chair shall be a member of the Mergers and Acquisitions Committee and shall be the chair of the Mergers and Acquisitions Committee. The primary purpose of the Mergers and Acquisitions Committee (the "Committee") of the Board of Directors (the "Board") shall be to (i) analyze, make recommendations to the full Board with respect to, and approve potential opportunities for strategic business combinations, acquisitions, mergers, dispositions, divestitures and similar strategic transactions involving the Company (collectively, "Strategic Transactions"), (ii) facilitate consistency in the presentation of the Company and its positions to potential acquirers, strategic partners or other similar third parties, (iii) ensure fairness of process with respect to any proposed Strategic Transaction involving the Company and (iv) expedite and facilitate the process of reviewing, negotiating and/or consummating a potential Strategic Transaction involving the Company.
- (h) **General Provisions Relating to Board Committees.** The quorum for meetings of Board Committees shall be a majority of the members from time to time of each Board Committee. Decisions of all Board Committees shall be made by a majority of the members of the respective Board Committee. Except as otherwise provided in this Section 3.3 and subject to the supervision of the Board, each Board Committee shall establish its own rules of procedure for operating in an efficient and expeditious manner.

3.4 Shareholders' Meetings

A quorum for a meeting of Shareholders shall be at least two (2) individuals representing, by proxy or as otherwise permitted by the Act, both (i) a majority in number of the Shareholders; and (ii) not less than 66-2/3% of the Shares then issued and outstanding. A meeting shall be adjourned for lack of quorum and notice of the adjourned meeting shall be sent to all Shareholders rescheduling the meeting to a date at least seven (7) days following the original meeting date. A quorum for the adjourned meeting shall be at least two (2) individuals representing by proxy or as otherwise permitted by the Act a Shareholder or Shareholders holding at least 66-2/3% of the Shares then issued and outstanding.

The chair of any meeting of the Shareholders of HoldCo shall be the Chair or, in the absence of the Chair, the Vice-Chair, or in the absence of the Vice-Chair, the Chief Executive Officer of HoldCo or, in the absence of the Chief Executive Officer, such individual as the Shareholders represented at such meeting shall determine.

Subject to the Act, the Board shall provide the Shareholders with reasonable notice of and detail concerning a Shareholders' meeting in order for the Shareholders to reasonably assess the importance of and prepare for, the Shareholders' meeting.

3.5 Regular Shareholders Meetings

Unless the Shareholders otherwise determine, the Shareholders shall meet at least annually at the registered office of HoldCo or at such other times or places as the Shareholders may determine,

3.6 Decisions of the Shareholders

All decisions of the Shareholders shall require, and shall be deemed to be effective upon:

- (i) the approval of at least two thirds (2/3) of the votes cast at a duly constituted meeting of Shareholders, each Shareholder being entitled to one vote per share held by that Shareholder; or
- (ii) the execution of a resolution in writing signed by all the Shareholders entitled to vote on that resolution at a meeting of Shareholders.

3.7 Shareholder Representative

At least thirty (30) days prior to the commencement of each Fiscal Year, each Shareholder shall designate the head of its Council (or an alternate duly appointed by Council) as the legal representative of that Shareholder (the "**Shareholder Representative**") for purposes of providing any consent or approval required by this Agreement or by the Act. The Shareholder Representative shall be the shareholder representative for purposes of this Agreement and of the Act unless the Shareholder determines otherwise. A Shareholder shall designate its Shareholder Representative (by proxy duly completed in accordance with the Act) as its representative to attend and vote at any meeting of Shareholders.

3.8 Officers

- (a) The officers of HoldCo shall include a Chief Executive Officer and such other officers as the Board may determine from time to time. The Board shall appoint the officers of HoldCo from time to time.
- (b) For greater certainty the parties recognize that in carrying on the ordinary course of Business, it is not practicable for the Board to be involved in the day to day affairs of HoldCo. The Board will delegate responsibilities to the officers, who will report to the Board and the Board Committees from time to time as required.

3.9 Matters Requiring Shareholder Approval

The Shareholders and the Corporations agree that, without Shareholder approval given in accordance with Section 3.6, each of HoldCo, WiresCo, ServicesCo and GenCo shall not:

- (a) amend its articles (within the meaning of the Act) or enact, revoke, or amend any by-law of HoldCo, WiresCo, ServicesCo and GenCo respectively;
- (b) issue, or enter into any agreement to issue, any shares of HoldCo, WiresCo, ServicesCo and GenCo respectively of any class, or any securities convertible into any shares of any class, or grant any option or other right to purchase any such shares or securities convertible into such shares;
- (c) redeem, purchase for cancellation or otherwise retire any of its outstanding shares;
- (d) sell or otherwise dispose of, by conveyance, transfer, lease, sale and leaseback, merger or other reorganization or transaction, mortgage, pledge, charge or otherwise grant a security interest in, all or substantially all of its assets or undertaking;
- (e) enter into any acquisition, joint venture, partnership, strategic alliance or other venture which would require an investment of greater than ten (10%) percent of the consolidated net book value of the assets of HoldCo as set out in the most recent consolidated audited financial statements of HoldCo;

- (f) grant security for or guarantee, or otherwise become liable for any debt, liability or obligation of any Person other than a subsidiary corporation;
- (g) take or institute the proceedings for any winding up, reorganization or dissolution;
- (h) enter into any amalgamation, arrangement or consolidation;
- (i) apply to continue as a corporation under the laws of another jurisdiction;
- (j) approve a business plan; and
- (k) change, alter or amend the compensation of the Board or the board of directors of any Subsidiary.

3.10 Unanimous Shareholder Agreement

Each of the Shareholders and HoldCo acknowledge that this Agreement is intended to operate as a unanimous shareholder agreement with respect to HoldCo and each Subsidiary within the meaning of the Act. Pursuant to Section 108(2) of the Act, the discretion and powers of (a) the Board to manage or supervise the management of the business and affairs of HoldCo and (b) the board of directors of each Subsidiary and HoldCo to manage or supervise the management of the business and affairs of respective Subsidiary are hereby restricted to the extent of the provisions of Section 3.9 of this Agreement.

3.11 Agreement Binds HoldCo and Subsidiaries

HoldCo and the Subsidiaries, by their execution of or acknowledgement to be bound by this Agreement, acknowledges that they have actual notice of the terms of this Agreement, consent to this Agreement and by this Agreement covenant with each of the Shareholders that they will at all times during the term of this Agreement:

- (a) give or cause to be given such notices, execute or cause to be executed such deeds, transfers and documents as may from time to time be necessary or conducive to the carrying out of the terms and intent of this Agreement;

- (b) do or cause to be done all such acts, matters and things as may from time to time be necessary or conducive to the carrying out of the terms and intent of this Agreement; and
- (c) take no action that would constitute a contravention of any of the terms and provisions of this Agreement.

3.12 Auditors

The Auditors shall be appointed by the Shareholders from time to time.

3.13 Banking

HoldCo's bankers shall be such financial institution as the Board shall from time to time determine. All resolutions respecting banking authority, the opening of bank accounts and the drawing on such accounts shall require the consent of the Board before becoming effective.

3.14 Financial Statements

- (a) HoldCo shall cause to be prepared and delivered as soon as reasonably practicable and in no event later than one hundred and twenty (120) days after the end of each fiscal year of HoldCo annual audited financial statements, on a consolidated basis, for such fiscal year prepared in accordance with generally accepted accounting principles and accompanied by a report of the Auditors.
- (b) HoldCo shall cause to be prepared and delivered as soon as reasonably practicable and in no event later than forty-five (45) days after the end of the sixth month of HoldCo's fiscal year an unaudited balance sheet and a statement of profit and loss for such preceding six months prepared in accordance with generally accepted accounting principles without adjusting entries or review by accountants and signed by an authorized officer of HoldCo, and such other information as may be reasonably requested by the Shareholders.

**ARTICLE IV
REPRESENTATIONS, WARRANTIES AND COVENANTS**

4.1 Representations and Warranties

Each of the Shareholders represents and warrants as follows and acknowledges that each of the other parties hereto are relying on such representations and warranties in connection with the entering into of this Agreement:

- (a) it is the registered and beneficial owner of the Shares stated to be owned by such Shareholder in the recitals hereto, free and clear of all Encumbrances and there are no outstanding agreements, options, warrants or other rights capable of becoming an agreement, option or warrant to purchase such Shares;
- (b) it has the power and capacity to own its assets and to enter into and perform its obligations hereunder and has taken all necessary action to authorize the execution and delivery of this Agreement;
- (c) this Agreement and the transactions contemplated herein have been duly authorized by it and constitutes a valid and binding obligation of it enforceable against it in accordance with its terms subject to the laws of bankruptcy and the availability of equitable remedies; and
- (d) the execution, delivery and performance of this Agreement does not and will not contravene the provisions of its articles, by-laws, constating documents or the provisions of any agreement or other instrument to which it is a party or may be bound.

4.2 Covenants

Each of the Shareholders covenants and agrees with each other party hereto that all of the foregoing representations and warranties pertaining to it set forth in Article 4.1 will continue to be true and correct during the continuance of this Agreement.

ARTICLE V TRANSFER OF SHARES

5.1 General Restriction on Transfer

No right, title, benefit or interest in any Shares may be sold, transferred, assigned, made subject to any Encumbrance or otherwise disposed of by any Shareholder for the one (1) year period from the date of this Agreement ending on the first anniversary of the Amalgamation Date (the “**Hold Period**”) except with the prior written approval of all of the Shareholders.

Following the Hold Period, save and except for transfers made pursuant to and in accordance with Sections 5.3, 5.4 and 5.5 of this Agreement, no Shares, nor the whole or any item or part of any right, title, benefit or interest therein or thereto, may be sold, transferred, assigned, made subject to any Encumbrance or otherwise disposed. No Shareholder shall be entitled to create or grant an Encumbrance on its Shares.

5.2 Legend on Shares

All share certificates representing Shares of HoldCo shall bear on their face the following notation:

“The shares represented by this certificate are subject to the provisions of the Shareholders’ Agreement made as of ● ●, 2014 among all of the shareholders of the Corporation as at that date, which agreement contains restrictions on the right to sell, transfer, pledge, mortgage, assign, vote or otherwise deal with or encumber such shares. Notice of such restrictions and the other provisions of such agreement is hereby given. A copy of such agreement is available for inspection from the Secretary of the Corporation on request.”

5.3 Rights of First Refusal

If any Shareholder (in this Article V called the “**Selling Shareholder**”), after the Hold Period, wishes to sell all, but not less than all, of its Shares to a Person with whom it deals at Arm’s Length, the other Shareholders and HoldCo (in this Article V called the “**Other Holders**”) shall have the prior right to purchase such Shares in accordance with the following provisions:

- (a) **Notice of Offer.** A Selling Shareholder shall give to the Secretary of HoldCo and to each Other Holder notice in writing of its desired intention to sell all, but not less than all, of its Shares (in this Article V called the “**Offered Shares**”). The notice (in this Article called the “**Selling Notice**”) shall have annexed thereto a true copy of the offer, agreement or similar document (the “**Offer**”) containing the terms and conditions pursuant to which the Selling Shareholder wishes to sell the Offered Shares to the prospective purchaser (in this Article V called the “**Prospective Purchaser**”), who shall be identified, and the price and terms of payment which the Selling Shareholder is willing to accept for the Offered Shares which shall be the same as set forth in the Offer;
- (b) **Offer Open During Notice Period.** The Secretary of HoldCo shall thereupon be deemed to be the agent of the Selling Shareholder for the purposes of offering the Offered Shares to the Other Holders on the terms of payment and for the price contained in the Selling Notice and the offer by the Secretary shall be irrevocable and remain open for acceptance, as hereinafter provided, for a period of sixty (60) days (in this Article V called the “**Notice Period**”) after receipt of the Selling Notice by the Secretary;
- (c) **Acceptance of Offer.** Within fifteen (15) Business Days after receipt of the Selling Notice by the Secretary, the Secretary shall offer the Offered Shares for sale to the Other Holders as nearly may be in proportion to the number of Shares held by each such Other Holder respectively as at the date of such offer. The offer by the Secretary shall state that any Other Holder desiring to purchase a number of Offered Shares less than or in excess of its proportion shall indicate in its notice to the Secretary (in this Article V called the “**Purchase Notice**”) stating the number of Offered Shares it desires to purchase. If, within the Notice Period, a Purchase Notice has not been received by the Secretary of HoldCo from an Other Holder, such Other Holder shall be deemed to have declined to purchase the Offered Shares being offered;

- (d) **Excess Shares.** If the Other Holders do not claim their respective proportions, any unclaimed Offered Shares shall be used to satisfy the claims of such Other Holders for Offered Shares in excess of their proportions. If the claims in excess are more than sufficient to exhaust such unclaimed Offered Shares, the unclaimed Offered Shares shall be divided pro rata among such Other Holders desiring Offered Shares in excess of their proportion, in proportion to the number of Shares held by them respectively as at the date of such offer, provided that any unclaimed Offered Shares after such pro rata division shall be divided pro rata among Other Holders in proportion to their claims in excess of their respective proportions determined as aforesaid. Notwithstanding anything to the contrary, no Other Holder shall be bound to purchase any Offered Shares in excess of the amount indicated in its Purchase Notice;
- (e) **No Fractions.** If the Offered Shares are not capable, without division into fractions of Shares, of being offered to or being divided among the Other Holders in the proportions above mentioned, the same shall be offered to or divided among the Other Holders as nearly as may be in the proportions hereinbefore mentioned and any balance shall be offered to or divided among the Other Holders or some of them in such equitable manner as may be determined by the Board;
- (f) **Sale.** If all, but not less than all, of the Offered Shares are accepted by the Other Holders pursuant to the provisions of this Section 5.3, the Offered Shares shall be sold to the Other Holders for the price and for the terms contained in the Selling Notice;
- (g) **Deemed Refusal.** If Purchase Notices have not been received by the Secretary in respect of all of the Offered Shares within the Notice Period, the Other Holders, and each of them, shall be deemed to have declined to purchase the Offered Shares and, subject to the provisions of paragraph (h), the Selling Shareholder may within sixty (60) days after the expiration of the Notice Period sell all, but not less than all, of the Offered Shares to the Prospective Purchaser at the price

and upon terms of payment which are not more favourable than those specified in the Selling Notice; and

- (h) **Prospective Purchaser Bound.** The Selling Shareholder shall sell the Offered Shares to a Person who is not a party hereto only if such other Person simultaneously with any such sale executes and delivers to each of the other parties hereto a counterpart of this Agreement in which case such Person shall be subject to the same obligations as a party to this Agreement as if it were an original signatory in place of the Selling Shareholder or its predecessor in title originally party to this Agreement, as applicable.
- (i) **HoldCo as Purchaser.** The Other Holders, except HoldCo, may cause HoldCo to act as an Other Holder.

5.4 Piggyback Right

In the event one or more Selling Shareholders receives an Offer and, in accordance with the procedures set forth in Section 5.3, the Other Holders decline to purchase the Offered Shares from the Selling Shareholder(s), and the Shares which the Selling Shareholder(s) wish to sell under the Offer(s) would result in a Person other than an existing Shareholder owning more than forty-nine (49%) percent of all of the issued and outstanding Shares, then each Other Holder except HoldCo shall have the right to require that all, but not less than all, of its Shares be sold to the Prospective Purchaser, on the same terms and conditions as those set out in the Offer; provided that, if the Prospective Purchaser will not purchase the aggregate amount of Shares which the Selling Shareholder(s) and the Other Holders except HoldCo requested to be sold pursuant to the immediately preceding sentence, the number of Shares which the Selling Shareholder(s) and the Other Holders except HoldCo shall be permitted to sell to the Prospective Purchaser shall be proportionately reduced so that each may sell the same percentage of its Shares. The Other Holders except HoldCo may only exercise their right under this Section 5.4 by written notice given to the Secretary of HoldCo within the Notice Period.

5.5 Drag-Along Right

If a Shareholder or Shareholders owning in the aggregate at least eighty (80%) percent of the Shares is or are the Selling Shareholder(s), as the case may be, and

- (a) the Offered Shares are all, but not less than all, of the Selling Shareholders' Shares;
- (b) the Selling Shareholders receive an Offer and, in accordance with the procedures set forth in Section 5.3, the Other Holders decline to purchase all of the Offered Shares; and
- (c) the Prospective Purchaser agrees to purchase all of the outstanding Shares on the terms set forth in the Offer;

then the Selling Shareholder(s) shall have the right, upon written notice given to all Shareholders within ten (10) Business Days after the Notice Period has expired, to require that all Shareholders sell all their Shares to the Prospective Purchaser. Upon such notice being given, all Shareholders shall be required to sell their Shares to the Prospective Purchaser upon the terms and conditions set forth in the Offer provided that the closings of all such sales shall occur contemporaneously.

ARTICLE VI CLOSING OF PURCHASE TRANSACTION

6.1 Time and Place of Closing

The closing of any purchase and sale of Shares contemplated by Sections 5.3, 5.4 or 5.5 of this Agreement shall unless otherwise agreed upon by the parties to such transaction, take place at the registered office of HoldCo on the date specified in the Selling Notice.

6.2 Documents to be Delivered by the Vendor

On or before the closing of a purchase and sale of Shares contemplated hereunder, the vendor shall deliver to the purchaser the following (each in form and substance satisfactory to the purchaser):

- (a) a share certificate or certificates representing the Shares being sold, duly endorsed in blank for transfer or newly issued in the name of the purchaser;
- (b) a certificate of a senior officer certifying, for and on behalf of HoldCo, that any representations and warranties made by such vendor in this Agreement are true and correct as of the Closing Date;
- (c) the written release of the vendor of all claims against HoldCo and the Subsidiaries, any of the other Shareholders with respect to any matter or thing arising up to and including the Closing Date as a result of being a Shareholder; and
- (d) such other documents as may be reasonably required by any party to such purchase and sale to properly complete the purchase and sale of the Shares.

6.3 Documents to be Delivered by the Purchaser

On or before the closing of a purchase and sale of Shares contemplated hereunder, the purchaser shall deliver to the vendor the following:

- (a) a certified cheque or bank draft in an amount equal to the purchase price for the Shares being purchased;
- (b) in the event Shares are sold to a Person who is not a Shareholder pursuant to Sections 5.3 or 5.4 hereof, a duly executed counterpart of this Agreement or other agreement pursuant to which such Person agrees to be bound by the provisions hereof; and
- (c) such other documents as may be reasonably required by any party to such purchase and sale to properly complete the purchase and sale of the Shares.

6.4 Failure to Complete Sale

In the event the vendor fails to complete the subject purchase and sale transaction, the purchaser shall have the right to deposit the purchase price for the subject Shares for the account

of the vendor in an interest-bearing account at a branch of HoldCo's bankers. Thereafter, notwithstanding that the documents required pursuant to Section 6.2 have not been delivered by the vendor, the purchase and sale of the subject Shares shall be deemed to be fully completed and all right, title, benefit and interest, both at law and in equity, in and to the subject Shares shall be deemed to have been transferred and assigned to and become vested in the purchaser and all right, title, benefit and interest, both at law and in equity, of the vendor or any other Person having an interest in and to the subject Shares shall cease and the records of HoldCo shall be amended accordingly.

ARTICLE VII NON-COMPETITION AND CONFIDENTIALITY

7.1 Non-Competition

- (a) Each Shareholder covenants and agrees that it shall not, except through the Corporations or otherwise with the consent of all Shareholders, or as provided in Section 7.1(b), directly or indirectly, from the date hereof until two (2) years after the party ceases to be a Shareholder, compete within (i) Ontario; (ii) Central Ontario; or (iii) Muskoka/Parry Sound/Almaguin Region with the Business, whether by carrying on or engaging in or being concerned with or interested in or advising, lending money to, guaranteeing the debts or obligations of or permitting the party's name or any part thereof to be used or employed by any Person engaged in or concerned with or interested in any business within (i) Ontario; (ii) Central Ontario; or (iii) Muskoka/Parry Sound/Almaguin Region that is competitive with the Business, or otherwise.
- (b) The parties acknowledge that (i) a municipality (other than a Shareholder) which is a shareholder of one or more corporations incorporated under the Act for the purposes of generating, transmitting, distributing or retailing electricity, and (ii) a person which holds a portfolio investment of less than five (5%) percent of the shares of a corporation whose shares are publicly traded which competes with the Business is permitted to become a Shareholder in accordance with the provisions

of this Agreement without such investment in such other entity or entities being considered a breach of Subsection 7.1(a).

7.2 Confidentiality

Each Shareholder shall not use or disclose to any Person other than in the ordinary course of the Business, directly or indirectly, any Confidential Information at any time other than to employees, officers or directors of such Shareholder provided that all such Persons shall treat such information as confidential and not disclose same to any Third Party nor use the same for any purpose other than for the purposes of the Corporations or in respect of a Shareholder's investment in the Corporations, provided, however, that nothing in this Article VII shall preclude a Shareholder from disclosing or using Confidential Information if:

- (a) the Confidential Information is available to the public or in the public domain at the time of such disclosure or use, without breach of this Agreement;
- (b) disclosure of Confidential Information is required to be made by any law, regulation, governmental body or authority or by court order;
- (c) disclosure of Confidential Information is made in connection with any arbitration pursuant to Section 10.3;
- (d) disclosure of Confidential Information is made to a court which is determining the rights of the parties under this Agreement;
- (e) the Confidential Information is properly within the legitimate possession of a Shareholder prior to its disclosure hereunder and without any obligation of confidentiality;
- (f) after disclosure, the Confidential Information is lawfully received by a Shareholder from another Person who is lawfully in possession of such information and such other Person is not restricted from disclosing the information to the Shareholder;

- (g) the disclosure of Confidential Information is necessary to complete a transfer of Shares in accordance with this Agreement;
- (h) the Confidential Information is independently developed by a Shareholder through Persons who have not had access to, or knowledge of, the Confidential Information, other than as permitted in (a) through (g) above or (i) below; or
- (i) the Confidential Information is approved by the Corporations for disclosure prior to its actual disclosure.

Each Shareholder acknowledges and agrees that the obligations under this. Section 7.2 shall remain in effect for the period of two (2) years after it ceases to be a Shareholder. Notwithstanding the foregoing restrictions, the Board shall be entitled in its discretion to discuss the affairs of the Corporations with the officers, directors, employees and representatives of such Shareholder.

7.3 Injunctive Relief

Each Shareholder understands and agrees that HoldCo, and consequently the other parties, will suffer irreparable harm in the event that the Shareholder breaches any of the obligations set out in this Article VII and that monetary damages shall be inadequate to compensate for the breach. Accordingly, each Shareholder agrees that, in the event of a breach or threatened breach by it of any of the provisions of this Article VII, HoldCo and the other parties hereto, in addition to and not in limitation of any other rights, remedies or damages available to them at law or in equity, shall be entitled to an interim injunction, interlocutory injunction and permanent injunction in order to prevent or to restrain any such breach by the Shareholder.

7.4 Accounting for Profits

Each Shareholder agrees that in the event of a violation of any of its covenants or agreements under this Article VII, HoldCo shall be entitled to an accounting and repayment of all profits, compensation, royalties, commissions, remunerations or benefits which the Shareholder directly or indirectly shall have realized or may realize relating to, growing out of, or in connection with any such violation(s); this remedy shall be in addition to and not in

limitation of any injunctive relief or other rights or remedies to which HoldCo and the other parties are or may be entitled at law or in equity or otherwise under this Article VII.

7.5 Reasonableness of Restrictions

Each Shareholder acknowledges that it has given careful consideration to the provisions of Sections 7.1 to 7.4 above and, having done so, agrees that the restrictions set forth in those sections are fair and reasonable and are reasonably required for the protection of the other Shareholders' investments in HoldCo and for the protection of the interests of HoldCo and its Business, and that it is being reasonably compensated for the imposition of such restrictions.

ARTICLE VIII BOOKS, RECORDS AND RIGHT TO INFORMATION

8.1 Books and Records

HoldCo shall at all times maintain at its registered office proper books of account, which shall contain accurate and complete records of all transactions, receipts, expenses, assets and liabilities of HoldCo.

8.2 Right to Information

The parties covenant and agree that each Shareholder of HoldCo shall have rights of inspection as set out in Sections 140, 141, 144 and 145 of the Act.

8.3 Right to Attend Shareholder Meetings

Each Shareholder entitled to vote at a meeting of Shareholders shall have the right to attend at a meeting of Shareholders.

8.4 Reporting on Developments

The Board shall appoint an individual or individuals to report to the Shareholders from time to time on developments in the Corporations as considered appropriate by the Board.

**ARTICLE IX
TERM**

9.1 Term and Automatic Renewal

This Agreement shall come into force and effect as at and from the date of this Agreement and shall continue in force for five (5) years at which time this Agreement shall be automatically renewed for further successive terms of five (5) years each.

**ARTICLE X
GENERAL**

10.1 Notices

All notices, requests, demands, consents or other communications required to be given or made or provided for in this Agreement shall be in writing and shall be deemed to have been given if delivered, if sent by registered mail or if sent by facsimile or other means of electronic transmission to:

Bracebridge at:

The Corporation of the Town of Bracebridge
1000 Taylor Court
Bracebridge, ON P1L 1R6

Fax Number: 705-645-1262
Attention: Mayor

Burk's Falls to:

The Corporation of the Village of Burk's Falls
P.O. Box 160, 172 Ontario Street
Burk's Falls, ON P0A 1C0

Fax Number: 705-382-2273
Attention: Reeve

Huntsville to:

Corporation of the Town of Huntsville
37 Main Street East
Huntsville, ON P1H 1A1

Fax Number: 705-789-6689
Attention: Mayor

Magnetawan to:

Corporation of the Municipality of Magnetawan
P.O. Box 70, 4304 Highway 520
Magnetawan, ON P0A 1P0

Fax Number: 705-387-4875
Attention: Mayor

Sundridge to:

Corporation of the Village of Sundridge
P.O. Box 129, 110 Main Street
Sundridge, ON P0A 1A0

Fax Number: 705-384-7874
Attention: Mayor

Parry Sound to:

The Corporation of the Town of Parry Sound
52 Seguin St.
Parry Sound ON
P2A 1B4

Fax Number: 705-746-7461
Attention: Mayor

HoldCo to:

Lakeland Holding Ltd.
200-395 Centre Street
Huntsville, Ontario
P1H 2M2

Fax: 705-789-3110

Attention: Chief Executive Officer

WiresCo to:

As Above

GenCo to:

As Above

ServicesCo to:

As Above

or at such other addresses as the party to whom such notice is to be given may have designated by notice so given to the other parties. Any notice so mailed shall be deemed to have been given on the fifth (5th) Business Day following the date of the mailing of the same or if delivered, on the date of delivery and any notice given by facsimile or other means of electronic communication shall be deemed to have been received on the Business Day following the date on which such transmission is completed and the appropriate confirmation received.

10.2 Assignment and Binding Effect

This Agreement is not assignable by any party except insofar as its benefit and burden pass with the Shares transferred in accordance with its provisions. This Agreement shall be binding on and enure to the benefit of the parties hereto and their respective successors and permitted assigns. Reference in this Agreement to any party shall be deemed to include reference to such party and its respective successors and assigns as permitted hereunder.

10.3 Arbitration

- (a) **Selection of Single Arbitrator.** The Shareholders agree that any controversy, dispute or claim between them or any of them arising out of or relating to this Agreement or the performance, enforcement, breach, termination or validity of it, including the determination of the scope of the Agreement to arbitrate, shall be determined by arbitration before a single arbitrator (the “**Arbitrator**”) agreed to by all of the Shareholders. If the Shareholders are unable to agree on the Arbitrator, then, an application may be made under the Arbitration Act to a judge for the appointment.
- (b) **Referring Dispute.** Any Shareholder may refer a dispute to the Arbitrator by providing notice in writing to the Arbitrator and to all of the Shareholders hereto expressing its intention to refer the dispute to arbitration and briefly describing the nature of the dispute.
- (c) **Attempted Settlement.** Upon service of the notice referred to above, the Shareholders who are party to the dispute (the “**Disputing Shareholders**”) will attempt to negotiate a settlement of the dispute amongst themselves. In the event that the parties are unable to reach settlement by themselves within ten (10) days of the service of the notice referred to above, the Shareholders will proceed with the arbitration and any Disputing Shareholders shall be free to apply to the Arbitrator for directions as to the scheduling of the arbitration itself and the pre-hearing procedures.
- (d) **Decision Final and Binding.** The Shareholders agree that the award of the Arbitrator shall be final and binding without any right of appeal and shall be the sole and exclusive remedy between them regarding any claims, counterclaims, issues or disputes referred to the Arbitrator.
- (e) **Place of Arbitration.** The arbitration shall take place in Muskoka, and shall be governed by the laws of the Province of Ontario.

- (f) **Powers of Arbitrator.** The Shareholders agree that the Arbitrator shall have the powers and jurisdiction of an arbitrator pursuant to the Arbitration Act and such power shall include the power to award interim and interlocutory injunctions and other equitable relief.
- (g) **Costs.** The Arbitrator shall have the power to award the costs of the Arbitrator's services and related costs against either party, however, each party will bear the costs of their own counsel and witness fees.
- (h) **Written Notices.** All notices by one Shareholder to the other in connection with the arbitration shall be in writing and shall be deemed to have been duly given or made if delivered or sent by facsimile transmission to the addresses provided in this Agreement.

10.4 Further Assurances

Each party hereto shall do such acts and shall execute such further documents, conveyances, deeds, assignments, transfers and the like, and will cause the doing of such acts and will cause the execution of such further documents as are within its power as any other party may in writing at any time and from time to time reasonably request be done and or executed, in order to give full effect to the provisions of this Agreement.

10.5 Severability

If any provision of this Agreement is determined to be invalid or unenforceable by a court of competent jurisdiction from which no further appeal lies or is taken, that provision shall be deemed to be severed herefrom, and the remaining provisions of this Agreement shall not be affected thereby and shall remain valid and enforceable.

10.6 Amendment, Modification and Waiver

This Agreement may not be modified, amended, terminated or supplemented except as agreed, in writing, by Shareholders both comprising a majority in number of the Shareholders and holding not less than 66-2/3% of the Shares then issued and outstanding. Any waiver of, or

consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

10.7 Amalgamation of Shareholder(s)

- (a) **Allocation of Proceeds on Sale of Amalgamated Shareholder.** In the event that: (i) two or more Current Shareholders are amalgamated (“**Amalgamated Shareholder**”) and (ii) the Amalgamated Shareholder’s interest in HoldCo is sold, it is the intention of the Current Shareholders that the proceeds of disposition from the sale of the Amalgamated Shareholder’s interest in HoldCo be allocated in proportion to the pre-amalgamation percentage of the Amalgamated Shareholder’s shareholdings in HoldCo and used for the benefit of the residents within the municipal boundaries of the Current Shareholders on the date hereof.
- (b) **Allocation of Dividends Held in Reserve.** Each of the Current Shareholders shall create a reserve fund (a “**Reserve**”) to receive dividends paid by HoldCo. The Current Shareholders may use any funds in their respective Reserve in the discretion of the applicable Council for the benefit of residents within its municipal boundaries. In the event that two (2) or more Current Shareholders are amalgamated, it is the intention of the Current Shareholders that any amounts held in Reserves be used for the benefit of the residents within the boundaries of the Current Shareholders on the date hereof to which each Reserve initially applied.
- (c) **Allocation of Dividends Received by Amalgamated Shareholder.** In the event that two (2) or more Current Shareholders are amalgamated, it is the intention of the Current Shareholders that following the amalgamation, the Amalgamated Shareholder will allocate for use all dividends received from HoldCo to the residents within the municipal boundaries of the Current Shareholders on the date

hereof in proportion to the pre-amalgamation percentages of each Shareholder in HoldCo.

- (d) **Best Efforts to Obtain Order.** The Current Shareholders shall use their best efforts to ensure that the foregoing intentions contained in this Section 10.7 are achieved by requesting that provisions with substantially the same content as above be incorporated into any applicable order of the Ontario government relating to an Amalgamated Shareholder.

10.8 Time of Essence

Time is of the essence of this Agreement.

10.9 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one agreement.

10.10 No Partnership

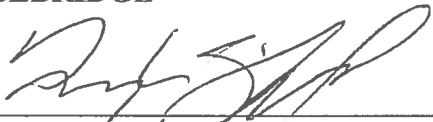
Nothing in this Agreement shall be deemed in any way or for any purpose to constitute any party a partner of or a joint venture with any other party.

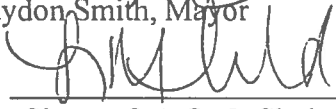
10.11 Proceedings

The covenants, agreements and obligations herein expressed to be observed and performed by the parties hereto may be enforced by any of the parties hereto pursuant to Section 10.3 without joining the remaining parties as parties in any proceedings.

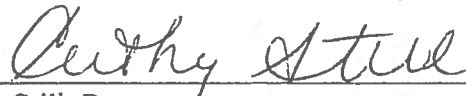
IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the date first above written.

**THE CORPORATION OF THE TOWN OF
BRACEBRIDGE**

By:  c/s
Graydon Smith, Mayor

By:  c/s
~~John Sisson, C.A.O. & Clerk~~
Lon McDonald, Director of Corporate
Services / Clerk

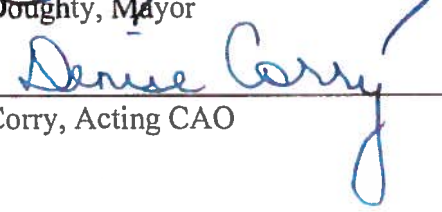
**THE CORPORATION OF THE VILLAGE
OF BURK'S FALLS**

By:  c/s
Cathy Still, Reeve


By:  c/s
Kim Dunnett, Clerk-Treasurer

**THE CORPORATION OF THE TOWN OF
HUNTSVILLE**

By:  c/s
Claude Doughty, Mayor

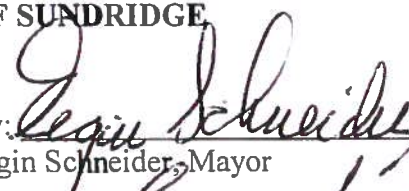
By:  c/s
Denise Corry, Acting CAO

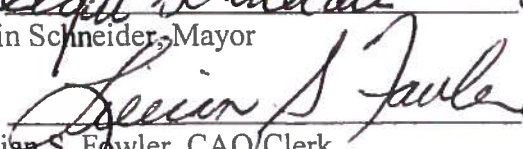
**THE CORPORATION OF THE
MUNICIPALITY OF MAGNETAWAN**

By:  c/s
Sam Dunnett, Mayor

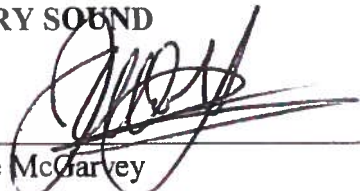
By:  c/s
Roger Labelle, Clerk/Administrator

**THE CORPORATION OF THE VILLAGE
OF SUNDRIDGE**

By:  c/s
Elgin Schneider, Mayor

By:  c/s
Lillian S. Fowler, CAO/Clerk

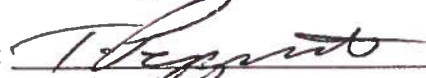
**THE CORPORATION OF THE TOWN OF
PARRY SOUND**

By:  c/s
Jamie McFarvey

By:  c/s
Rob Mens, CAO

LAKELAND HOLDING LTD.

By:  c/s
Chris Litschko, Chief Executive Officer

By:  c/s
Tom Peppiatt, Chair

LAKELAND POWER DISTRIBUTION LTD.

By:  c/s
Vince Kulchyski, Chief Operating Officer

By:  c/s
Tom Peppiatt, Chair


LAKELAND ENERGY LTD.

By:  c/s
Chris Litschko, Chief Executive Officer

By:  c/s
Tom Peppiatt, Chair

BRACEBRIDGE GENERATION LTD.

By:  c/s
Chris Litschko, Chief Executive Officer

By:  c/s
Tom Peppiatt, Chair

SCHEDULE "A"

INDEMNITY AGREEMENT

This Agreement made as of the • day of •, •,

BETWEEN:

LAKELAND HOLDING LTD., a corporation incorporated under
the laws of Ontario,

(hereinafter referred to as "**HoldCo**")

OF THE FIRST PART,

- and -

LAKELAND ENERGY LTD., a corporation incorporated under
the laws of Ontario,

(hereinafter referred to as "**ServicesCo**")

OF THE SECOND PART,

-and-

LAKELAND POWER DISTRIBUTION LTD., a corporation
incorporated under the laws of Ontario,

(hereinafter referred to as "**DistributionCo**")

OF THE THIRD PART,

-and-

BRACEBRIDGE GENERATION LTD., a corporation
incorporated under the laws of Ontario,

(hereinafter referred to as "**GenCo**")

OF THE FOURTH PART,

- and –

■

(hereinafter referred to as the “**Director**”/“**Officer**”)

OF THE FIFTH PART,

WHEREAS HoldCo, ServicesCo, DistributionCo and GenCo are each incorporated under the provisions of the Business Corporations Act (Ontario) (the “**Act**”);

AND WHEREAS HoldCo is the sole shareholder of ServicesCo, DistributionCo and GenCo;

AND WHEREAS the Director/Officer, at the request of HoldCo, has accepted the position of a director/officer of HoldCo, of ServicesCo, of DistributionCo or of GenCo;

AND WHEREAS the Director/Officer has no direct or indirect financial interest in HoldCo or ServicesCo or DistributionCo or GenCo;

AND WHEREAS the by-laws of HoldCo, ServicesCo, DistributionCo and GenCo provide that the corporations shall indemnify a director or officer in certain circumstances.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the premises and the covenants and agreements herein contained and for other good and valuable consideration (the receipt and adequacy of which is hereby acknowledged by each of the parties hereto), and in consideration of the Director’s/Officer’s consenting to act as a director/officer of HoldCo, ServicesCo, DistributionCo or GenCo and acceding to HoldCo’s request to accept such position(s), the parties hereby agree each with the others as follows:

1. Holdco shall indemnify the Director/Officer and his heirs and legal representatives against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director/officer of HoldCo if:

(a) he acted honestly and in good faith with a view to the best interests of HoldCo;

- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful; and
- (c) in the case of an action by or on behalf of HoldCo to procure a judgment in its favour, HoldCo obtains any approval required under the Act in respect of such indemnification.

2. ServicesCo shall indemnify the Director/Officer and his heirs and legal representatives against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director/officer of ServicesCo if:

- (a) he acted honestly and in good faith with a view to the best interests of ServicesCo;
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful; and
- (c) in the case of an action by or on behalf of ServicesCo to procure a judgment in its favour, ServicesCo obtains any approval required under the Act in respect of such indemnification.

3. DistributionCo shall indemnify the Director/Officer and his heirs and legal representatives against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director/officer of DistributionCo if:

- (a) he acted honestly and in good faith with a view to the best interests of DistributionCo;
- (b) in the case of a criminal or administrative action or proceeding that is enforced by monetary penalty, he had reasonable grounds for believing that his conduct was lawful; and
- (c) in the case of an action by or on behalf of DistributionCo to procure a judgment in its favour, DistributionCo obtains any approval required under the Act in respect of such indemnification.

4. GenCo shall indemnify the Director/Officer and his heirs and legal representatives against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director/officer of GenCo if:

- (a) he acted honestly and in good faith with a view to the best interests of GenCo;
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful; and
- (c) in the case of an action by or on behalf of GenCo to procure a judgment in its favour, GenCo obtains any approval required under the Act in respect of such indemnification.

5. HoldCo, ServicesCo, DistributionCo and GenCo shall use their best efforts to obtain any approval required under the Act or otherwise in respect of any indemnification required to be made by them under this agreement.

6. HoldCo, ServicesCo, DistributionCo and GenCo shall indemnify the Director/Officer in such other circumstances as the Act, as amended from time to time, permits or requires.

7. Any indemnification to be made to the Director/Officer under this agreement shall not be affected by any remuneration that he shall have received, or to which he may be entitled, at any time for acting in his capacity as a director/officer of HoldCo or ServicesCo or DistributionCo or GenCo.

8. Each of HoldCo, ServicesCo, DistributionCo and GenCo shall purchase and maintain insurance for the benefit of the Director/Officer in an amount of at least Twenty Million Dollars (\$20,000,000) (per occurrence per policy year with no deductible payable by any director/officer making a claim under the policy) against any liability incurred by the Director/Officer in his capacity as a director/officer of the respective corporation, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the corporation.

9. HoldCo, in its capacity as the sole shareholder of ServicesCo, DistributionCo and GenCo, guarantees performance by each of ServicesCo, DistributionCo and GenCo of their respective obligations under this agreement and payment to the Director/Officer of all debts or other obligations at any time due or owing to the Director/Officer by ServicesCo, DistributionCo and GenCo pursuant to this agreement or to any obligation of ServicesCo, DistributionCo or GenCo to indemnify the Director/Officer whether imposed by statute or otherwise.

10. HoldCo, in its capacity as the sole shareholder of ServicesCo, DistributionCo and GenCo, shall indemnify and save harmless the Director/Officer and his heirs and legal representatives to the fullest extent permitted by law from and against any liability and all costs, charges and expenses of any nature whatsoever, including without limitation any amount paid to settle an action or satisfy a judgment, incurred by him in respect of any matter or thing, including without limitation any civil, criminal or administrative action, suit or other proceeding to which he is made a party, by reason of being or having been a director/officer of ServicesCo, DistributionCo or GenCo, regardless of the obligations of ServicesCo, DistributionCo or GenCo under this agreement.

11. This agreement may not be assigned by HoldCo, ServicesCo, DistributionCo or GenCo, and shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

12. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn and submit to the non-exclusive jurisdiction of the Courts of the Province of Ontario in connection with any action, suit or proceeding brought in relation to this agreement.

13. The parties shall sign such further and other resolutions, documents and papers, cause such meetings to be held, votes cast, special resolutions and resolutions passed, by-laws enacted and documents executed, and do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable to give full effect to this agreement.

14. This agreement may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same, instrument.

15. Any transferee or allottee of shares of ServicesCo, DistributionCo or GenCo, as the case may be, shall be required, as a condition of the completion of any transfer or allotment, to enter into an agreement with the respective corporation, for the purpose of becoming bound in like manner as HoldCo, in its capacity as shareholder of ServicesCo, DistributionCo or GenCo, as the case may be, as a party to this agreement.

16. This agreement may not be terminated or amended without the written consent of the Director/Officer. Any attempt to terminate or amend this agreement without such written consent shall constitute the immediate and effective resignation of the Director/Officer. This agreement shall be effective as of the date hereof and shall remain in full force and effect until terminated in accordance with provisions of this paragraph. Any termination shall not affect any obligation of HoldCo or ServicesCo or DistributionCo or GenCo arising prior to termination in favour of the Director/Officer, including without limitation any obligation to indemnify by

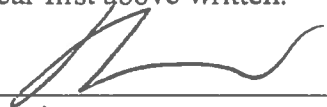
reason of any matter which has arisen or circumstances which have occurred prior to termination.

17. The invalidity or unenforceability of any provision of this agreement or any covenant herein contained shall not affect the validity or enforceability of any other provision or covenant hereof or herein contained, and the agreement shall be construed as if such invalid or unenforceable provision or covenant were omitted.

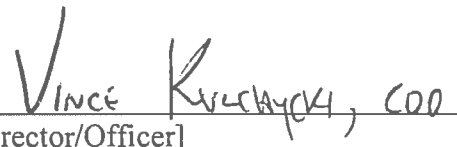
18. In this agreement where the context so requires words importing number shall include the singular and plural, words importing gender shall include the masculine, feminine and neuter genders and words importing persons shall include firms and corporations and vice versa.

19. Time shall be of the essence of this agreement and of each and every part hereof.

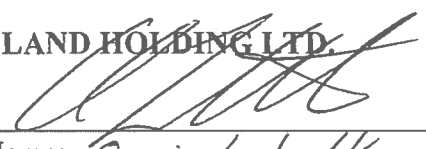
IN WITNESS WHEREOF the parties hereto have executed this agreement as of the day and year first above written.



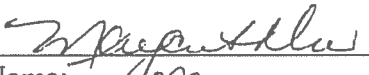
(Witness)



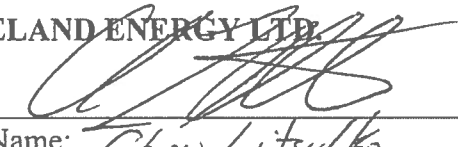
[Director/Officer]

LAKELAND HOLDING LTD.
Per: 

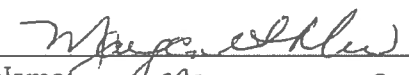
Name: Chris Litschko
Title: CEO

Per: 

Name: Margaret Maw
Title: CFO


LAKELAND ENERGY LTD.
Per: 

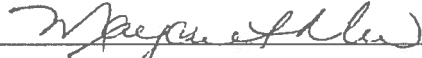
Name: Chris Litschko
Title: CEO

Per: 


Name: Margaret Maw
Title: CFO

LAKELAND POWER DISTRIBUTION LTD.

Per: 
Name: Chris Litsulko
Title: CEO

Per: 
Name: Margaret Maw
Title: CFO

BRACEBRIDGE GENERATION LTD.

Per: 
Name: Chris Litsulko
Title: CEO

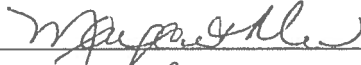
Per: 
Name: Margaret Maw
Title: CFO

Exhibit 8
Sale Agreement
Burk's Falls Waterpower Corporation

DATED: MAY 9, 2005

BETWEEN:

DONALD G. CAREY, JAMES MUIR,
RAPID-EAU TECHNOLOGIES INC.,
ROBERT G. ROWE AND DAVID WITMER

-and-

BRACEBRIDGE GENERATION LTD.

-and-

BURK'S FALLS WATERPOWER CORPORATION

SHORT FORM PURCHASE AGREEMENT

J. CRAIG WILSON
Barrister & Solicitor
P.O. Box 1297
2 Water Street North
CAMBRIDGE, Ontario
N1R 7G6

SHORT FORM PURCHASE AGREEMENT

MEMORANDUM OF AGREEMENT made as of the 9th day of May, 2005

AMONG

**DONALD G. CAREY, JAMES MUIR, RAPID-EAU TECHNOLOGIES INC.,
ROBERT G. ROWE, and DAVID WITMER**

(hereinafter referred to as the "Vendors")

OF THE FIRST PART

- and -

BRACEBRIDGE GENERATION LTD., a corporation incorporated under the laws of Ontario

(hereinafter referred to as the "Purchaser")

OF THE SECOND PART

- and -

BURK'S FALLS WATERPOWER CORPORATION, a corporation incorporated under the laws of the Province of Ontario

(hereinafter called the "Corporation")

OF THE THIRD PART

WHEREAS the issued capital of the Corporation consists of 10,000 voting shares, which are outstanding and fully paid and non-assessable;

AND WHEREAS the Vendors are the owners of a substantial number of the issued and outstanding shares;

AND WHEREAS the Purchaser has agreed with the Vendors to purchase the 10,000 issued and outstanding shares in the capital stock of the Corporation from the Vendors and the other shareholders of the Corporation who are not named parties in this Agreement (hereafter collectively referred to as the "**Other Shareholders**") in accordance with the terms hereinafter set forth;

THIS AGREEMENT WITNESSETH that in consideration of the covenants, agreements, warranties and payments herein set out and provided for, the parties hereto hereby respectively covenant and agree as follows:

1. Purchased Shares

Subject to the terms and conditions hereof, each of the Vendors covenants and agrees to sell, assign, and transfer to the Purchaser all of his shareholdings in the Corporation and to cause the Other Shareholders, if they agree, to sell assign, and transfer to the Purchaser all of the Other Shareholders shareholdings of the Corporation, and the Purchaser covenants and agrees to purchase from the Vendors and the Other Shareholders all (and not less than all) of the issued and outstanding shares in the capital stock of the Corporation owned by the Vendors and the Other Shareholders (the "Purchased Shares") for the purchase price (the "Purchase Price") payable as set out in Article 2 hereof.

2. Purchase Price

(1) The Purchase Price shall be the sum of \$100.00 per share, amounting to a total of \$1,000,000.00 of lawful money of Canada for the outstanding issued 10,000 shares.

(2) The Purchase Price shall be payable to or to the order of the Vendors by certified cheque payable at the Closing.

(3) The Purchaser shall be entitled to reduce its payment of the foregoing amounts, for amounts payable to Revenue Canada for withholding taxes, by reason of the Vendors being a non-resident within the meaning of the Income Tax Act, unless Vendors delivers to Purchaser on the Closing Date a Section 116 Income Tax Act certificate issued by Revenue Canada for this transaction. If such certificate is not available on the Closing Date, such amount so withheld, shall be paid to J. Craig Wilson, Esq., Barrister and Solicitor, in trust, to hold until such Section 116 Certificate is received, or to forward such monies to Revenue Canada if such Section 116 Certificate is refused.

3. Closing Arrangements

(1) The closing of this transaction shall take place at the office of Sugg, Fitton & Taylor LLP, Barristers and Solicitors, located at 5 Chancery Lane, Unit #1, Bracebridge, Ontario, on May 9th, 2005, (the "Closing Date") at 2:30 p.m. on that date. The time shall be of the essence.

(2) On the Closing Date, upon fulfillment of all the conditions set out herein, the Vendors shall deliver to the Purchaser the certificates representing all the Purchased Shares duly endorsed in favour of the Purchaser.

4. Representations and Warranties of the Vendors

(1) The Vendors covenant, represent, and warrant as follows that, as of the date hereof and as of the Closing Date, and they acknowledge that the Purchaser is relying upon such covenants, representations and warranties in connection with the purchase by the Purchaser of the Purchased Shares:

(2) The authorized capital of the Corporation consists of 10,000 shares which are issued and are outstanding as fully paid and non-assessable.

(3) The shareholders of record are the Vendors and the Other Shareholders, all of whom are set forth in Schedule "A" hereto. The shares are issued in three classes, being Class A, Class B and Class C.

(4) No person, firm or corporation has any agreement or option or any right (whether by law, preemptive or contractual and including convertible securities, warrants or convertible obligations of any nature) for the purchase or the issue of any unissued shares in the capital stock of the Corporation, or to their knowledge, for the purchase of the Purchased Shares except as provided in the Corporation's Articles.

(5) The entering into of this agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of the constating documents or by-laws of the Corporation or of any indenture or other agreement, written or oral, to which the Corporation may be a party, provided that all of the Corporation's shareholders agree to sell to the Purchaser pursuant to the terms hereof.

(6) This agreement has been duly executed and delivered by the Vendors and is a valid and binding obligation of the Vendors enforceable in accordance with its terms.

(7) To the Vendors knowledge, there are no existing or threatened legal actions or claims against the Corporation.

(8) The Corporation is the registered owner of Lots 11 and 12 and part of Block "A" and part of Block "B", Northwest side of Sypley Street, Plan 26, in the Village of Burk's Falls, in the District of Parry Sound, the said part of Block "A" being depicted as Part 4 on Plan 42R-12890 and the said part of Block "B" being depicted as part of Parts 5, 6 and 19, Plan 42R-12890, as described in Transfer 151849 registered in the Land Registry Office for Parry Sound, subject to the reservation of mineral rights in favour of Canadian National Railway in said Part 19.

(9) The Corporation is the holder of a Crown Lease having number MNR Lease #131 respecting the lands described in the said lease. The said lease is in good standing. The Corporation does not own the land described as Part 2, Plan 42R-8371.

(10) The Corporation is a party to a contract with Ontario Energy Finance Corporation which expires on January 1st, 2007. The said contract is in good standing.

(11) There are no employees except for one part-time employee, the terms of whose employment are set out in Schedule "D" to this Agreement. The Corporation has no benefit or pension plans, no collective agreements, and no obligations to provide those to anyone, and has no outstanding labour, employment, human rights, or WSIB complaints or disputes. All amounts payable on account of salary, bonus payments, commissions, government withholdings, and Workers' Compensation levies have been paid in full to date by the Corporation.

(12) The Corporation will have, on the date of closing, the following assets, free and clear of all encumbrances:

(a) The real estate, lease and contract described in subparagraphs 8, 9 and 10 respectively.

(b) The assets listed in Schedule "B" to this Agreement.

(c) Such cash as may exist on closing in the Corporation's bank account currently at the Royal Bank of Canada, 73 Main Street, Cambridge, Ontario, which account will fluctuate in accordance with the following:

- increased by any revenues earned in the normal course of business

- decreased by any expenditures incurred in the ordinary course of business which for the purpose of this Agreement includes the following:

- (i) legal fees and disbursements incurred in the amalgamation of the Corporation;

- (ii) accountant's fees incurred for the preparation of the financial statements for the fiscal year ended December 31, 2004 for the Corporation's two predecessor corporations and for filing the income tax returns in connection therewith; and

- (iii) legal fees and disbursements incurred respecting the completion of the within transaction on behalf of the Vendors and the Other Shareholders.

(d) No accounts payable or accounts receivable out of the normal course of business.

(13) Subject to the information made known to the Corporation's solicitor under cover of letter dated June 23, 1994 by the Ontario Ministry of the Environment and Energy, a copy of which is attached hereto as Schedule "G", the Vendors are not aware of any environmental condition respecting the Corporation's real estate or leased property which would require a clean up under any legislation whatsoever, at the expense of the Corporation. However, neither the Corporation nor the Vendors have conducted an environmental audit of this property. The buildings and structures owned and operated by the Corporation do not contain urea formaldehyde foam insulation, asbestos, or any other substance for which special disposal requirements are applicable.

(14) No part of the assets of the Corporation have been expropriated or taken by any public authority nor notice given by any such authority.

(15) The Corporation will have paid, to the date of closing, all outstanding income, business and property taxes and the Corporation is not liable for any taxes, levies, duties, assessments, charges, penalties, interest, fines or any other amount and is not in default of filing any required returns.

For clarification the Corporation will have paid all income taxes accruing for the financial year ended December 31, 2004. It shall be the Purchaser's responsibility to file the income tax returns for the fiscal period from January 1, 2005 to the Closing Date, the deemed year end for the Corporation, and to pay all taxes accruing in connection therewith.

(16) To their knowledge, the Corporation has no undisclosed liabilities and obligations.

(17) The Corporation is a corporation duly incorporated and validly existing in good standing under the laws of Ontario. It is not bankrupt, insolvent or the subject of receivership proceedings instituted or pending. It has all the necessary corporate power and authority to carry on its business and has all the licences required for doing so. It has all necessary corporate power, authority and capacity to enter into this Agreement and to complete this transaction.

(18) The Corporation is not bound by any guarantees and has not agreed to give any guarantees.

(19) The books and records of the company fairly and correctly set out and disclose the financial position of the company in all material respects.

(20) There are no liens, charges or encumbrances of any kind whatsoever on the assets of the Corporation except a mortgage and notice of lease in favour of the Royal Bank of Canada to be discharged on closing.

(21) The unaudited financial statements of the Corporation for the period ending December 31st, 2004, prepared by Collins, Barrow, Chartered Accountants, fairly represent the financial position of the Corporation as of that date in all material respects.

5. Representations and Warranties of the Purchaser

(1) The Purchaser covenants, represents and warrants as follows as of the date hereof and as of the Closing Date:

(2) The Purchaser is a Corporation duly incorporated, organized and validly existing and in good standing under the laws of Ontario.

(3) The Purchaser has all necessary corporate power and authority and capacity to enter into this Agreement and perform its obligations hereunder.

(4) There are no conflicting Agreements which would affect this Agreement, and no consents are required by any Government organization in order for the Purchaser to carry out this Agreement.

(5) This Agreement has been duly executed and delivered by the Purchaser and is a valid and binding obligation of the Purchaser enforceful in accordance with its terms.

6. Closing Conditions

(1) The completion of the purchase and sale of the Purchased Shares as described in Article 1 is conditional on the following conditions being met, fulfilled or performed on or before closing:

(2) All necessary steps and proceedings shall have been taken to permit all of the Purchased Shares to be duly and regularly transferred to the Purchaser.

(3) All of the directors of the Corporation shall resign effective on the Closing Date.

(4) Any Vendors who are non-residents shall have made application to Revenue Canada for a Section 116 Income Tax Act Certificate for this transaction.

(5) From the date of this Agreement to closing, the Corporation shall have conducted its business in the ordinary course, continued all existing insurance in good standing and complied with all applicable laws, regulations and by-laws.

(6) No liens, charges or encumbrances of any kind whatsoever shall have arisen respecting the assets of the Corporation or Purchased Shares.

(7) All of the Vendors and Other Shareholders shall have executed the form of Share Transfer attached to this Agreement as Schedule "C" for delivery on closing.

(8) There shall be no change in the business of the Corporation out of the normal course which the Purchaser is not prepared to accept unless the Vendors assume responsibility for the consequences thereof.

(9) The Purchaser shall have completed its final inspection and due diligence of the condition and operation of the Corporation's apparatuses and physical plant comprising the hydroelectric power station and shall be satisfied therewith.

7. Deliveries on Closing

(1) The Vendors shall provide to the Purchaser on closing the following:

- (a) The books and records of the Corporation, including all corporate minutes and resignations necessary to implement and complete this transaction, properly executed.
- (b) The share certificates endorsed for transfer to the Purchaser.
- (c) A Workers' Compensation status letter.
- (d) Compliance with the *Retail Sales Tax Act* and the *Bulk Sales Act* as they are applicable to this transaction.
- (e) Any Declarations of Possession in the possession of the Vendor and a Declaration from an Officer of the Corporation to the present date, concerning the use and occupation of Part 2, Plan 42R-8371.
- (f) A Representation and Warranty from each Vendor and from each of the Other Shareholders in the form contained in Schedule "C" hereto confirming that each is not a non-resident.
- (g) Certificate of Status of the Corporation.
- (h) Written confirmation that there is no existing contractual operating contract with any person or organization, except as set out in Schedule "E".
- (i) Written confirmation that there is no enforceable agreement with the Village of Burk's Falls concerning waterfall aesthetics excepting the Right of Way Agreement described in Schedule "E".
- (j) A list of the assets and liabilities of the Corporation to the date of closing.

8. Survival of Representations and Warranties

The representations and warranties of the Vendors and Purchaser contained in this agreement and contained in any document or certificate given pursuant hereto shall survive the closing of the purchase and sale of the Purchased Shares herein provided for, for a period of two years from the Closing Date.

9. Indemnification

9.A The Vendors shall indemnify and save harmless the Purchaser against any demand, claim, liability, loss or cost that may be suffered by the Purchaser as the result of the untruth of any of the Vendors' representations or warranties referred to in paragraph 8. The Purchaser shall indemnify and save harmless the Vendors against any demand, claim, liability, loss or cost that may be suffered by the Vendors as the result of the untruth of any of the Purchaser's representations or warranties referred to in paragraph 8. In each case such indemnity shall terminate two (2) years from the Closing Date except as to demands raised or alleged prior to that time.

9.B In addition, the Vendors shall indemnify and save the Corporation and the Purchaser harmless of and from any cause or claim arising with respect to the Corporation or its activities prior to the Closing Date. Vendors shall remain liable to defend at their expense any such actions or claims that may arise with respect to the Corporation or its activities, concerning the time period prior to the Closing Date. However, such indemnity is conditional upon Purchaser or any party affiliated with, or related to, or not at arm's length with, it, not entering into any claim or action in a position adverse to the Vendors or the Corporation and is subject to the following limitations:

- (a) The Vendors obligation to indemnify shall terminate two (2) years from the Closing Date except as to demands raised or alleged prior to that time;
- (b) The Vendors shall have no liability with respect to the condition and working order of the Corporation's physical plant and apparatuses, the Purchaser having completed its due diligence in connection therewith and the Vendors having made disclosure as set forth in Schedule F hereto;
- (c) The Vendors liability shall be reduced to the extent that the Corporation has insurance coverage in place to cover such liability;
- (d) The Vendors shall have no liability with respect to the accounts payable or other liabilities of the Corporation arising in the ordinary course of business or with respect to any other matters concerning the Corporation or its activities which have been disclosed to the Purchaser; and
- (e) The aggregate liability of the Vendors shall not exceed the sum of Two Hundred and Fifty Thousand Canadian Dollars (\$250,000.00) and, further, shall be reduced to the extent that the Corporation's current assets exceed its current liabilities on the Closing Date.

9.C Respecting paragraphs 9A and 9B, the party seeking indemnification (the "**Claimant**") shall promptly notify the party from whom indemnity is sought (the "**Indemnifier**") of any claim made or the threat of any claim about to be made, against which the Claimant may claim a right of indemnification and the Indemnifier shall have the right to dispute any such claim as against the third party so claiming and for this purpose the Claimant shall fully cooperate in every way necessary and reasonable in order to assist in such defence at the Indemnifiers expense.

10. Notices

Any notice, direction or other instrument required or permitted to be given to the Vendors hereunder shall be in writing and may be given by mailing the same postage prepaid or delivering the same addressed to the Vendors at:

c/o J. Craig Wilson, Esq., Barrister & Solicitor, P.O. Box 1297, 2 Water Street North,
CAMBRIDGE, ON, N1R 7G6

Any notice, direction or other instrument required or permitted to be given to the Purchaser or the Corporation hereunder shall be in writing and may be given by mailing the same postage prepaid or delivering the same addressed to the Purchaser or the Corporation at:

c/o Bracebridge Generation Ltd., 5 – 45 Cairns Crescent, HUNTSVILLE, ON P1H 2M2

Any notice, direction or other instrument aforesaid if delivered, shall be deemed to have been given or made on the date on which it was delivered or if mailed, shall be deemed to have been given or made on the fifth business day following the day on which it was mailed.

11. Costs

- (1) The parties hereto agree that there are no broker's or finder's fees due or payable with respect to this transaction.
- (2) The Corporation shall pay the legal, accounting and other costs and expenses of the Vendors and Other Shareholders associated with this transaction and this agreement as well as those costs incurred in preparing the 2004 financial statements.
- (3) The Purchaser shall be responsible for all expenses and costs in connection with the Corporation from and after the Closing Date.

12. Entire Agreement

This agreement constitutes the entire agreement between the parties hereto. There are not and shall not be any verbal statements, representations, warranties, undertakings or agreements between the parties hereto and this agreement may not be amended or modified in any respect except by written instrument signed by the parties hereto.

13. Proper Law of Contract

This agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Ontario. Each of the parties hereto hereby irrevocably submits and attorns to the jurisdiction of the courts of the Province of Ontario.

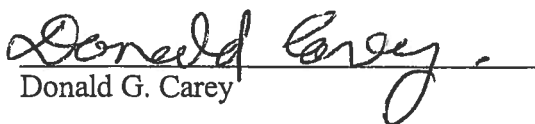
14. Benefit and Binding Nature of the Agreement

This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

15. Counterparts

This Agreement may be executed in counterparts, each of which counterparts when so executed shall be considered to be an original and the counterparts together shall constitute one and the same instrument, which shall be sufficiently evidenced by any original counterpart.

IN WITNESS WHEREOF this agreement has been executed by the parties hereto.

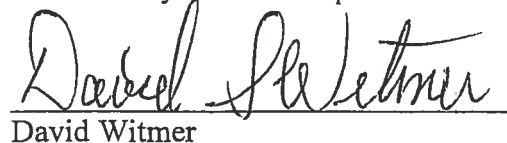

Donald G. Carey

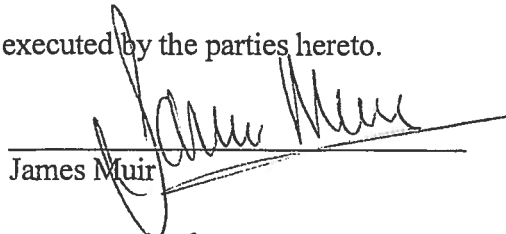
RAPID-EAU TECHNOLOGIES INC.

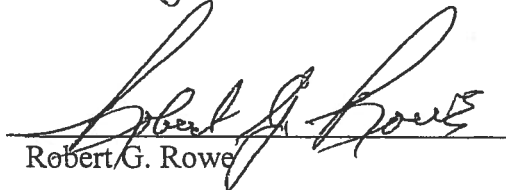
Per:-


President

I have authority to bind the Corporation

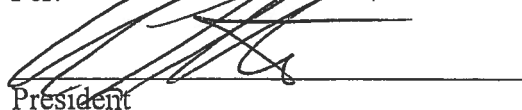

David Witmer

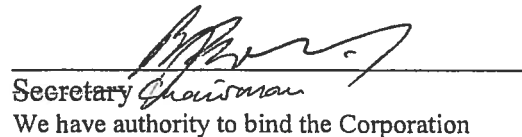

James Muir


Robert G. Rowe

BRACEBRIDGE GENERATION LTD.

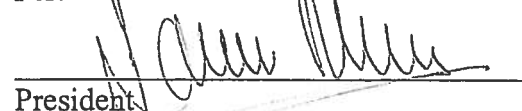
Per:-

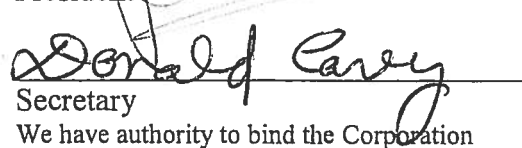

President


Secretary ~~Chairman~~
We have authority to bind the Corporation

BURK'S FALLS WATERPOWER CORPORATION

Per:-


President


Secretary
We have authority to bind the Corporation

SCHEDULE A
TO THE SHORT FORM PURCHASE AGREEMENT
MADE THE 9TH DAY OF MAY, 2005
AMONG THE VENDORS NAMED THEREIN, BRACEBRIDGE GENERATION
LIMITED AND BURK'S FALLS WATERPOWER CORPORATION

SHAREHOLDERS

Shareholder	Class of Shares	Number of Shares
Armstrong, Margaret	Class B common	207
Armstrong, Neil	Class B common	208
Baumgartner, Joseph	Class B common	445
Carey, Donald G.	Class B common	445
Gundyco (CIBC World Markets Inc.), In trust for Ross James MacKillop	Class A common	350
Hallam, Jack	Class A common	140
Investor Company ITF Richard Mathew a/c 6B7533S	Class B common	355
Kraske, Hans	Class A common	700
Lund, Tena Margaret	Class A common	140
Muir, Elizabeth M.	Class A common	630
Muir, James	Class A common	1,400
Muir, James, in Trust	Class A common	140
Rapid-Eau Technologies Inc.	Class B common	662
	Class C common	1,500
RBC Dominion Securities in Trust for Ruth Ann Scott	Class B common	355
Rowe, Robert G.	Class A common	280
Schanzenbacher, J.	Class A common	140
Scott, Lee Ann	Class B common	60
Scroggins, Christine M.	Class B common	448
Simpson, Alan W.	Class A common	280
Steinberg, Richard W.	Class A common	140
Stoyle, Stanley F.	Class B common	415
Vogel, Olga	Class A common	140
Vogel, Richard	Class A common	140
Witmer, David	Class A common	140
Witmer, Rose	Class A common	140

SCHEDULE B
TO THE SHORT FORM PURCHASE AGREEMENT
MADE THE 9TH DAY OF MAY, 2005
AMONG THE VENDORS NAMED THEREIN, BRACEBRIDGE GENERATION
LIMITED AND BURK'S FALLS WATERPOWER CORPORATION

LIST OF ASSETS

- Ministry of Natural Resources Land Lease
- Ministry of Natural Resources Water Lease
- NUG contract
- all equipment and buildings physically onsite
- mini-SCADA system to operate remotely with associated operating manuals, hardware, software, security codes, remote interrogation and associated licenses and/or dongles (settings must open/unlocked for editing by Bracebridge Generation staff) but not the operating system for such system
- powerhouse
- 2 turbines plus spares
- 2 generators plus spares
- switchgear
- poles, anchors & transformers
- phones, communication equipment and video monitoring equipment
- security fencing and signage
- video camera and associated communications
- all updated corporate books and records
- all tools
- all sump and oil pumps
- all equipment and fixtures
- all operating manuals
- environmental assessments
- Lakes & Rivers Improvement Act records
- Ontario Energy Board Generation License
- electrical drawings
- mechanical drawings
- water level detectors/sensors
- all software and controls
- all municipal, district, provincial and federal agreements
- UPS batteries
- all spares available for all of the above
- all maintenance logs and schedules
- all survey information

Exhibit 9
Sales Agreement
Bancroft Light and Power (2000)
Limited

AGREEMENT OF PURCHASE AND SALE

BETWEEN

**A. FARBER & PARTNERS INC., solely in its capacity as
court-appointed receiver of the assets,
undertakings and properties of
Bancroft Light and Power Company (2000) Limited,
as Vendor**

– and –

**BRACEBRIDGE GENERATION LTD.
as Purchaser**

June 27,, 2012

gowlings



TABLE OF CONTENTS

	Page
ARTICLE 1 INTERPRETATION	1
1.1 DEFINITIONS	1
1.2 ENTIRE AGREEMENT	4
1.3 TIME OF DAY	4
1.4 BUSINESS DAY	5
1.5 GOVERNING LAW AND ATTORNEY	5
1.6 CERTAIN RULES OF INTERPRETATION	5
1.7 SCHEDULES AND EXHIBITS	6
ARTICLE 2 SALE AND PURCHASE AND ASSIGNMENT	6
2.1 SALE AND PURCHASE OF ASSETS	6
2.2 ASSIGNMENT AND ASSUMPTION OF CONTRACTS	6
2.3 "AS IS, WHERE IS"	7
2.4 OWNED REAL PROPERTY	7
2.5 ASSUMED OBLIGATIONS	7
2.6 EXCLUDED OBLIGATIONS	8
2.7 PAYMENT OF THE PURCHASE PRICE	8
2.8 ADJUSTMENTS TO PURCHASE PRICE	8
2.9 ALLOCATION OF PURCHASE PRICE	9
2.10 TAXES	9
ARTICLE 3 REPRESENTATIONS AND WARRANTIES	9
3.1 PURCHASER'S REPRESENTATIONS	9
3.2 VENDOR'S REPRESENTATIONS	10
ARTICLE 4 CONDITIONS	10
4.1 CONDITIONS OF THE PURCHASER	10
4.2 CONDITIONS OF THE VENDOR	10
4.3 MUTUAL CONDITIONS	11

7

TABLE OF CONTENTS

	Page
4.4 NON-SATISFACTION OF CONDITIONS	11
ARTICLE 5 CLOSING	12
5.1 CLOSING	12
5.2 PURCHASER'S DELIVERIES ON CLOSING	12
5.3 VENDOR'S DELIVERIES ON CLOSING	12
5.4 PURCHASER'S ACKNOWLEDGEMENT	13
5.5 POSSESSION OF ASSETS	13
5.6 ACCESS TO ASSETS	13
5.7 CONDUCT OF BUSINESS BEFORE CLOSING	14
5.8 RISK	14
5.9 DISPUTE RESOLUTION	14
5.10 TERMINATION	14
5.11 LIMITATION ON INDEMNITY BY THE VENDOR	15
ARTICLE 6 GENERAL	15
6.1 ELECTRONIC REGISTRATION	15
6.2 PARAMOUNTCY	15
6.3 VENDOR'S CAPACITY	15
6.4 COMMISSION	15
6.5 COSTS AND EXPENSES	16
6.6 TIME OF ESSENCE	16
6.7 NOTICES	16
6.8 FURTHER ASSURANCES	17
6.9 AMENDMENT AND WAIVER	18
6.10 SUBMISSION TO JURISDICTION	18
6.11 ASSIGNMENT AND ENUREMENT	18

9

TABLE OF CONTENTS

	Page
6.12 SEVERABILITY.....	18
6.13 COUNTERPARTS	19
6.14 FACSIMILE SIGNATURES.....	19



AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT is dated as of June 27, 2012

BETWEEN:

A. FARBER & PARTNERS INC., solely in its capacity
as court-appointed receiver of the assets, undertakings and
properties of Bancroft Light and Power Company (2000)
Limited, and not in its personal capacity,

(the "Vendor")

- and -

BRACEBRIDGE GENERATION LTD.

(the "Purchaser")

CONTEXT:

1. Pursuant to the Appointment Order (as defined herein), A. Farber & Partners Inc. was appointed receiver (the "Receiver") of the assets, properties and undertakings of the Debtor (as defined below), pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act* (Canada) and Section 101 of the *Courts of Justice Act* (Ontario).
2. The Vendor wishes to sell and the Purchaser wishes to purchase the Assets (as defined below) upon and subject to the terms and conditions of this Agreement.
3. This Agreement is subject to the approval of the Court.

FOR GOOD AND VALUABLE CONSIDERATION, the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement the following terms have the following meanings:

"Acceptance Date" means the date this Agreement is executed by each of the parties hereto.

"Affiliate" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to control a Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person, whether through the



ownership of voting securities, by contract or otherwise; and the term "controlled" shall have a similar meaning.

"Agreement" means this agreement, including all Schedules and Exhibits, as it may be supplemented, amended, restated or replaced from time to time by written agreement between the parties.

"Applicable Law" means, at any time, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (whether or not having the force of law) all applicable official directives, rules, consents, approvals, by-laws, permits, authorizations, guidelines, orders and policies of any governmental or regulatory body or Persons having authority over that Person, property, transaction or event.

"Appointment Order" means the order of the Court dated May 16, 2012 appointing A. Farber & Partners Inc., as Receiver of the Debtor.

"Approval and Vesting Order" is defined in Section 4.3(a) hereof.

"Assets" means the right, title and interest of the Debtor, if any, in and to the Owned Real Property, Buildings and Fixtures, Equipment, Intangibles, Assumed Contracts, Books and Records, Licences and all items listed in Schedule 4 hereof, but specifically excludes the Excluded Assets.

"Assumed Contracts" is defined in Section 2.2 hereof.

"Assumed Obligations" means all obligations and liabilities of the Debtor and the Vendor under the Assumed Contracts that the Purchaser has agreed to assume as of the Closing Date by way of separate and specific written agreement with the Vendor or party or parties to whom the relevant obligations and liabilities are owed.

"Books and Records" means:

(a) all plans and specifications in the Vendor's possession or under its control relating to the Buildings and Fixtures situate on or forming part of the Owned Real Property including, without limiting the generality of the foregoing, all such electrical, mechanical and structural drawings related thereto as are in the possession or under the control of the Vendor; and

(b) all personnel records, inspection records and other records, books and accounting records, documents and databases relating to the operation of the Business as are in the possession or under the control of the Vendor.

"Buildings and Fixtures" means all plant, buildings, structures, erections, improvements, appurtenances and fixtures situate on the Owned Real Property on the Closing Date.

d

"Business" means the business carried on at the Owned Real Property on the Closing Date in any way related to the operation of a hydro electric generation company at the said location.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario or any other day on which the principal chartered banks located in the City of Toronto are not open for business during normal banking hours.

"Closing" means the successful completion of the Transaction.

"Closing Date" means the date which is two (2) Business Days immediately following the written confirmation from the Vendor to the Purchaser that the Approval and Vesting Order has been granted, or such other date as agreed by the parties acting reasonably.

"Confidential Information" means any and all data and information, financial or otherwise, with respect to the Business disclosed by the Vendor, its representatives or agents, including without limitation Responsive, to the Purchaser other than data or information which was in the public domain prior to the date of receipt by the Purchaser.

"Court" means the Ontario Superior Court of Justice (Commercial List).

"Debtor" means Bancroft Light and Power Company (2000) Limited.

"Deposit" is defined in Section 2.7(a) hereof;

"Equipment" means the equipment and tools of the Debtor and/or the Vendor located at the Owned Real Property and used in the Business.

"ETA" means the *Excise Tax Act* (Canada).

"Excluded Assets" means the following property and assets of the Vendor pertaining to the Business and all documents, books, accounts, records and other information relating to that property and those assets:

- (a) all cash, bank balances, money in possession of banks and other depositories, term or time deposits and similar cash or cash equivalents of, owned or held by the Debtor;
- (b) any retainers for professional services owing to the Debtor;
- (c) all the corporate, financial and other records of the Vendor not pertaining to the Assets; and
- (d) the East Sluiceway and the Centre Sluiceway located on the Owned Real Property as set out in the Site Plan attached to Schedule 4 hereof.

"Governmental Authority" means:

- (a) any federal, provincial, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of the foregoing exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory or taxing authority or power of any nature; or
- (b) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

"HST" means all harmonized sales taxes payable under the ETA.

"Intangibles" means the choses in action and other similar rights or claims directly related to the Business.

"Owned Real Property" means the lands and premises more particularly described in Schedule "3" attached hereto.

"Permitted Encumbrances" means the encumbrances and other documents affecting title to the Owned Real Property, as described in Schedule "3" attached hereto, which shall be accepted and/or assumed on Closing by the Purchaser.

"Person" means an individual, body corporate, sole proprietorship, partnership or trust or unincorporated association, unincorporated syndicate, unincorporated organization, or another entity, and a natural person, acting in his or her individual capacity or in his or her capacity as executor, trustee, administrator or legal representative, and any Governmental Authority.

"Purchase Price" means the sum of ONE MILLION THREE HUNDRED AND TWENTY TWO THOUSAND DOLLARS (\$1,322,000.00) Dollars in lawful money of Canada.

"Transaction" means the transaction of purchase and sale contemplated by this Agreement.

1.2 Entire Agreement

This Agreement, together with the agreements and other documents to be delivered pursuant to this Agreement, constitute the entire agreement between the parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties, and there are no representations, warranties or other agreements between the parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement or the other agreements and documents delivered pursuant to this Agreement.

1.3 Time of Day

Unless otherwise specified, references to time of day or date mean the local time or date in the

City of Toronto, Province of Ontario.

1.4 Business Day

Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, the payment is to be made or action taken on the next Business Day following.

1.5 Governing Law and Attornment

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario. Each of the parties hereby irrevocably and unconditionally attorns to the exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Certain Rules of Interpretation

- (a) In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the word "including" in this Agreement is to be construed as meaning "including, without limitation".
- (b) The division of this Agreement into Articles and Sections, the insertion of headings and the provision of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- (c) Wherever in this Agreement reference is made to a calculation to be made in accordance with GAAP, the reference is to Canadian generally accepted accounting principles applicable to private enterprises under Part II of the CICA Handbook of the Canadian Institute of Chartered Accountants, as amended at any time, applicable as at the date on which the calculation is made or required to be made in accordance with GAAP.
- (d) References in this Agreement to an Article, Section, Schedule or Exhibit are to be construed as references to an Article, Section, Schedule or Exhibit of or to this Agreement unless the context requires otherwise.
- (e) Unless otherwise specified in this Agreement, time periods within which or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day.
- (f) Unless otherwise specified, any reference in this Agreement to any statute includes all regulations made thereunder or in connection therewith from time to time, and is to be construed as a reference to such statute as amended, supplemented or replaced from time to time.

91

1.7 Schedules and Exhibits

The following is a list of Schedules and Exhibits:

Schedule	Subject Matter	Section Reference
1	Appointment Order	1.1
2	Assumed Contracts	2.2
3	Owned Real Property	2.4
4	Assets	1.1
5	Allocation of Purchase Price	2.9

Exhibit	Subject Matter	Section Reference
Exhibit A	Form of Approval and Vesting Order	4.3
Exhibit B	Form of Bill of Sale and Assignment	5.2

ARTICLE 2 SALE AND PURCHASE AND ASSIGNMENT

2.1 Sale and Purchase of Assets

Subject to the terms and conditions of this Agreement, the Vendor will sell to the Purchaser and the Purchaser will purchase the Assets on the Closing Date. The Purchaser acknowledges that it is not purchasing any other property or assets of the Debtor other than the Assets.

2.2 Assignment and Assumption of Contracts

The Purchaser shall assume all of the contracts and agreements of the Debtor as listed in Schedule 2 hereto (the "Assumed Contracts"). Subject to the conditions and terms of this Agreement, the Vendor will assign to the Purchaser all of the Debtor's rights, benefits and interests in and to the Assumed Contracts and the Purchaser will assume the Assumed Obligations, save and except as otherwise specified herein.

This Agreement and any document delivered under this Agreement will not constitute an assignment or an attempted assignment of any Assumed Contract contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third party if such consent has not been obtained and such assignment or attempted assignment would constitute a breach of such Assumed Contract or, in the alternative, if an order of the Court authorizing and approving the assignment of the Assumed Contracts to the Purchaser has not

been obtained. At the option of the Vendor, any such assignment may be made in the name of and on behalf of the Debtor.

2.3 "As is, Where is"

The Purchaser acknowledges that the Vendor is selling the Assets on an "as is, where is" basis as they exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Assets and that the Purchaser has conducted its own due diligence, including inspections of the condition of and title to the Assets as it deems appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality, assignability or in respect of any other matter or thing whatsoever concerning the Assets or the right of the Vendor to sell them save and except as expressly represented or warranted in this Agreement. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply to this transaction of purchase and sale and have been waived by the Purchaser. The description of the Assets contained in the Schedules is for purposes of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions.

2.4 Owned Real Property

The Purchaser acknowledges that unless written notice of non-satisfaction is provided pursuant to Sections 4.1(a) and 4.4 hereof, it has, at its own expense, examined title to the Owned Real Property and satisfied itself as to the state thereof, and satisfied itself as to:

- (a) outstanding work orders affecting the Owned Real Property; and
- (b) the use of the Owned Real Property being in accordance with applicable zoning requirements and satisfied itself that the Buildings and Fixtures may be insured to the satisfaction of the Purchaser.

The Purchaser further acknowledges that, notwithstanding any statutory provisions to the contrary, the Purchaser has no right to submit requisitions on title or in regard to any outstanding work orders, deficiency notices or orders to comply issued by any Governmental Authority and the Purchaser will accept the title to the Owned Real Property, except as otherwise provided in this Agreement.

The Vendor consents to Governmental Authorities releasing to the Purchaser details of all outstanding municipal work orders or deficiency notices affecting the Owned Real Property and it will execute any authorizations in connection therewith, provided that such consent shall not provide for any inspections to be conducted by any such Governmental Authority.

2.5 Assumed Obligations

In connection with its acquisition of the Assets, the Purchaser will assume the Assumed Obligations on Closing. On Closing, to the extent necessary, the Purchaser will enter into an

assumption agreement in form and substance satisfactory to each of the Purchaser and the Vendor, acting reasonably. The Purchaser acknowledges that the Vendor will have no responsibility whatsoever for curing any defaults, paying any arrears, or performing any obligations under or with respect to the Assumed Contracts, save and except as otherwise specified herein.

2.6 Excluded Obligations

Other than the Assumed Obligations, the Purchaser will not assume and will not be liable for any other liabilities or obligations of the Debtor.

2.7 Payment of the Purchase Price

The Purchase Price shall be paid as follows:

- (a) By the Purchaser delivering to the Receiver, in trust, the sum of ONE HUNDRED AND THIRTY TWO THOUSAND TWO HUNDRED DOLLARS (\$132,200.00) Dollars, being 10% of the Purchase Price, prior to 5:00 p.m. within three (3) Business Days following the Acceptance Date (the "**Deposit**"), which sum shall be held by the Receiver, in trust in a non-interest bearing account, as a deposit pending Closing, and applied to the Purchase Price on Closing;
- (b) The balance of the Purchase Price, after crediting the Deposit and subject to the adjustments to Purchase price set forth in Section 2.8 hereof, shall be paid at Closing to the Receiver or as it may otherwise direct. Unless otherwise agreed, all amounts payable to the Receiver at the time of Closing will be paid to the Receiver by certified cheque or bank draft of a major Canadian bank listed in Schedule I to the *Bank Act* (Canada) or by wire transfer.

2.8 Adjustments to Purchase Price

The Purchase Price shall be subject to the adjustments set out below:

(a) Owned Real Property Adjustments.

Real property taxes, local improvement rates, water/garbage rates, utilities/fuel costs, for the month in which the Closing occurs, and amounts payable in respect of any Assumed Contract and other usual and customary items which are the subject of commercial real property and hydro facility transaction adjustments shall be adjusted as of the Closing Date.

(b) Statement of Adjustments.

The Vendor shall deliver a statement of adjustments for the items set out in subsection (a) above to the Purchaser at least three (3) Business Days before Closing and such other background information as may be reasonably required to complete and verify the items on the statement of adjustments

2.9 Allocation of Purchase Price

The Purchase Price will be allocated among the Assets in accordance with Schedule 5.

2.10 Taxes

- (a) The Purchaser will be responsible for all registration fees and land transfer taxes payable in connection with the Transaction.
- (b) The Purchaser will pay upon Closing, all land transfer taxes, HST and any other applicable federal, provincial and municipal taxes exigible on the transfer and sale. Alternatively, where applicable, the Purchaser may furnish the Vendor with appropriate exemption certificates and/or for the Owned Real Property a warranty and indemnity that includes the Purchaser's HST registration number in form satisfactory to the Vendor's solicitors, acting reasonably.
- (c) The Purchaser agrees to indemnify and save the Vendor harmless from and against all claims and demands for payment of all applicable transfer and sale taxes including penalties and interest and any liability or costs incurred as a result of any failure to pay such taxes when due. Notwithstanding the foregoing and for greater certainty, the Purchaser shall not be responsible for the payment of any taxes exigible on the Vendor or the Debtor in connection with the transactions contemplated herein.

**ARTICLE 3
REPRESENTATIONS AND WARRANTIES**

3.1 Purchaser's Representations

The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a corporation duly incorporated, organized and subsisting under the laws of the Province of Ontario;
- (b) the Purchaser has all the necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations and the execution and delivery of this Agreement and the consummation of the transactions contemplated have been duly authorized by all necessary corporate actions on the part of the Purchaser;
- (c) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms contained in this Agreement; and
- (d) the Purchaser is not a non-Canadian person as defined in the *Investment Canada Act*.

3.2 Vendor's Representations

The Vendor represents and warrants to the Purchaser that:

- (a) the Vendor has the right to enter into this Agreement and, subject to the granting of the Approval and Vesting Order by the Court, to complete the Transaction;
- (b) the Vendor is not a non-resident of Canada within the meaning of that term as used in the *Income Tax Act* (Canada);
- (c) save and except for the charges created pursuant to the Appointment Order, the Vendor has not previously sold or done any act to encumber the Assets;
- (d) to the best of the Vendor's knowledge, no actions or proceedings are pending and none have been threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement;
- (e) the Vendor is the receiver of the Assets of the Debtor, pursuant to and on the terms of the Appointment Order;

ARTICLE 4 CONDITIONS

4.1 Conditions of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the fulfillment of each of the following conditions before the Closing Date (unless otherwise specified, or unless otherwise waived by the Purchaser as it may determine in its sole and unfettered discretion):

- (f) no action or proceedings will be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement on the Closing Date;
- (g) the Vendor will have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- (h) no material loss or damage to the Assets will have occurred on or before the Closing Date, subject to the provisions of Section 5.8 hereof.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition may be waived by the Purchaser in whole or in part. Any such waiver will be binding on the Purchaser only if made in writing.

4.2 Conditions of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the fulfillment of each of the following conditions before the Closing Date (unless otherwise specified, or unless otherwise waived by the Vendor in its sole discretion):



- (a) all representations and warranties of the Purchaser contained in this Agreement will be true as of the Closing Date with the same effect as though made on and as of that date;
- (b) no action or proceedings will be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement;
- (c) the Purchaser will have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- (d) no material loss or damage to the Assets will have occurred on or before the Closing Date subject to the provisions of Section 5.8 hereof.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition may be waived by the Vendor in whole or in part. Any such waiver will be binding on the Vendor only if made in writing.

4.3 Mutual Conditions

The obligations of the Vendor and Purchaser to complete the Transaction are subject to the following conditions being fulfilled or performed at or prior to the Closing:

- (a) On or within 15 days following the Acceptance Date or such later date as the parties may agree acting reasonably, an order will have been made by the Court approving this Agreement and the Transaction and vesting in the Purchaser all the right, title and interest of the Debtor in the Assets free and clear of all liens, security interests and other encumbrances, save and except for the Permitted Encumbrances, such order to be substantially in the form of the order attached hereto as Exhibit A (the "Approval and Vesting Order");
- (b) the Approval and Vesting Order will not have been stayed, varied or vacated and no order will have been issued and no action or proceeding will be pending to restrain or prohibit the completion of the Transaction; and

The parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser.

4.4 Non-Satisfaction of Conditions

If any condition set out in this Article is not satisfied or performed prior to the time specified therefor, a party for whose benefit the condition is inserted may in writing:

- (a) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or

dl

- (b) elect by written notice to the other party delivered on or before the date specified for the condition to terminate this Agreement.

ARTICLE 5 CLOSING

5.1 Closing

The completion of the Transaction will take place at the offices of the Vendor's solicitors, on the Closing Date or as otherwise determined by mutual agreement of the parties in writing.

5.2 Purchaser's Deliveries on Closing

At or before the Closing Date, the Purchaser will execute and deliver to the Vendor the following, each of which will be in form and substance satisfactory to the Vendor's solicitors, acting reasonably:

- (a) the Purchase Price;
- (b) a bill of sale and assignment substantially in the form of Exhibit B;
- (c) a certificate of a senior officer of the Purchaser dated the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (d) a certificate of a senior officer of the Purchaser dated the Closing Date, confirming that each of the conditions precedent in Section 4.1 hereof, other than those previously stated as fulfilled, performed or waived by the Purchaser, have been fulfilled, performed or waived as of the Closing Date;
- (e) an assumption agreement as contemplated by Section 2.5 hereof;
- (f) an undertaking to readjust any item on or omitted from the statement of adjustments as provided for in Section 2.8(b) hereof;
- (g) a certificate, warranty and indemnity as provided for in Section 2.10(b) herein; and
- (h) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

The Purchaser shall also deliver the balance of the Purchase Price in accordance with the provisions of Section 2.7(c) hereof.

5.3 Vendor's Deliveries on Closing

At or before the Closing Date, the Vendor will execute and deliver to the Purchaser the

following, each of which will be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a statement of adjustments as contemplated by Section 2.8(b) hereof;
- (b) a bill of sale and assignment substantially in the form of Exhibit B;
- (c) a certificate of an officer of the Vendor dated the Closing Date confirming that all of the representations and warranties of the Vendor contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (d) a certificate of an officer of the Vendor dated the Closing Date confirming that each of the conditions precedent in Section 4.2 hereof have been fulfilled, performed or waived as of the Closing Date;
- (e) an assumption agreement as contemplated by Section 2.5 hereof;
- (f) an undertaking to readjust any item on or omitted from the statement of adjustments as provided for in Section 2.8(c) hereof;
- (g) the Approval and Vesting Order; and
- (h) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement.

5.4 Purchaser's Acknowledgement

The Purchaser acknowledges that the Vendor is selling the right, title and interest of the Debtor in and to the Assets pursuant to the Vendor's powers as authorized by the Appointment Order and the Approval and Vesting Order substantially in the form attached hereto as Exhibit A. The Purchaser agrees to purchase and accept the right, title and interest of the Debtor in and to the Assets pursuant to and in accordance with the terms of this Agreement and the bill of sale and assignment and other assignment agreements delivered pursuant to the terms of this Agreement.

5.5 Possession of Assets

The Vendor will remain in possession of the Assets until the Closing Date. On Closing, the Purchaser will take possession of the Assets and wherever situate as at the Closing Date. The Purchaser acknowledges that the Vendor has no obligation to deliver physical possession of the Assets to the Purchaser. In no event will the Assets be sold, assigned, transferred or set over to the Purchaser until the Purchaser has satisfied all delivery requirements outlined in Section 5.2 hereof.

5.6 Access to Assets

- (a) The Purchaser and its duly authorized representatives may have reasonable access to the Assets located at the Debtor's Owned Real Property during normal business

hours for the purpose of enabling the Purchaser to conduct such inspections of the Assets as it deems appropriate, provided the Purchaser gives the Vendor at least twenty-four (24) hours prior notice of the times it intends to conduct such inspections and only in the presence of a representative of the Vendor.

- (b) The Purchaser agrees to indemnify and save the Vendor harmless from and against all claims, demands, losses, damages, actions and costs incurred or arising from or in any way directly related to the inspection of the Assets or the attendance of the Purchaser, its contractors or agents at the Owned Real Property.

5.7 Conduct of Business Before Closing

During the period beginning on the Acceptance Date to and including the Closing Date, the Vendor shall:

- (a) maintain and keep the Assets in their present state of repair, ordinary wear and tear excepted;
- (b) not do any act or omit to do any act that would cause a breach of any representation, warranty, covenant or agreement contained in this Agreement;

5.8 Risk

The Assets will be and remain at the risk of the Debtor and/or the Vendor until Closing and at the risk of the Purchaser from and after Closing. Pending completion, the Vendor will hold insurance policies covering the Assets and any proceeds derived therefrom for the parties as their respective interest may appear. If, prior to Closing, the Assets are substantially damaged or destroyed by fire or other casualty, then, at its option, the Purchaser may decline to complete the transaction. Such option will be exercised within 15 days after notification to the Purchaser by the Vendor of the occurrence of damage or destruction (or prior to the Closing Date if such occurrence takes place within 15 days of the Closing Date) in which event this Agreement will be terminated automatically. If the Purchaser does not exercise such option, or where any damage or destruction is not substantial, the Purchaser will complete the Transaction and will be entitled to the proceeds of any insurance payable as a result of the occurrence of such loss, damage or destruction. If any dispute arises under this Section as to whether damage or destruction is substantial or with respect to the amount of any abatement, such dispute will be determined in accordance with the dispute resolution provision referred to in Section 5.9 hereof.

5.9 Dispute Resolution

All disputes under this Agreement will be dealt with in and by the Court in the receivership proceedings contemplated herein and bearing court file number CV-12-9712-00CL.

5.10 Termination



If either the Vendor or the Purchaser validly terminates this Agreement pursuant to the provisions of Sections 4.4 or 5.8 hereof:

- (a) all the obligations of both the Vendor and Purchaser pursuant to this Agreement will be at an end; and
- (b) neither party will have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.

5.11 Limitation on Indemnity by the Vendor

Any claim by the Purchaser under any indemnity of the Vendor in this Agreement must be made in writing on or before the end of the sixth month following the Closing Date.

ARTICLE 6 GENERAL

6.1 Electronic Registration

The Purchaser agrees to cause all necessary procedures to be taken, as may be required by the Vendor or the Vendor's solicitors, to complete the Owned Real Property part of the Transaction using the system for electronic registration operative and mandatory in the applicable land registry office ("Ereg") in accordance with the Law Society of Upper Canada's guidelines. The Purchaser agrees to use a lawyer authorized to use Ereg and who is in good standing with the Law Society of Upper Canada and the Purchaser's solicitors will enter into the Vendor's solicitors' standard form of escrow closing agreement or document registration agreement, which will establish the procedures for closing the Transaction provided same are in accordance with Law Society guidelines. If the Purchaser's solicitors are unwilling or unable to complete this transaction using Ereg, then the Purchaser's solicitors must attend at the Vendor's solicitors' office or at another location designated by the Vendor's solicitors at such time on Closing as directed by the Vendor's solicitors to complete the transaction using Ereg utilizing the Vendor's solicitors' computer facilities, in which event, the Purchaser shall pay to the Vendor's solicitors a reasonable fee therefor.

6.2 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered by the Vendor in connection with this Transaction or this Agreement, the provisions of this Agreement will prevail to the extent of such conflict or inconsistency.

6.3 Vendor's Capacity

The Vendor acts solely in its capacity as court appointed receiver of the Debtor and will have no personal or corporate liability under this Agreement.

6.4 Commission

91

Each party acknowledges that there are no agent or broker fees or other commissions payable by such party on the Purchase Price or otherwise in connection with the Transaction, and each party agrees to indemnify the other party against any claim for compensation or commission by any third party or agent retained by such party in connection with, or in contemplation of, the Transaction.

6.5 Costs and Expenses

Except as otherwise specified in this Agreement, all costs and expenses (including the fees and disbursements of accountants, legal counsel and other professional advisers) incurred in connection with this Agreement and the completion of the Transaction are to be paid by the party incurring those costs and expenses. If this Agreement is terminated, the obligation of each party to pay its own costs and expenses is subject to each party's respective rights arising from a breach or termination.

6.6 Time of Essence

Time is of the essence in all respects of this Agreement.

6.7 Notices

Any communication must be in writing and either:

- (a) personally delivered;
- (b) send by electronic or prepaid registered mail; or
- (c) sent by facsimile or similar method of recorded communication, charges prepaid.

Any communication must be sent to the intended recipient at its address as follows:

to the Purchaser at:

Bracebridge Generation Ltd
196 Taylor Road
Bracebridge Ontario P1L 1J9

Attention: Chris Litschko
Facsimile No. (705) 645-4667

with a copy to:

Barriston LLP
45 Ann Street
Suite 1
Bracebridge ON P1L 2C1

Attention: Nathalie Tinti



Facsimile No.: (705) 645-8021
E-mail: ntinti@barristonlaw.com

to the Vendor at:

A. FARBER & PARTNERS INC.
150 York Street
Suite 1600
Toronto, Ontario
M5H 3S5

Attention: Paul J. Denton, CA•CIRP
Email: pdenton@farberfinancial.com
Facsimile No.: 416-496-3839

with a copy to

Gowling Lafleur Henderson LLP
1 First Canadian Place
Suite 1600
100 King Street West
Toronto, Ontario
Canada M5X 1G5

Attention: Jennifer Stam
E-mail: Jennifer.Stam@gowlings.com
Facsimile No.: 416-862-7661

or at such other address as any party may from time to time advise the other by communication given in accordance with this Section 6.7 hereof. Any communication delivered to the party to whom it is addressed will be deemed to have been given and received on the day it is so delivered at that party's address, provided that if that day is not a Business Day then the communication will be deemed to have been given and received on the next Business Day. Any communication transmitted by facsimile or other form of recorded communication will be deemed to have been given and received on the day on which it was transmitted (but if the communication is transmitted on a day which is not a Business Day or after 3:00 p.m. (local time of the recipient), the communication will be deemed to have been received on the next Business Day). Any communication given by registered mail will be deemed to have been received on the 5th Business Day after which it is so mailed. If a strike or lockout of postal employees is then in effect, or generally known to be impending, every communication must be effected by personal delivery or by facsimile transmission.

6.8 Further Assurances

Each party shall, at the requesting party's cost, execute and deliver such further agreements and documents and provide such further assurances as may be reasonably required by the other party to give effect to this Agreement and, without limiting the generality of the foregoing, shall do or

cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide such assurances, undertakings and information as may be required from time to time by all regulatory or governmental bodies having jurisdiction over the affairs of a party or as may be required from time to time under applicable securities legislation.

6.9 Amendment and Waiver

No supplement, modification, amendment, waiver, discharge or termination of this Agreement is binding unless it is executed in writing by the party to be bound. No waiver of, failure to exercise or delay in exercising, any provision of this Agreement constitutes a waiver of any other provision (whether or not similar) nor does such waiver constitute a continuing waiver unless otherwise expressly provided.

6.10 Submission to Jurisdiction

Without prejudice to the ability of any party to enforce this Agreement in any other proper jurisdiction, each of the parties irrevocably submits and attorns to the exclusive jurisdiction of the courts of the Province of Ontario to determine all issues, whether at law or in equity arising from this Agreement. To the extent permitted by Applicable Law, each of the parties irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of the Province of Ontario or that the subject matter of this Agreement may not be enforced in the courts and irrevocably agrees not to seek, and hereby waives any right to, judicial review by any court which may be called upon to enforce the judgment of the courts referred to herein, of the substantive merits of any such suit, action or proceeding. To the extent a party has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, that party hereby irrevocably waives such immunity in respect of its obligations under this Agreement.

6.11 Assignment and Enurement

Neither this Agreement nor any right or obligation hereunder may be assigned by either party without the prior written consent of the other party. Such consent by the Vendor is subject to court approval and receipt by the Vendor of all information pertaining to the identity of the assignee as reasonably requested by the Vendor. The Purchaser shall not be released in whole or in part of its obligations under the Agreement by any such permitted assignment. This Agreement enures to the benefit of and is binding upon the parties and their respective successors and permitted assigns.

6.12 Severability

Each provision of this Agreement is distinct and severable. If any provision of this Agreement, in whole or in part, is or becomes illegal, invalid or unenforceable in any jurisdiction by a court of competent jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect:

- (a) the legality, validity or enforceability of the remaining provisions of this Agreement; or
- (b) the legality, validity or enforceability of that provision in any other jurisdiction.

6.13 Counterparts

This Agreement may be executed and delivered by the parties in one or more counterparts, each of which when so executed and delivered will be an original and such counterparts will together constitute one and the same instrument.

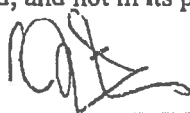
6.14 Facsimile Signatures

Delivery of this Agreement by facsimile or PDF transmission constitutes valid and effective delivery.

Each of the parties has executed and delivered this Agreement, as of the date noted at the beginning of the Agreement.

A. FARBER & PARTNERS INC., solely in its capacity as court-appointed receiver of the assets, undertakings and properties of Bancroft Light and Power Company (2000) Limited, and not in its personal capacity

Per



Name: Paul J. Denton, CA•CIRP

Bracebridge Generation Ltd

Per:



Chris Litschko, CEO

I have the authority to bind the Corporation

11

**SCHEDULE 1
APPOINTMENT ORDER**

Attached

d

SCHEDULE 2
ASSUMED CONTRACTS

Water Management Plan for Waterpower, Bancroft Light and Power Company (2000) Limited,
Bancroft Generating Station for the period April 1, 2005 to March 31, 2005. ^{norm}

Connection Agreement for a Small Embedded Generation Facility or a Mid-Sized Embedded
Generation Facility dated September 2, 2008 between Hydro One Networks Inc. and Bancroft
Light and Power Company (2000) Limited.

cf

**SCHEDULE 3
OWNED REAL PROPERTY**

Part Lot 175-179, Plan 411; Part bed of the York River within Lots 59 and 60 west of Hastings Road Faraday Part 2 21R19795; Bancroft; County of Hastings bearing PIN 40071-0060 (LT).

Permitted Encumbrances

Registration Number 21R5140 registered on June 20, 1980, being a Plan of Reference.

Registration Number QR575886 registered on December 7, 1999, being a Notice of Claim of the Corporation of the Town of Bancroft.

Registration Number QR285468 registered on August 8, 1980, being a By-law.

Registration Number 21R19795 registered on February 13, 2001, being a Plan of Reference.

Registration Number QR593715 registered on May 8, 2001 being a Transfer in the original principal amount of \$33,000 to Bancroft Light and Power Company (2000) Limited.

71

SCHEDULE 4 ASSETS

In addition to the definition of "Assets" in Section 1.1 hereof, the following shall also form part of the Assets, as set out in the attached Site Plan and as may be further specified or defined in municipal plans:

Trash Rack

West Sluiceway

Wing Wall

Deck

Power Canal

Stone Wall

Intake Gates

Penstocks

Power House

Tail Race

As set out in the attached "Bancroft GS Site Plan".



SCHEDULE 5
ALLOCATION OF PURCHASE PRICE

To be provided with the Deposit within three (3) Business Days following the Acceptance Date.

g

ALLOCATION OF PURCHASE PRICE

RE: Agreement of Purchase and Sale between A. Farber & Partners Inc., solely in its capacity as court-appointed receiver of the assets, undertakings and properties of Bancroft Light and Power Company (2000) Limited, and not in its personal capacity and Bracebridge Generation Ltd. dated June 27, 2012 (the "Purchase Agreement")

Capitalized terms used in this receipt and not otherwise defined have the meanings given to them in the Purchase Agreement.

The undersigned agree that the Purchase Price is allocated among the Assets as follows:

Assets	Purchase Price Allocation
Building (Power House)	\$140,000.00
Controls (Power House)	\$245,000.00
Decks	\$20,000.00
Generators (Power House)	\$180,000.00
Intake Gates	\$55,000.00
Land	\$55,000.00
Penstocks	\$82,000.00
Power Canals	\$70,000.00
Stone Walls	\$0
Tail Race	\$105,000.00
Trash racks	\$20,000.00
Turbines (Power House)	\$350,000.00
West and Centre Sluiceway	\$0
Wing walls	\$0
	\$1,322,000.00

REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

EXHIBIT A
FORM OF APPROVAL AND VESTING ORDER
[SECTION 4.3]

Court File No.: CV-12-9712-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) ■ THE ■ DAY
JUSTICE _____) OF ■, 20■.

B E T W E E N :

ONTARIO INFRASTRUCTURE AND LANDS CORPORATION

Applicant

- and -

BANCROFT LIGHT AND POWER COMPANY (2000) LIMITED

Respondent

APPROVAL AND VESTING ORDER

THIS MOTION, made by A. Farber & Partners Inc., in its capacity as the Court-appointed receiver (the "**Receiver**") of all the undertakings, properties and assets of Bancroft Light and Power Company (2000) Limited (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and [NAME OF PURCHASER] (the "**Purchaser**") dated [DATE] and appended to the Report of the Receiver dated [DATE] (the "**Report**"), and vesting

A

in the Purchaser the Debtor's right, title and interest in and to the Assets as defined in the Sale Agreement (the "Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Receiver, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed¹:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to the Assets described in the Sale Agreement [including the real property on Schedule B hereto] shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice [NAME] dated [DATE]; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Assets are hereby expunged and discharged as against the Assets.



3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Hastings of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Assets shall stand in the place and stead of the Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

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

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

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other



applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

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



SCHEDULE A

FORM OF RECEIVER'S CERTIFICATE

Court File No.: CV-12-9712-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N :

ONTARIO INFRASTRUCTURE AND LANDS CORPORATION

Applicant

- and -

BANCROFT LIGHT AND POWER COMPANY (2000) LIMITED

Respondent

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Morawetz of the Ontario Superior Court of Justice (the "Court") dated May 16, 2012, A. Farber & Partners Inc. was appointed as the receiver (the "Receiver") of all the undertakings, properties and assets of Bancroft Light and Power Company (2000) Limited (the "Debtor").

B. Pursuant to an Order of the Court dated [DATE], the Court approved the agreement of purchase and sale made as of [DATE OF AGREEMENT] (the "Sale Agreement") between the Receiver and [NAME OF PURCHASER] (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the

A

Purchased Assets; (ii) that the conditions to Closing as set out in Article 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

A. FARBER & PARTNERS INC., in its capacity as court-appointed receiver of the assets, undertakings and properties of Bancroft Light and Power Company (2000) Limited, and not in its personal capacity

Per: _____

Name: Paul J. Denton, CA, CIRP



SCHEDULE B

REAL PROPERTY

Part Lot 175-179, Plan 411; Part bed of the York River within Lots 59 and 60 west of Hastings Road Faraday Part 2 21R19795; Bancroft; County of Hastings bearing PIN 40071-0060 (LT).

A

SCHEDULE C

CLAIMS TO BE DELETED AND EXPUNGED FROM TITLE TO REAL PROPERTY

Registration Number QR284660 registered on July 16, 1980 being an Agreement between The Corporation of the Village of Bancroft and Apsley Supply Centre Limited.

Registration Number HT118483 registered on February 6, 2012 being a Charge in the original principal amount of \$2,000,000 from Bancroft Light and Power Company (2000) Limited to Ontario Infrastructure and Lands Corporation.



SCHEDULE D

**PERMITTED ENCUMBRANCES, EASEMENTS AND RESTRICTIVE COVENANTS
RELATED TO THE REAL PROPERTY**

Registration Number 21R5140 registered on June 20, 1980 being a Plan of Reference.

Registration Number QR575886 registered on December 7, 1999 being a Notice of Claim of the Corporation of the Town of Bancroft.

Registration Number QR285468 registered on August 8, 1980 being a By-law.

Registration Number 21R19795 registered on February 13, 2001 being a Plan of Reference.

Registration Number QR593715 registered on May 8, 2001 being a Transfer in the original principal amount of \$33,000 to Bancroft Light and Power Company (2000) Limited.

A

SCHEDULE E

PERSONAL PROPERTY REGISTRATIONS TO BE DISCHARGED

SECURED PARTY		REFERENCE FILE NUMBER/ REGISTRATION NUMBER/ REGISTRATION PERIOD	COLLATERAL CLASSIFICATION/DESCRIPTION
1.	Ontario Infrastructure Projects Corporation	641288637/ 20071210 1543 1862 0449/ 25 years	Inventory, Equipment, Accounts, Other

A

EXHIBIT B

**FORM OF BILL OF SALE AND ASSIGNMENT
[SECTION 5.2(A)]**

BILL OF SALE AND ASSIGNMENT

THIS AGREEMENT dated as of ●, 2012

B E T W E E N:

A. FARBER & PARTNERS INC. solely in its capacity as court-appointed receiver of the assets, undertakings and properties Bancroft Light and Power Company (2000) Limited, and not in its personal capacity

(the "Receiver")

- and -

● (the "Purchaser")

CONTEXT:

A. By an order of the Honourable Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) dated May 16, 2012, A. Farber & Partners Inc. was appointed receiver (the "Receiver") of the assets, undertakings and properties of Bancroft Light and Power Company (2000) Limited pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act* (Canada) and Section 101 of the *Courts of Justice Act* (Ontario) (the "Appointment Order").

B. The Purchaser and the Receiver have entered into an Agreement of Purchase and Sale made as of ●, 2012 (the "Agreement"), pursuant to which the Receiver has agreed to sell the Assets and assign the Assumed Contracts to the Purchaser and the Purchaser has agreed to purchase the rights, benefits and interests of the Debtor, if any, in and to the Assets and the Assumed Contracts and to assume the Assumed Obligations.

C. Capitalized terms used herein not otherwise defined herein will have the meanings set out in the Agreement.

FOR VALUE RECEIVED, the parties agree as follows:

WARRANTY

(c) **Warranty**

The Purchaser and the Receiver warrant each to the other that recital B of this Indenture



is true in substance and in fact.

SALE OF ASSETS

(a) Sale of Assets

The Receiver, exercising the powers granted pursuant to the Appointment Order and the Approval and Vesting Order, hereby sells, transfers, conveys, assigns and sets over to the Purchaser, pursuant to the terms of the Agreement, all of the rights, benefits and interests of the Debtor, if any, in and to the Assets as described in the Agreement.

(b) "As is, Where is"

The Purchaser acknowledges that the Vendor is selling the Assets on an "as is, where is" basis as they exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Assets and that the Purchaser has conducted its own due diligence, including inspections of the condition of and title to the Assets as it deems appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality, assignability or in respect of any other matter or thing whatsoever concerning the Assets or the right of the Vendor to sell them save and except as expressly represented or warranted in this Agreement. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply to this transaction of purchase and sale and have been waived by the Purchaser. The description of the Assets contained in the Schedules is for purposes of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions.

(c) Release

The Receiver hereby remises, releases and forever discharges to the Purchaser all of its interests, claims and demands whatsoever to and under the Assets.

MISCELLANEOUS

(a) Benefit of Agreement

This Indenture and all of its provisions will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

(b) Governing Law

This Indenture will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

(c) Counterparts



This Indenture may be executed in any number of counterparts, each of which will be deemed to be an original and all of which will constitute one and the same agreement. Transmission by facsimile of an executed counterpart of this Agreement will be deemed to constitute due and sufficient delivery of such counterpart.

A handwritten mark, possibly a signature or initials, located in the bottom right corner of the page.

The parties have executed this Indenture.

A. FARBER & PARTNERS INC., solely in its capacity as court-appointed receiver of the assets, undertakings and properties of Bancroft Light and Power Company (2000) Limited, and not in its personal capacity

Per _____
Name: Paul J. Denton, CA•CIRP

TOR_LAW\ 7913792\7

