

DOCUMENT 1

Summary of Commercial Facility and Demonstration Facility Legal Agreements

Plasco Energy Group Inc. (“**Plasco Group**”), through its subsidiary Plasco Energy Ottawa Inc. (“**Plasco Ottawa**” and together with Plasco Group, “**Plasco**”), will design, build, maintain and operate a full-scale commercial waste conversion facility in Ottawa at its cost (“**Commercial Facility**”). The Commercial Facility will be located on Moodie Drive or at another site located in Ottawa to be determined by the City in consultation with Plasco, where it will convert approximately 300 tonnes per day (being 109,500 tonnes per year) of waste delivered by the City as a result of its household waste collection activities into green power and other valuable products. It is also proposed that Plasco continue to operate its smaller-scale demonstration facility located at its current Trail Road site (“**Demonstration Facility**”).

This document sets out, at a high level, the relevant business and legal terms which are anticipated to be included in legal agreements between the City and Plasco in respect of each of the Commercial Facility and Demonstration Facility. Please note that additional terms and conditions are anticipated to be included, provided they remain consistent with this document.

Matter	Approach Taken by the City and Plasco in 2011
Commercial Facility - Long-Term Waste Conversion Agreement (“WCA”)	
Term	The WCA term is for an initial period of twenty years, starting on the commencement of operations (the start of the ramp-up period described below). Thereafter, the City maintains an option to extend the term of the WCA for up to four additional five-year periods. Notwithstanding the City’s right to extend the term, Plasco Ottawa may elect to not extend the term, resulting in expiry of the WCA, if the Commercial Facility is not economically viable. Economic viability will be defined as the ability to achieve a similar rate of return on the Commercial Facility as could be achieved on similar assets bearing similar risks in the Province of Ontario.
Confirmation of Financial Arrangements	Plasco Ottawa must confirm financial arrangements for the Commercial Facility no later than March 31, 2013, which will be evidenced by: (i) Plasco Ottawa demonstrating to the City that it has unconditionally (except for usual construction financial conditions in respect of the continued advance of funds by the lender) secured all necessary financing (including debt or equity) to fund the entire construction budget for the Commercial Facility and has received a first draw on such debt

Matter	Approach Taken by the City and Plasco in 2011
	<p>financing facility; and (ii) Plasco Ottawa will have actually expended and/or made binding commitment(s) to expend at least \$5 million in respect of orders to manufacture components required for the Commercial Facility. Failing satisfaction of these conditions related to the confirmation of financial arrangements, the City will have the right to terminate the WCA, provided that it shall have given Plasco Ottawa sixty days prior written notice of such termination. This termination will not be subject to the below-described dispute resolution procedure.</p> <p>Any dispute regarding termination of the WCA after satisfaction of the conditions related to the confirmation of financial arrangements will be subject to the dispute resolution process described below.</p>
<p>Ramp-up Period</p>	<p>A ramp-up period (being the deemed start of operations) begins on the earlier of: (i) Plasco Ottawa receiving the final draw on long-term debt for the Commercial Facility; (ii) when construction debt financing for the Commercial Facility is replaced by long term debt funding; or (iii) March 31, 2016. The ramp-up period continues during the Commercial Facility's first three operating years thereafter. The City's rights in respect of the Commercial Facility operations are limited during the ramp-up period in the manner described below.</p>

<p>Facility Operation</p>	<p>All construction, design, operating and maintenance costs associated with the Commercial Facility will be paid by Plasco Ottawa.</p> <p>The Commercial Facility will be operated in accordance with all applicable laws and regulations, including in respect of the environment, labour and employment and municipal by-law requirements.</p> <p>The Commercial Facility will obtain and maintain valid permits and approvals required under applicable laws. These include permits issued by the Ministry of the Environment under the <i>Environmental Protection Act</i>, including: (i) a waste processing site Certificate of Approval; (ii) a Certificate of Approval for emissions to the atmosphere; (iii) a Certificate of Approval for stormwater; and (iv) a Certificate of Approval for wastewater.</p> <p>Plasco Ottawa will provide usual representations and warranties in the WCA related to its obligations thereunder.</p>
<p>Tipping Fees</p>	<p>With effect as of the commencement of the ramp-up period of the Commercial Facility, a tipping fee of \$83.25 per tonne of waste delivered by the City, thereafter subject to increase on an annual basis of one hundred percent of the consumer price index for Ottawa (“CPI”).</p> <p>During the ramp-up period, Plasco Ottawa will pay: (i) \$20 per tonne for disposal of aggregate (“slag”), in compliance with the City’s Certificate of Approval; and (ii) the same tipping fee as it charges the City for processing its waste under the WCA for any other residual material (such as partially-processed waste) from Plasco Ottawa (excluding City and non-City waste, as is described below), in compliance with the City’s Certificate of Approval.</p> <p>After the ramp-up period, Plasco Ottawa will pay to the City the same tipping fee as it charges the City for processing its waste under the WCA for disposal of aggregate or any residual material following processing of waste.</p> <p>If the aggregate is used as roadbed materials or landfill cover within the Trail Road landfill site, Plasco Ottawa will not be charged a tipping fee.</p>

<p>Obligation to Deliver Waste and Damages for Failure to Perform</p>	<p>The City's obligation is to either: (i) deliver or cause to be delivered 300 tonnes per day (being 109,500 tonnes per year) of waste to the Commercial Facility, whether from household collection activities or obtained from other sources; or (ii) pay the prevailing tipping fee in respect of any deficiency in delivery of waste by the City, plus lost profits, being those resulting from the sale of power, the sale of aggregate and/or the sale of carbon tax credits or offsets in respect of such deficiency. In the event that the City is obligated to pay the prevailing tipping fee in respect of a deficiency, Plasco Ottawa will use commercially reasonable efforts to assist the City in mitigating such costs, including by locating alternative sources of waste, and to mitigate its own losses, which may include reducing operations where appropriate.</p>
<p>City Revenue Sharing</p>	<p>On an annual basis, Plasco Ottawa will share with the City the revenues generated by the Commercial Facility in respect of those Commercial Facility modules which process City waste.. Revenues above and beyond the first \$34,100,000, adjusted annually by CPI affecting the operating expense portion, (the "Revenue Baseline") will be shared as follows: (i) the City will be remitted the first \$822,500 above the Revenue Baseline; (ii) Plasco Ottawa will keep the next \$2,467,550; and (iii) the City will be remitted 25% of the revenues generated beyond the aggregate of those described above.</p> <p>The Revenue Baseline will be adjusted by the parties to reflect the actual cost of capital and related debt financing as of the date on which Commercial Facility operations actually begin in full (notwithstanding the start of the ramp-up period).</p>
<p>Mandatory Cost Increases</p>	<p>A mandatory cost increase is the increased capital or operating cost required for the Commercial Facility to comply with changes in laws and regulations applicable to it or requirements on, or alteration to, the Commercial Facility imposed by the City (other than to comply with the WCA), either of which were not applicable on execution of the WCA. No mandatory cost increase shall apply in respect of any change which reduces the energy content of waste delivered to or processed by the Commercial Facility.</p> <p>Any mandatory cost increase applicable to the Commercial Facility to be paid/shared by the City will be only in respect of the proportion that City-delivered waste bears to the overall processing capacity of the Commercial Facility.</p> <p>Plasco Ottawa is to prepare a report in respect of a mandatory</p>

cost increase to substantiate any payments required from the City.

Capped Mandatory Cost Increases

When such mandatory cost increase would not arise in the operation of the Trail Road landfill, those costs will be paid first from any money due to the City under revenue sharing. If there is insufficient revenue sharing to fund the cost, any shortfall shall be paid by the City to an aggregate maximum of \$10 million during the entire term of the WCA, including any extensions. Plasco Ottawa would fund any costs incurred above this cap and revenue sharing.

Following application of shared revenues in the operating year in which the mandatory cost increase occurs, the City's payment of the aggregate of \$10 million will be made, at its election, by:

- Payment of all or part of the balance of the mandatory cost increase as a lump sum; or
- An increased tipping fee for the subsequent operating years(s), calculated by:
 - In respect of the first subsequent operating year, dividing the amount of the mandatory cost increase (up to the \$10 million cap), less foregone revenue sharing by the applicable minimum yearly tonnage obligation of the City for that year, provided that the resulting tipping fee (including any CPI adjustment) may not be more than one hundred and fifty (150) percent of the prior tipping fee; and
 - Where the calculation made in the prior bullet would result in the tipping fee being more than one hundred and fifty (150) percent of the prior tipping fee, the tipping fee (including any CPI adjustment) shall be:
 - one hundred and fifty (150) percent of the prior tipping fee during the first operating year; and
 - following the first operating year, the tipping fee (including any CPI adjustment) shall be recalculated in the

	<p>same manner, but including the application of additional foregone revenue sharing for the prior year to the remaining balance of the mandatory cost increase (up to the \$10 million cap).</p> <ul style="list-style-type: none"> Any balance of the mandatory cost increase not paid by the end of the term of the WCA (including extensions), provided that the City made the above-described payments during the term, is no longer payable. <p><u>Uncapped Mandatory Cost Increases</u></p> <p>When such mandatory cost increase is required and would have been applicable had all waste from the City been delivered to the City's Trail Road landfill as then operated, then such cost is to be entirely paid by the City in the same manner as described above for capped mandatory cost increases, excluding the \$10 million cap.</p> <p>To the extent that tipping fees are increased in respect of either a capped mandatory cost increase or an uncapped mandatory cost increase, upon payment of the amounts required by the City in respect thereof, the tipping fees will revert to such amount as would have existed under the WCA if not for the mandatory cost increase.</p>
<p>Waste to be Delivered</p>	<p>The City will use commercially reasonable efforts to enforce its currently-existing policies regarding municipal waste for pick up at households. Plasco Ottawa will accept waste delivered by the City within the parameters of such City policies.</p> <p>The moisture level of the waste delivered to Plasco Ottawa should be below 45% standard on average or the dry weight equivalent of 165 tonnes per day. In the case that the moisture level does average more than 45% moisture, Plasco Ottawa will request additional waste from the City to try to achieve the dry weight equivalent of 165 tonnes per day. The City will make commercially reasonable efforts to provide additional waste to Plasco Ottawa. It will do so only as waste is available to the City pursuant to its normal waste collection operations.</p> <p>In the case that the waste is not immediately available, the City will build up a shortfall. Plasco Ottawa will use commercially reasonable efforts to accommodate the waste when the City has it available. The moisture content will be tested under a jointly set protocol. Moisture will be calculated after metal removal and after water is shed during shredding. The process and</p>

	<p>results of the moisture testing will be recorded and subject to review by the City at the City's request.</p> <p>To the extent that the City would otherwise deliver such materials to a landfill or to a thermal processing facility other than the Commercial Facility or Demonstration Facility, the City will use commercially reasonable efforts to offer to Plasco Ottawa any rejected 'blue' and 'black' box waste which it collects. Such waste shall be applied against the City's obligation to deliver waste to the Commercial Facility (300 tonnes per day) provided that such waste is subject to the regular tipping fee.</p> <p>Plasco Ottawa acknowledges that the properties and quality of City waste are variable and that the City makes no representation or warranty with respect to the properties and quality of City waste.</p>
<p>Unacceptable Waste</p>	<p>Unacceptable waste is defined as: (i) metal and non-combustible items such as bicycles, appliances, barbeques, automobile parts, concrete and non-combustible construction waste, including ceramics, tile and porcelain items; (ii) hazardous waste; (iii) glass; (iv) yard waste; and (v) materials that if processed would violate the Commercial Facility permits or applicable laws and regulations.</p> <p>The City will use commercially reasonable efforts to deliver no more than de minimis amounts of unacceptable waste to Plasco Ottawa. De minimis means the quantity of unacceptable materials that is generally found in waste collected from households by the City under City policies no less restrictive than those existing at the date of the WCA. Amounts of unacceptable waste that are present in mixed municipal waste collected by the City, applying its policies, will be received for processing. Plasco Ottawa has the right to reject a load of waste delivered by the City, in whole or in part, if it contains more than de minimis amounts of unacceptable waste within one (1) business day of its delivery to Plasco Ottawa, after which it is deemed to have accepted such load.</p> <p>No tipping fees will be paid by the City for unacceptable waste, and the rejected waste amounts will not be included in the minimum daily or yearly delivery obligations.</p>
<p>Hazardous Waste</p>	<p>Should hazardous waste be noticeable in a load of waste delivered by the City and it is practical for Plasco Ottawa to apprehend it prior to shredding and processing, the hazardous waste may be sequestered in a separate area and disposed of in</p>

	<p>accordance with applicable laws and regulations. The cost of such disposal will be a pass-through to the City, provided that the City may elect to make its own arrangements to dispose of such waste.</p> <p>Plasco Ottawa will separately sequester any hazardous waste arising from waste not provided by the City. The City will have no responsibility for the disposal of any hazardous waste set aside from such waste.</p>
<p>Processing Waste/Minimum Tonnage</p>	<p>Throughout the term (including extensions), the City will deliver, and Plasco Ottawa will accept and process, 300 tonnes per day of municipal solid waste on a rolling 7-day average. Although the City is anticipated to deliver waste only on weekdays, it will provide sufficient waste to maintain the required 300 tonne per day average through weekends. Therefore, the WCA provides for the delivery, acceptance and processing of 109,500 tonnes of waste per year. The City has no obligation to deliver waste beyond these levels to either the Demonstration Facility or the Commercial Facility.</p> <p>Plasco Ottawa may, by giving prior notice, request that the City deliver waste to either the Demonstration Facility or the Commercial Facility. Delivery of waste by the City to either facility will be deemed to occur at the Commercial Facility for the purposes of the WCA. Other than the ability of Plasco Ottawa to direct the City to deliver waste to the Demonstration Facility instead of the Commercial Facility under the WCA, the Demonstration Facility shall be governed by separate agreements (described below).</p> <p>The City will deliver waste to Plasco Ottawa during regular business hours, being Monday through Friday, from 7am to 7pm. The Commercial Facility will be open for receipt of waste on Saturdays following a legal holiday to accommodate collection schedule changes.</p> <p>The Commercial Facility must be capable of taking waste as the City requires and Plasco Ottawa acknowledges that the City shall not be required to schedule or stage the timing of deliveries of City waste during the day.</p>
<p>Rightsizing</p>	<p>At any one time during the ramp up period, Plasco Ottawa may notify the City that it wishes to reduce the 300 tonne per day (being 109,500 tonnes per year) commitment of the City for delivering waste and of Plasco Ottawa for accepting and processing waste. The reduced amount elected by Plasco Ottawa will thereafter be the contractual commitment of the</p>

	<p>parties. The amount of any mandatory cost increases to be shared by the City will be reduced in direct proportion to such rightsizing.</p> <p>Plasco Ottawa may only elect such reduction where the Commercial Facility has failed to process the required minimum yearly tonnage during all or part of the ramp-up period despite the commercially reasonable efforts of Plasco Ottawa. Plasco Ottawa may not elect such reduction in order to offer and/or sell all or part of such capacity at the Commercial Facility to a person other than the City.</p> <p>Where Plasco Ottawa makes such election no other person may take up such capacity, and Plasco Ottawa will not offer and/or sell such capacity, without it first being offered back to the City on the same terms and conditions as existed in respect of it under this WCA.</p>
<p>City's Right to Reduce Delivery Obligations</p>	<p>Following the fifth operating year, the City may elect to reduce its minimum daily and yearly tonnage to the greater of either: (i) the annual average amount for the immediately preceding three-year period of City waste actually processed by Plasco Ottawa, notwithstanding the minimum yearly tonnage; or (ii) the amount of City waste actually processed by Plasco Ottawa during the preceding year, notwithstanding the minimum yearly tonnage. The City's election may be made at the end of any operating year during the term of the WCA or any extension thereof following the fifth operating year after Commencement of Operations.</p> <p>Where Plasco Ottawa subsequently remedies the issue(s) which resulted in: (i) it processing less City waste than required by the minimum yearly tonnage obligation in one or more years; and (ii) the City exercising its election to reduce its minimum daily and yearly tonnage delivery, then no other person may take up such capacity, and Plasco Ottawa will not offer and/or sell such capacity, without it first being offered back to the City on the same terms and conditions as existed in respect of it under this WCA prior to the City's exercise of its election.</p> <p>The amount of any mandatory cost increases to be shared by the City and the amount of any revenue sharing with the City will be reduced in direct proportion to such reduction in the City's waste delivery obligations.</p>
<p>Incremental Costs of</p>	<p>Incremental costs of diversion of the City's waste which Plasco</p>

<p>Diversion</p>	<p>Ottawa fails to process will be calculated as: (i) where the City's Trail Road landfill has the operational capacity and ability to accept such waste at the time of diversion, the City's direct costs of diverting such waste to the Trail Road landfill; or (ii) where the City's Trail Road landfill does not have the operational capacity and/or ability to accept such waste at the time of diversion, the City's direct costs of diverting such waste to a site other than the Trail Road landfill. The capacity/ability of the Trail Road landfill to accept such waste: (i) will be determined by physical capacity existing for such waste and the then-prevailing best practices at the Trail Road landfill in respect of use of such capacity; and (ii) shall not require the City to engage additional staff or to purchase or otherwise obtain additional equipment.</p>
<p>Inability to Process Waste</p>	<p><u>During the Ramp-Up Period</u></p> <p>During the ramp-up period, the City may not exercise any remedies/events of defaults for failure to process waste if Plasco Ottawa has used commercially reasonable efforts to receive and process the required minimum yearly tonnage. If Plasco Ottawa is unable to accept and process the aggregate minimum daily rate of City waste during any month, Plasco Ottawa will credit the City for having delivered such waste against its obligations under the WCA and the City shall not pay any tipping fee therefor.</p> <p><u>Following the Ramp-Up Period</u></p> <p>After completion of the ramp-up period, if Plasco Ottawa is unable to accept and process the aggregate minimum daily rate of City waste, Plasco Ottawa will: (i) credit the City for having delivered such waste against its obligations under the WCA, (ii) the City shall not pay any tipping fee therefor; and, (iii) pay the City its incremental cost of diversion for such waste.</p>
<p>Avoiding Future Shortfalls</p>	<p>Plasco Ottawa may request that additional waste be delivered by the City, up to a maximum of ten (10) percent of the minimum daily tonnage per day, which can be applied against a shortfall in any of the five (5) years following the year during which the processing excess was accumulated. The City will use commercially reasonable efforts to deliver waste requested.</p> <p>A maximum of 10,000 tonnes in any one year may be processed to address a future shortfall. The maximum aggregate processing excess that may be accumulated at any time is limited to 20,000 tonnes.</p>

<p>Non-City Waste</p>	<p>If Plasco Ottawa receives non-hazardous industrial, commercial or institutional (“ICI”) waste for processing at the Commercial Facility and is unable to process such ICI waste, Plasco Ottawa may divert it to the City’s Trail Road landfill at a price equal to the higher of: (i) the tipping fee that the City then pays to Plasco Ottawa for City waste processed under the WCA; (ii) the fee that Plasco Ottawa was paid, whether or not received, in respect of such ICI waste; or (iii) the then-prevailing tipping fee at the Trail Road landfill for ICI waste (or waste similar thereto). The maximum amount of ICI waste which may be diverted to the Trail Road landfill is 120 tonnes per day and 50,000 tonnes in the aggregate over the term of the WCA (including extensions). ICI waste must originate in Ottawa and be permitted at the Trail Road landfill under its Certificate of Approval.</p>
<p>Decommissioning Security</p>	<p>Plasco Ottawa will provide decommissioning security in the amount of \$1 million. At Plasco Ottawa’s option, this security will be held by the City either in cash in an interest bearing account or in the form of an AA investment of five years or less which may be immediately liquidated by the City without cost. The interest, return or dividend earned will be added to the amount held in security.</p> <p>The City will have the option to draw upon the decommissioning security and undertake the decommissioning of the Commercial Facility in the case that Plasco Ottawa fails to perform the decommissioning of the Commercial Facility when required.</p> <p>Any remaining amounts of the decommissioning security, including all interest accrued until final payment by the City, shall be remitted to Plasco Ottawa no later than ten (10) Business Days following the completion of the decommissioning by Plasco of the Commercial Facility site.</p>
<p>Facility Expansion</p>	<p>The Commercial Facility will be constructed to include three processing modules.</p> <p>Subject to compliance with applicable laws and regulations including planning approvals, Plasco Ottawa has the right to build up to six modules at the proposed Commercial Facility site.</p>
<p>Limitation of Liability</p>	<p>Plasco Ottawa’s liability for failure to perform its processing obligations under the WCA is limited to a maximum amount</p>

	<p>equal to \$10,000,0000 (subject to annual CPI adjustments). There is no limit on Plasco Ottawa's liability in respect of other WCA or other obligations, including occurring as a result of Plasco Ottawa's negligence or wilful breach, for environmental claims, for personal injury or third party claims against the City arising from the activities of Plasco Ottawa.</p>
<p>Guarantee of Plasco Group</p>	<p>Plasco Group will unconditionally guarantee the following obligations of Plasco Ottawa under the WCA:</p> <ul style="list-style-type: none"> • maintenance of required insurance • decommissioning and maintenance of decommissioning security • operation and maintenance the Commercial Facility in compliance with defined environmental performance standards (which includes compliance with the Ministry of the Environment's performance criteria, applicable laws and regulations and required permits and approvals for the Commercial Facility) <p>No other obligations of Plasco Ottawa will be guaranteed.</p>
<p>Insurance Obligations</p>	<p>Plasco Ottawa will maintain insurance in form and content to be agreed to by the parties, including with respect to environmental impairment and third party claims against the City. The insurance must be issued on an occurrence basis. Plasco Ottawa will be responsible for the cost associated with maintaining the insurance policies, including premiums and deductible amounts. Any changes to the insurance policies must be approved by the City within thirty (30) days of the effective date of change.</p>
<p>Right of First Offer</p>	<p>The City may at any time offer to deliver waste in excess of its minimum commitments under the WCA.</p> <p>The City also has a right of first offer on any additional processing capacity that Plasco Ottawa may have due to the construction of additional modules at the Commercial Facility (i.e., from three to six modules). The right of first offer must be exercised by the City within 60 days of receipt of notice of a proposed facility expansion from Plasco Ottawa, subject to the approval of City Council of such exercise within a further 60 day period. If exercised, the City's right of first refusal for waste will be on the same terms and conditions as exist under the WCA.</p>

	<p>At any time, should there be additional processing capacity at the Commercial Facility and Plasco Ottawa proposes to contract such additional processing to a person other than the City for two or more years, this capacity will first be offered to the City on the same terms and conditions as exist under the WCA.</p>
<p>Events of Default and Remedies</p>	<p>The WCA will include “events of default” in respect of Plasco Ottawa, including:</p> <ul style="list-style-type: none"> • default in respect of maintaining required insurance/decommissioning security • occurrence of events of insolvency/bankruptcy • failure to make a required payment to the City, including a payment by Plasco Group under its guarantee or marketing fees agreement • occurrence of a repeated and persistent breach by Plasco of a material obligation under the WCA, the Commercial Facility lease, the guarantee or the marketing fees agreement which is not cured following receipt of written notice from the City • occurrence of an event of default under the Commercial Facility lease, the guarantee or the marketing fees agreement <p>Non-monetary and non-insurance/decommissioning security events of default, excluding cross-defaults under other agreements, may be subject to a right of Plasco Ottawa to propose a “cure plan” and the applicable time period in which the cure plan must be developed.</p> <p>Remedies for Plasco Ottawa events of default that are not cured within the time therefor include termination of the WCA and the City’s right to draw on decommissioning security where decommissioning does not start within three months of termination and/or is not completed within nine months of termination.</p> <p>The WCA will include “events of default” in respect of the City, including:</p> <ul style="list-style-type: none"> • failure to make a required payment to Plasco Ottawa • occurrence of a repeated and persistent breach by the

	<p>City of a material obligation under the WCA or the Commercial Facility lease which is not cured within 180 days of receipt of written notice from the City</p> <p>Non-monetary events of default may be subject to a right of the City to propose a “cure plan” and the applicable time period in which the cure plan must be developed.</p> <p>Remedies for City events of default that are not cured within the time therefor include termination of the WCA by Plasco Ottawa.</p>
<p>Right of Plasco Ottawa to Terminate for Economic Viability and Environmental Performance of the Commercial Facility</p>	<p>During the term (including extensions), Plasco Ottawa may elect to terminate the WCA by providing the City with 180 days prior notice if the Commercial Facility is not:</p> <ul style="list-style-type: none"> • economically viable (as defined above), despite Plasco Ottawa having made best efforts to ensure economic viability; or • able to operate in compliance with its environmental performance standards, being the Ministry of the Environment’s performance criteria and all applicable laws, regulations and permits, despite Plasco Ottawa having made best efforts to ensure compliance <p>Whether the Commercial Facility is economically viable or able to operate in compliance with environmental performance standards resulting from an event triggering a mandatory cost increase will consider the remediative effects of an actual or a potential application of the provisions in respect of mandatory cost increases.</p>
<p>Dispute Resolution</p>	<p>Unless otherwise excluded, any dispute between the parties in respect of the WCA is to be resolved as follows:</p> <ul style="list-style-type: none"> • in the first instance, by the parties through discussion/negotiation; • where the parties cannot resolve the matters in dispute, one party may issue a dispute notice to which the other will provide a reply within ten business days; • if the parties cannot resolve the matters in dispute within a further ten business days after receipt of the reply to the dispute notice, the matter in dispute is referred to the City’s Representative (currently the Deputy City Manager) and Contractor’s Representative

	<p>for resolution within a further ten business days;</p> <ul style="list-style-type: none"> • if the City's Representative and Contractor's Representative cannot resolve the matters in dispute, the matter may be referred to mediation with the parties agreeing on the mediator within three business days (or referring the appointment of the mediator to court); the parties will use commercially reasonable efforts to hold the mediation and resolve the matter in dispute within ten business days of the mediator's appointment; and • if the matter is not resolved by mediation, either party may refer it to arbitration within ten business days, with the parties agreeing on the arbitrator within ten business days (or referring the appointment of the arbitrator to court); the arbitration is to occur within forty-five days of the appointment of the arbitrator. <p>Arbitration will be final and binding on the parties, excluding actions necessary to enforce the arbitrator's award or insurer's actions.</p>
<p>Municipal Capital Facilities</p>	<p>Each of the Commercial Facility and the Demonstration Facility will be designated municipal capital facilities (individually, an "MCF") and exempted from property tax to the extent that they are used or intended to be used entirely for the purpose of processing City municipal waste. Plasco Ottawa and the City acknowledge that Tipping Fees applicable to waste delivered by the City are based on the assumption that the Commercial Facility and the Demonstration Facility will each be designated as an MCF and agree that, to the extent that the City fails to designate as an MCF any part of the Commercial Facility or the Demonstration Facility used or intended to be used for the purpose of processing City municipal waste, the Tipping Fee payable by the City will be increased to reflect the amount of the property tax attributable to that part of the Commercial Facility or the Demonstration Facility.</p> <p>In the event that all or part of the either the Commercial Facility or the Demonstration Facility is not being used to process waste City municipal waste and this results in the loss of the MCF designation for all or part of either the Commercial Facility or the Demonstration Facility, Plasco Ottawa shall be wholly responsible for any property tax payable as a result of the loss of the MCF designation, the City will be made whole in respect of impacts on revenue sharing and such costs shall not be subject to a mandatory cost increase event.</p>

<p>Assignment</p>	<p>Plasco Ottawa may assign the Contract to a corporation controlled by Plasco Ottawa and/or as a collateral security for specific financing purposes.</p> <p>In the event of an assignment to a corporation controlled by Plasco Ottawa, the City has the right to approve the assignment, such approval not to be unreasonably withheld. In such a case where a corporation controlled by Plasco Ottawa makes a subsequent assignment, the City will again have the right to approval, such approval not to be unreasonably withheld or delayed. The assigning party, whether Plasco Ottawa or a subsequent assignee, would not be released from its obligations under the WCA.</p> <p>In the event of an assignment as a collateral security for specific financing purposes, the City will have the right to approve the assignee, such approval not to be unreasonably withheld or delayed. The City may include commercially reasonable conditions in respect of the assignee in its approval.</p>
<p>Change of Control</p>	<p>In the event of a change of control of Plasco Ottawa (or a permitted assignee), the City has the right to approve the assignment, such approval not to be unreasonably withheld or delayed.</p>
<p>Audit Right</p>	<p>The City shall have the right to audit Plasco Ottawa's books and records on an annual basis within a defined scope to ensure compliance with the WCA. Understatements and overstatements of payments by 5% or more shall be reconciled between the parties.</p> <p>Plasco Ottawa will provide a statement from its auditors confirming that the revenues used to determine the City revenue sharing and the costs used to determine mandatory cost increases are the same as those contained in Plasco Ottawa's audited financial statements signed by the auditor and by the Board of Directors of Plasco Ottawa.</p>
<p>Commercial Facility - Marketing Commercial Fees</p>	
<p>General Description</p>	<p>Plasco Ottawa will pay the City a fee of five dollars (\$5.00) for each tonne of waste processed by Plasco or an affiliate thereof (or by a person using any technology, intellectual property and/or other proprietary information developed, owned and/or licensed by or on behalf of Plasco or an affiliate thereof) in</p>

	<p>Canada or the United States, subject to the following:</p> <ul style="list-style-type: none"> • such fee shall be payable in respect of processing occurring at a facility commissioned within ten years of the start of the ramp-up period of the Commercial Facility and is payable for ten years following such commissioning • the maximum aggregate amount of all fees payable in any one year during the term of the marketing fees agreement by Plasco to the City is \$3 million • the maximum aggregate amount of all fees payable by Plasco to the City during the term of the marketing fees agreement is \$18 million • no fee is payable in respect of waste processed at the Commercial Facility, the Demonstration Facility or the first facility to be constructed by Plasco in the State of California • the fee is to be paid in a lump sum annually in arrears
<p>Commercial Facility – Lease</p>	
<p>General Description</p>	<p>General: In conjunction with the WCA, the City and Plasco Ottawa will enter into a land lease in respect of the Commercial Facility for a site on Moodie Drive (or at another City site determined by the parties, if appropriate).</p> <p>Term: The lease would be effective on its execution for an initial term ending twenty years following the start of the ramp-up period under the WCA. Thereafter, it would be extended: (i) automatically should the WCA be extended by the parties, for the term of the extension of the WCA; or (ii) if not extended through the WCA, at the option of Plasco Ottawa, for up to four additional five year periods. As it is anticipated that the lease would depend upon and incorporate many provisions from the WCA, if Plasco Ottawa exercises its option to extend the lease following the expiration of the WCA, the parties acting reasonably will negotiate mutually-satisfactory amended terms and conditions for the lease based on the then-prevailing terms and conditions between arm's length parties, subject to dispute resolution procedure. The terms and conditions of the lease to be amended and/or added may include but are not limited to:</p> <ul style="list-style-type: none"> • representations and warranties, including in respect of

	<p>environmental compliance matters</p> <ul style="list-style-type: none">• decommissioning and decommissioning security obligations• conditions applicable to construction and improvements• insurance and indemnification• assignment and change of control• events of default and remedies <p>During the time required by the City and Plasco Ottawa to negotiate such revised terms and conditions or resolve any dispute in connection therefor, the Commercial Facility Lease shall be maintained on the existing terms and conditions, provided there is a drop dead date by which either (i) all terms and conditions are agreed or (ii) negotiation of revised terms and conditions are referred to dispute resolution in accordance with the dispute resolution procedure.</p> <p>Rent: During the term of the lease, Plasco Ottawa will pay ground rent of \$10,000 (subject an annual adjustment for CPI) per year, plus additional rent (being the fair market value rent for the highest and best use of the leased lands, excluding use by Plasco Ottawa, in respect of the part of the Commercial Facility being used to process non-City waste, determined every 5 years). In the event that the lease was extended at Plasco's option, the rent would be the fair market value rent for the highest and best use of the leased lands, excluding use by Plasco Ottawa.</p> <p>Taxes: See section entitled "Municipal Capital Facilities."</p> <p>Decommissioning: Please see the above description in the WCA in respect of decommissioning security for the Commercial Facility.</p> <p>Facility/Equipment: To the extent that the Commercial Facility and any equipment or fixtures contained therein are not removed/decommissioned by Plasco Ottawa in accordance with the WCA (or as set out in the lease in the event of the exercise of the option to extend by Plasco Ottawa), the Commercial Facility and any such fixtures or equipment will be deemed to be abandoned and will become the property of the City free and clear of all liens and encumbrances and may be removed or sold by the City. The City's rights in this regard will be in</p>
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	<p>addition to its right to draw on the decommissioning security. Plasco Ottawa will have the ability to finance equipment but must obtain an acknowledgement and agreement from lender(s) (by way of a tripartite agreement between Plasco Ottawa, the lender(s) and the City) that the lender(s) will be bound by the above referenced abandonment covenant and, in the event that the lender(s) fails to remove and/or dispose of the collateral within the time period provided, that the lender(s) will be deemed to have discharged its security without further action on the part of the City. Failure by Plasco Ottawa to obtain such acknowledgement and agreement from any lender shall constitute a default under the lease and the WCA</p> <p><u>Default:</u> The lease will include “events of default” in respect of Plasco Ottawa, including:</p> <ul style="list-style-type: none">• default in respect of maintaining required insurance/decommissioning security• occurrence of events of insolvency/bankruptcy• failure to make a required payment to the City• occurrence of a repeated and persistent breach by Plasco Ottawa of a material obligation under the lease which is not cured within the applicable cure period• occurrence of an uncured event of default under the WCA or the guarantee of Plasco Group <p>Non-monetary and non-insurance/decommissioning security events of default, excluding cross-defaults under other agreements, may be subject to a right of Plasco Ottawa to propose a “cure plan” and the applicable time period in which the cure plan must be developed.</p> <p>Remedies for Plasco Ottawa events of default that are not cured within the time therefor include termination of the lease and the City’s right to draw on decommissioning security in the manner provided in the WCA or the lease, as applicable.</p> <p><u>Dispute Resolution Procedure:</u> A mechanism similar to that in the WCA will be included in the lease subject to such amendments or refinement as may be appropriate. At a minimum, fair market value of the rent will be subject to an arbitration pursuant to which the arbitrator can only approve the rent proposed by one party or the other (a “Baseball</p>
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	<p>Arbitration”).</p> <p>Site Plan / Moodie Drive: The lease will provide that development of the site is subject to the site plan approval process, including fulfillment of any obligations to undertake pre-consultation with the City’s Program Manager – Development and payment of all costs associated with access to/from the site including turning lanes from Moodie Drive.</p>
<p>Demonstration Facility – Services Agreement</p>	
<p>General Description</p>	<p>General: In conjunction with the Demonstration Facility lease, the City, Plasco Trail Road Inc. (“Plasco Trail Road”) and Plasco Group (as guarantor of Plasco Trail Road’s obligations) will enter into a services agreement setting out their agreement in respect of the delivery of City waste to the Demonstration Facility. The Demonstration Facility services agreement and lease replace certain prior agreements among the parties entered into in 2006.</p> <p>Term: The services agreement is effective on its execution for an initial term of twenty years. Thereafter, it would be extended at the option of Plasco Trail Road with the City’s consent for up to four additional five year periods.</p> <p>Delivery Obligation: Plasco Trail Road may, from time to time on upon prior written notice, request that the City deliver up to the amount of waste permitted under the Certificate of Approval not to exceed 135 tonnes per day of waste for research, development and demonstration purposes. Following the commencement of the ramp-up period of the Commercial Facility, any delivery of waste by the City to the Demonstration Facility shall, at the option of the City, be made in satisfaction of its waste delivery obligations under the WCA.</p> <p>Tipping Fee: The tipping fee paid by the City for waste delivered under the services agreement is \$40 (subject to annual adjustments for CPI). Following the commencement of the ramp-up period at the Commercial Facility, the tipping fee shall be the prevailing tipping fee at the Commercial Facility.</p> <p>Operational Matters: All construction, design, operating and maintenance costs associated with the Demonstration Facility will be paid by Plasco Trail Road. Plasco Trail Road will also pay the City’s direct costs of entering into the services agreement, to a maximum of \$50,000.</p> <p>The Demonstration Facility will be operated in accordance with</p>

	<p>all applicable laws and regulations, including in respect of the environment, labour and employment and municipal by-law requirements.</p> <p>The Demonstration Facility will obtain and maintain valid permits and approvals required under applicable laws. These include permits issued by the Ministry of the Environment under the <i>Environmental Protection Act</i>, including: (i) a waste processing site Certificate of Approval; (ii) a Certificate of Approval for emissions to the atmosphere; (iii) a Certificate of Approval for stormwater; and (iv) a Certificate of Approval for wastewater. Moreover, the Certificates of Approval shall be obtained within one year of the Demonstration Facility service agreement's effective date, failing which the Demonstration Facility services agreement and lease may be terminated by the City (notwithstanding the term of the lease provided above).</p> <p>Plasco Trail Road will provide usual covenants, representations and warranties in the Demonstration Facility services agreement related to its obligations thereunder.</p> <p><u>Decommissioning Security:</u> Plasco Trail Road will maintain the amount of decommissioning security currently held by the City under the existing lease for the Demonstration Facility, being \$300,000, subject to the same terms and conditions as apply under the WCA and subject to the City receiving from Plasco Ottawa documentation confirming, in the opinion of the City acting reasonably, that the said existing security is sufficient.</p> <p><u>Default:</u> The lease will include "events of default" in respect of Plasco Trail Road, including:</p> <ul style="list-style-type: none">• default in respect of maintaining required insurance/decommissioning security• occurrence of events of insolvency/bankruptcy• failure to make a required payment to the City• occurrence of a repeated and persistent breach by Plasco Trail Road of a material obligation under the lease which is not cured within the applicable cure period following receipt of written notice from the City• occurrence of an uncured event of default under the lease of the Demonstration Facility
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	<p>Non-monetary and non-insurance/decommissioning security events of default, excluding cross-defaults under other agreements, may be subject to a right of Plasco Trail Road to propose a “cure plan” and the applicable time period in which the cure plan must be developed.</p> <p>Remedies for Plasco Trail Road events of default that are not cured within the time therefor include termination of the lease and the City’s right to draw on decommissioning security in the manner provided in the services agreement.</p> <p><u>Dispute Resolution Procedure:</u> A mechanism similar to that in the WCA will be included in the services agreement.</p>
<p>Demonstration Facility – Lease</p>	
<p>General Description</p>	<p><u>General:</u> In conjunction with the Demonstration Facility services agreement, the City, Plasco Trail Road and Plasco Group (as guarantor of Plasco Trail Road’s obligations) will enter into a services agreement setting out their agreement in respect of the Demonstration Facility site. The Demonstration Facility services agreement and lease replace certain prior agreements among the parties entered into in 2006.</p> <p><u>Term:</u> The lease is effective on its execution for an initial term of twenty years. Thereafter, it would be extended at the option of Plasco Trail Road with the City’s consent, not to be unreasonably withheld or delayed, for up to four additional five year periods.</p> <p><u>Rent:</u> During the term of the lease, Plasco Trail Road will pay ground rent of \$10,000 (subject to annual adjustments for CPI) per year, plus additional rent (being the fair market value rent for the highest and best use of the leased lands, excluding use by Plasco Trail Road, in respect of the part of the Demonstration Facility being used to process non-City waste, determined every 5 years). In the event that the lease was extended at Plasco’s option, the rent would be the fair market value rent for the highest and best use of the leased lands, excluding use by Plasco Trail Road.</p> <p><u>Taxes:</u> See section entitled “Municipal Capital Facilities.”</p> <p><u>Decommissioning:</u> Please see the above description in the services agreement in respect of decommissioning security for the Demonstration Facility.</p> <p><u>Facility/Equipment:</u> To the extent that the Demonstration</p>

	<p>Facility and any equipment or fixtures contained therein (excluding those equipment and fixtures disclosed to the City over which a security interest has been granted to North Shore Power Group Inc.) are not removed/decommissioned by Plasco Trail Road in accordance with the services agreement, the Demonstration Facility and any such fixtures or equipment will be deemed to be abandoned and will become the property of the City free and clear of all liens and encumbrances and may be removed or sold by the City. The City's rights in this regard will be in addition to its right to draw on the decommissioning security. Plasco Trail Road will have the ability to finance equipment but must obtain an acknowledgement and agreement from lender(s) (by way of a tripartite agreement between Plasco Trail Road, the lender(s) and the City) that the lender(s) will be bound by the above referenced abandonment covenant and, in the event that the lender(s) fails to remove and/or dispose of the collateral within the time period provided, that the lender(s) will be deemed to have discharged its security without further action on the part of the City. Failure by Plasco Trail Road to obtain such acknowledgement and agreement from any lender shall constitute a default under the lease and the services agreement. In respect of the security interest held by North Shore Power Group Inc. described in a Landlord's Waiver executed by the City on October 24, 2011, Plasco Ottawa will use commercially reasonable efforts to obtain the aforementioned acknowledgement and agreement. The City will execute a new waiver in substantially the same form as the October 24, 2011 Landlord's Waiver on execution of the new Demonstration Facility Lease.</p> <p><u>Default:</u> The lease will include "events of default" in respect of Plasco Trail Road, including:</p> <ul style="list-style-type: none">• default in respect of maintaining required insurance/decommissioning security• occurrence of events of insolvency/bankruptcy• failure to make a required payment to the City• occurrence of a repeated and persistent breach by Plasco Trail Road of a material obligation under the lease which is not cured within the applicable cure periods following receipt of written notice from the City• occurrence of an uncured event of default under the services agreement
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	<p>Non-monetary and non-insurance/decommissioning security events of default, excluding cross-defaults under other agreements, may be subject to a right of Plasco Trail Road to propose a “cure plan” and the applicable time period in which the cure plan must be developed.</p> <p>Remedies for Plasco Trail Road events of default that are not cured within the time therefor include termination of the lease and the City’s right to draw on decommissioning security in the manner provided in the services agreement.</p> <p>In addition to the above, the City will have the right to terminate the Demonstration Facility Lease in the event that Plasco fails to obtain Certificates of Approval for stormwater and wastewater for the Demonstration Facility within one year of the Demonstration Facility service agreement’s effective date.</p> <p><u>Dispute Resolution Procedure:</u> A mechanism similar to that in the WCA will be included in the lease subject to such amendments or refinement as may be appropriate. At a minimum, fair market value of the rent will be subject to Baseball Arbitration.</p>
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