



Sale of Westario Power Inc.: Key Legal Agreements

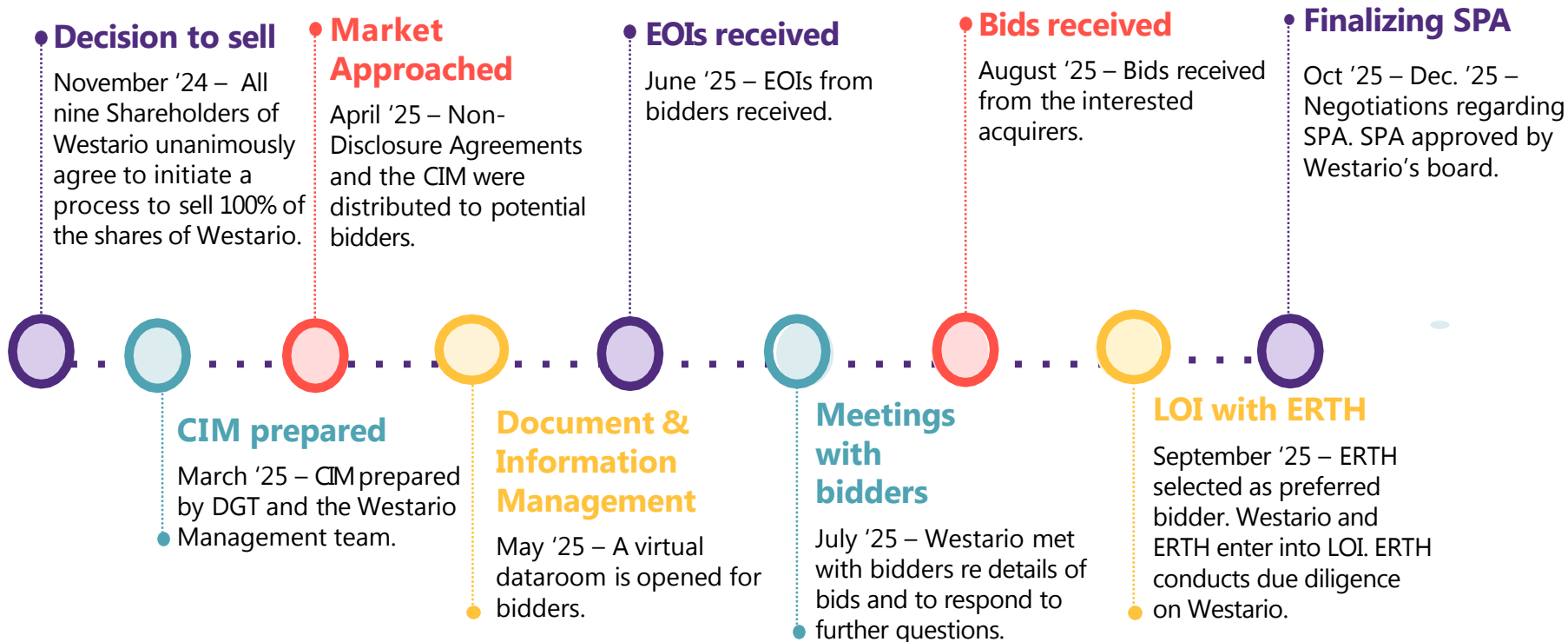
Ron Clark
Partner, Energy Group
Aird & Berlis LLP

December <X>, 2025

Terminology

- **“CIM”** – Confidential Information Memorandum
- **“DGT”** – Doane Grant Thornton Corporate Finance Inc.
- **“EOI”** – Expressions of Interest
- **“ERTH”** – ERTH Corporation
- **“LOI”** – Letter of Intent
- **“OEB”** – Ontario Energy Board
- **“Shareholders”** – The Town of Saugeen Shores, The Town of Hanover, The Municipality of Kincardine, The Municipality of Brockton, The Municipality of South Bruce, The Township of Minto, The Township of North Huron, The Township of Huron-Kinloss, and FortisOntario Inc.
- **“SPA”** – Share Purchase Agreement between ERTH and the Shareholders
- **“Westario”** – Westario Power Inc.

Sale of Westario Timeline: Up to present date



Sale of Westario Timeline: Next Steps

● Board and Municipal Approval, and Execution, of SPA

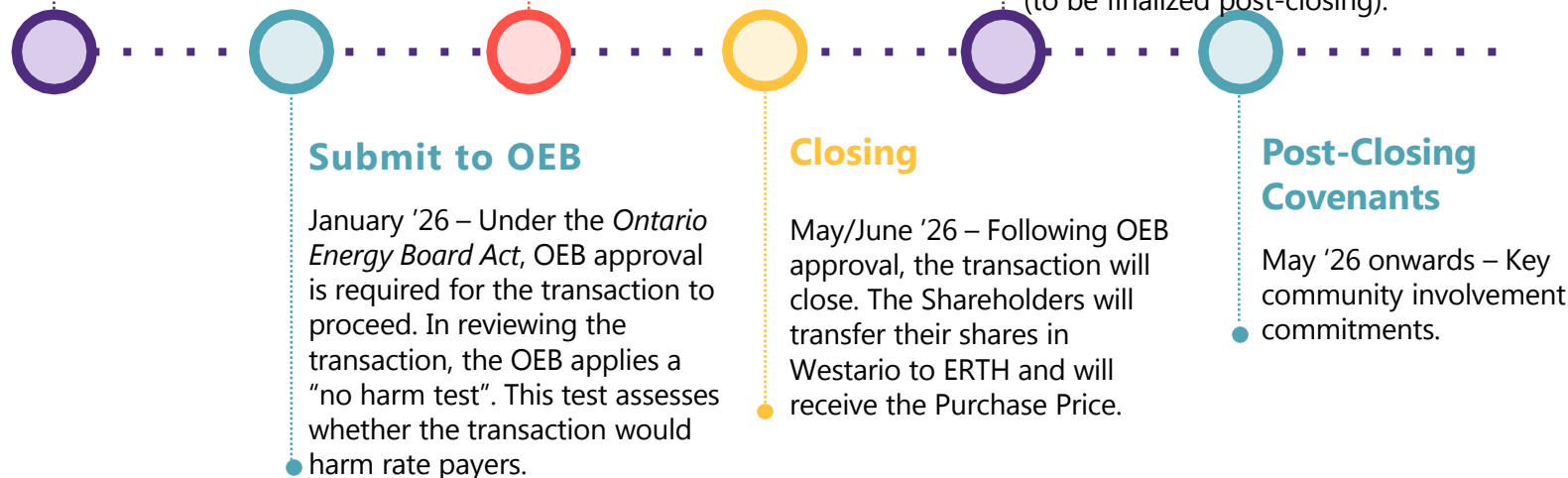
December '25 – Board approval of SPA is to be presented to each of the Shareholders. If the SPA is approved, the parties will enter into the binding SPA.

● Obtain OEB Approval

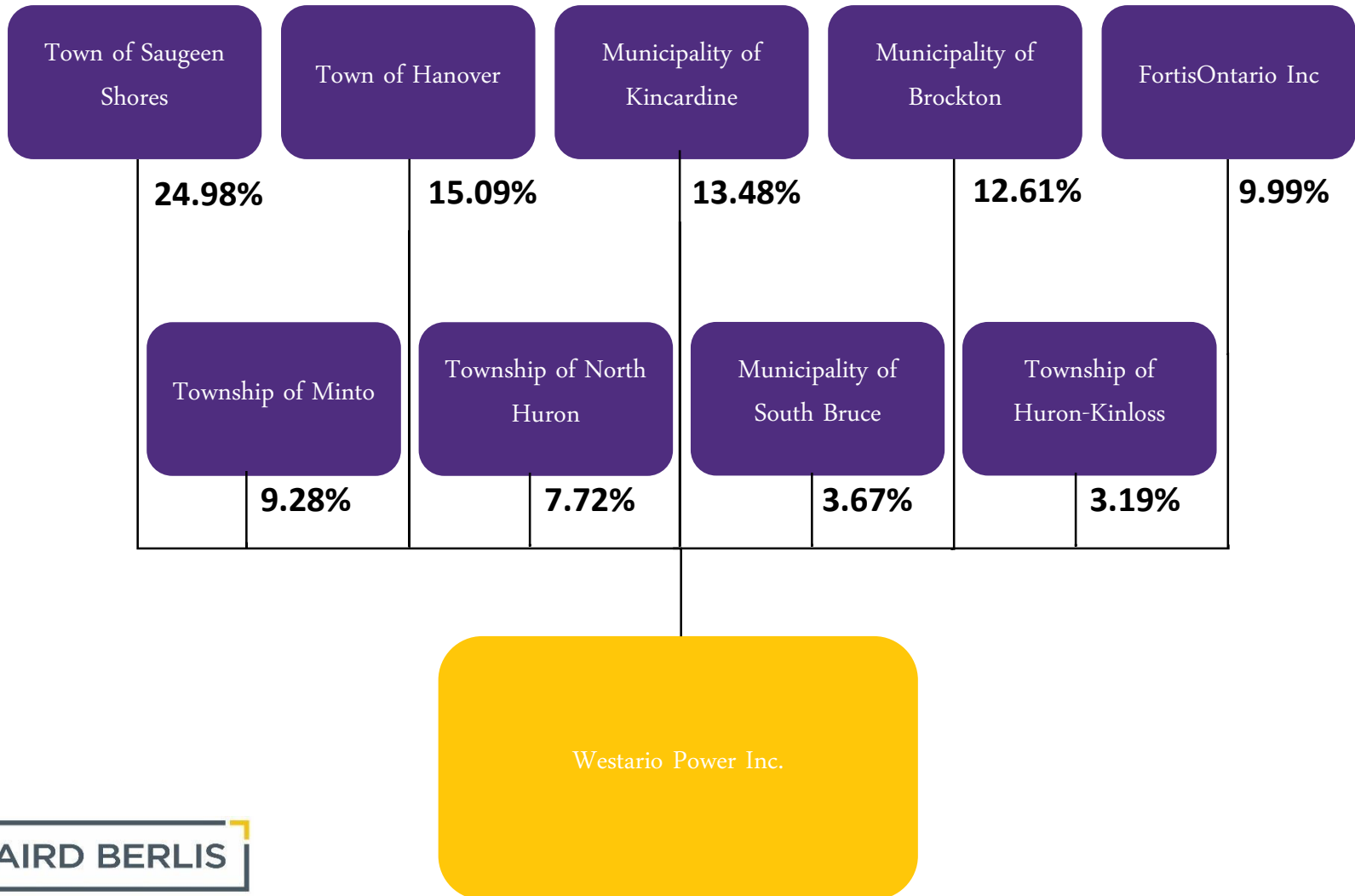
Spring '26 – Targeted OEB approval date.

● Minor Post Closing Adjustments to Purchase Price

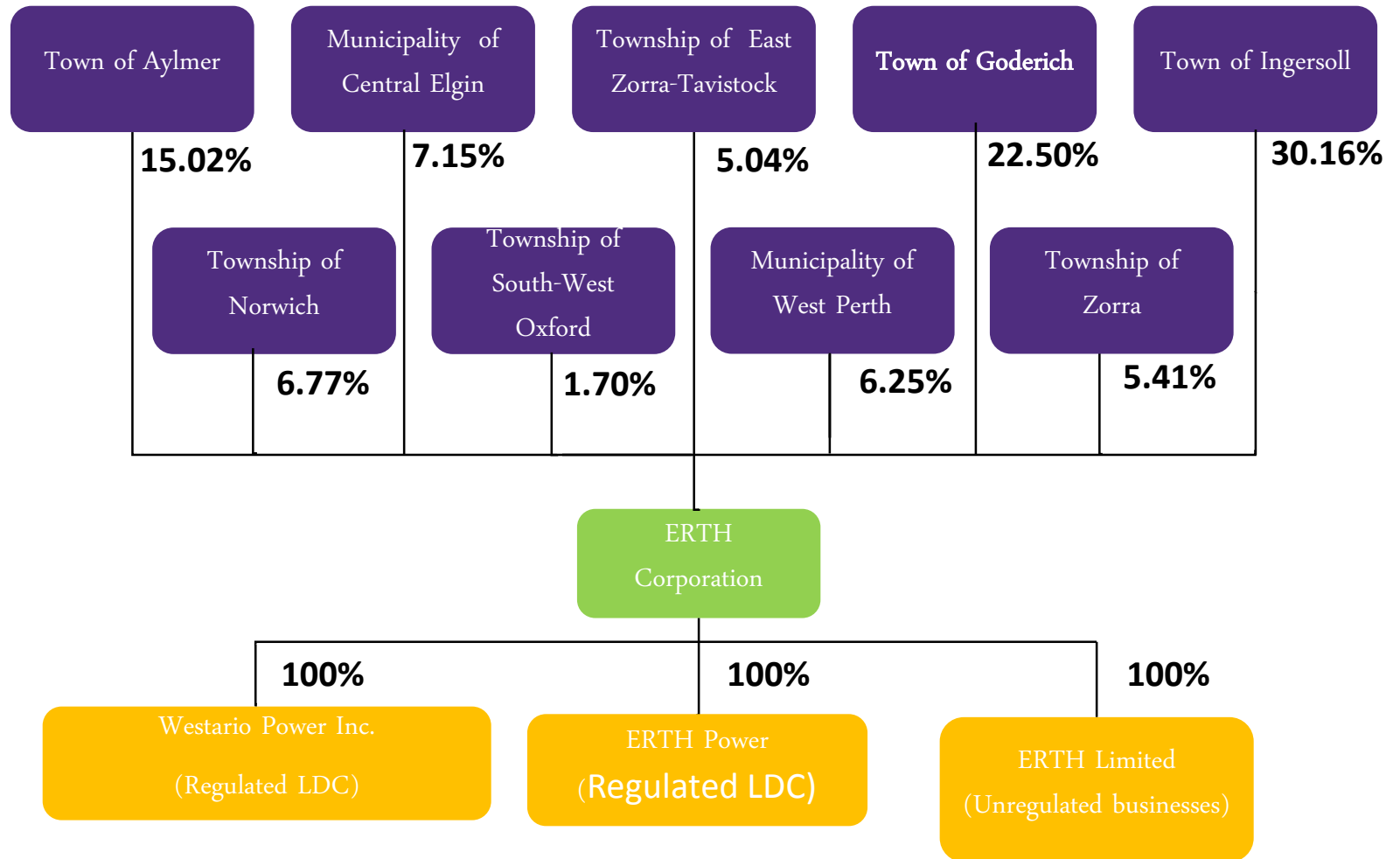
June – August 26' – Purchase Price subject to additional adjustments for working capital and similar amounts, based on the closing financial statements (to be finalized post-closing).



Transaction Structure: Pre-Closing Organizational Chart



Transaction Structure: Post-Closing Organizational Chart



SPA: Framework and Structure

- Shareholders and ERTH are party to the SPA.
 - Section 1: Definitions
 - Section 2: Purchase and Sale; Deposit and Closing
 - Section 3: Representations and Warranties Concerning the Transaction
 - Section 4: Pre-Closing Covenants
 - Section 5: Conditions for the Benefit of Buyer
 - Section 6: Conditions for the Benefit of Seller
 - Section 7: Condition Precedent
 - Section 8: Post-Closing Covenants
 - Section 9: Indemnification
 - Section 10: Tax Matters
 - Section 11: Privacy
 - Section 12: Regulatory Approval
 - Section 13: Miscellaneous

SPA: Post-Closing Adjustment

- **Process:**

1. Prior to closing: estimated statement of working capital and similar amounts;
2. Post closing: actual closing statement of working capital and similar amounts;
3. Adjustments in Purchase Price are to reflect difference between estimated working capital amounts and actual working capital amounts.

SPA: Interim Period Covenants

- **Westario must:**
 - Conduct business in the ordinary course/not make any major changes;
 - Use commercially reasonable efforts to satisfy closing conditions;
 - Allow access for due diligence purposes;
 - Notify EARTH of disclosure supplements based on any changes during this period;
 - Ensure no hiring, firing, increase of remuneration of employees, except as consistent with past practice or to materially amend any contract with employees;
 - Refrain from entering into any material contracts (except with permission from EARTH or in the ordinary course);
 - Maintain insurance policies; and
 - Maintain compliance with laws and permits.
- **Dividends:** Prior to closing, Westario's board of directors may declare and pay dividends on the shares in accordance with past practice.

SPA: Tax Matters

- **Transfer tax under the *Electricity Act*:**
 - Normally payable on the sale on electricity distribution utility
 - **Exemption:** available where utility is being purchased by a municipally owned entity
- **Departure tax under the *Electricity Act*:**
 - Payable where the sale of a utility results in non-municipal ownership
 - Therefore, not applicable here

Questions?
