



Court File No.

C17-12-9622-0006

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.
JUSTICE MORAWETZ

)
)
)

TUESDAY, THE 28th DAY
OF FEBRUARY, 2012

CCM MASTER QUALIFIED FUND, LTD.

Applicant

- and -

BLUTIP POWER TECHNOLOGIES LTD.

Respondent

APPOINTMENT ORDER

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") appointing Duff & Phelps Canada Restructuring Inc. as receiver (in such capacity, the "**Receiver**") without security, of all of the assets, undertakings and properties of Blutip Power Technologies Ltd. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of James Schuler sworn February 27, 2012 and the Exhibits thereto (the "**Schuler Affidavit**"), and on hearing the submissions of counsel for the Applicant and the proposed Receiver, no other parties appearing although duly served as appears from the affidavit of service of Arlene Mack sworn February 27, 2012 and the affidavit of service of Kevin MacEachern sworn February 27, 2012 and on reading the consent of Duff & Phelps to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA, Duff & Phelps is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary

course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and

negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$25,000, provided that the aggregate consideration for all such transactions does not exceed \$150,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that

nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal

information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, except for (i) any validly perfected purchase money security interests and (ii) any statutory encumbrance existing as at the date of this Order in favour of any Person which is a "secured creditor" as defined in the BIA in respect of any amounts that are subject to a super-priority claim under the BIA, and subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

18. **THIS COURT ORDERS** that, at the request of the Applicant, any other party in interest or the Court, the Receiver and its legal counsel shall pass their accounts, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. **THIS COURT ORDERS** that the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against their remuneration and disbursements.

FUNDING OF THE RECEIVERSHIP

20. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, including without limitation pursuant to the Term Sheet attached as ~~Exhibit "L" to the Schuler Affidavit~~ ^{Schedule "B" hereto}, provided that the outstanding principal amount does not exceed \$400,000 (or such greater amount as this Court may by further Order

authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to validly perfected purchase money security interests, any statutory encumbrance existing as at the date of this Order in favour of any Person which is a "secured creditor" as defined in the BIA in respect of any amounts that are subject to a super-priority claim under the BIA, the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

23. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

24. **THIS COURT ORDERS** that the Receiver be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day

following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

25. **THIS COURT ORDERS** that the Applicant, the Receiver, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Receiver may post a copy of any or all such materials on its website at:

http://www.duffandphelps.com/services/investment_banking/Pages/Restructuring_Cases.aspx.

GENERAL

26. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

27. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

28. **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.

29. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. **THIS COURT ORDERS** that notwithstanding the immediately preceding paragraph, any motion to vary or amend the Receiver's Charge or the Receiver's Borrowings Charge must be brought and be returnable no later than March 20, 2012 and on not less than four (4) days' notice to the Receiver, the Applicant and any other party or parties likely to be affected by the order sought. The Receiver and any party which advances funds to the Receiver pursuant to paragraph 20 of this Order shall be entitled to rely on the priority granted to the Receiver's Charge and the Receiver's Borrowings Charge (as applicable) up to and including the day on which this Order is varied or modified.

RB

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. **THIS IS TO CERTIFY** that Duff & Phelps Canada Restructuring Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties Blutip Power Technologies Ltd. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the ____ day of _____, 20__ (the "**Order**") made in an action having Court file number ____-CL-_____, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Chicago, Illinois.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

**DUFF & PHELPS CANADA
RESTRUCTURING INC., solely in its
capacity as Receiver of the Property, and not
in its personal capacity**

Per: _____

Name: _____

Title: _____

Schedule "B"

TERM SHEET

February 27, 2012

Duff & Phelps Canada Restructuring Inc.,
in its capacity as Receiver of Blutip Power Technologies Ltd.
200 King Street West
Suite 1002
Toronto, ON M5H 3T4

Attention: David Sieradzki

CCM Master Qualified Fund, Ltd. (the "Lender") intends to make an application before the Ontario Superior Court of Justice (Commercial List) (the "Court") to seek the appointment of Duff & Phelps Canada Restructuring Inc. ("Duff & Phelps") as receiver over the assets, property and undertaking (collectively, the "Assets") of Blutip Power Technologies Ltd. (the "Company") pursuant to the terms of an order of the Court, substantially in the form of that annexed hereto as Schedule "A". Once Duff & Phelps is appointed as receiver (Duff & Phelps in such capacity, the "Receiver") the Receiver will require funding to pay certain costs and expenses incurred by the Company and the Receiver. The Lender is pleased to make the following credit facility (the "Credit Facility") available to Duff & Phelps, once it is appointed as Receiver, on and subject to the following terms and conditions:

AMOUNT: CDN\$400,000.

PURPOSE: To fund the powers and duties conferred upon the Receiver by the Order (as hereinafter defined), including managing, operating, and carrying on the business of the Company, and paying the reasonable fees and expenses of the Receiver and its legal counsel.

USE OF PROCEEDS: Proceeds of the Credit Facility will be used by the Receiver to finance general working capital needs and for general operating purposes of the Company deemed commercially reasonable by the Receiver during the receivership, including without limitation, the professional fees and costs of the Receiver and its counsel. For greater certainty, the Advances (as hereinafter defined) shall not be used by the Receiver or the Company to make payments to creditors, including any government authorities or agencies in respect of amounts due or accruing due to such creditors prior to the date of the Receivership Order, unless permitted by the Receivership Order or a subsequent order of the Court.

INTEREST RATE: 10% per annum (the "Interest Rate"), calculated and compounded monthly not in advance on the last day of each month. During the continuation of an Event of Default the Interest Rate shall be increased by 2% per annum.

AVAILABILITY

Advances under the Credit Facility ("Advances") shall be made to the Receiver in Canadian dollars only and by way of receiver's certificates ("Receiver's Certificates"), substantially in the form of the certificate attached as Schedule "A" to the Order. The Receiver shall not permit the sum of the aggregate principal amount of the Canadian Dollar value of all outstanding Advances under the Credit Facility to, at any time, exceed CDN\$400,000.

MATURITY DATE: The Credit Facility shall be repayable on April 30, 2012 or the day on which an Event of Default occurs, unless otherwise extended by written agreement of the Receiver and the Lender.

NO LIABILITY: Duff & Phelps Canada Restructuring Inc. shall not have any personal liability to repay any principal amount or any interest, fee or other amount owing hereunder and the Lender's recourse with respect thereto shall be limited to the Assets and any proceeds thereof.

CONDITIONS
PRECEDENT:

The Lender shall not be obliged to make any Advance under the Credit Facility unless the following conditions precedent have been satisfied or waived: (i) the Order has been issued by the Court; (ii) the Receiver has executed and returned a copy of this Term Sheet; (iii) the Receiver has delivered a Receiver's Certificate to the Lender by no later than 9:00 a.m. on the day that an Advance is to be made; and (iv) no Event of Default shall have occurred (collectively, the "Conditions Precedent").

SECURITY: The Receiver's obligations under this Credit Facility shall be secured by the Receiver's Borrowing Charge as provided for in the Order and the Receiver's Certificates.

EVENTS OF
DEFAULT

The occurrence of any one or more of the following events shall constitute an "**Event of Default**" under this Term Sheet:

- (a) any termination of the stay of proceedings under the Order;
- (b) failure by the Receiver to pay any principal amount outstanding hereunder when the same shall become due and payable hereunder;
- (c) any termination of the appointment of the Receiver;
- (d) a final order is entered whereby the Order is reversed, stayed, modified or amended without the express written consent of the Lender;

- (e) failure by the Receiver to pay any interest on any Advances made under the Credit Facility, any fees payable hereunder or any other amounts owing under the Facility when the same shall become due and payable; or
- (f) if a sales process for the business of the Company and the Assets is not commenced by an order of the Court approving such sales process (the "Sale Process Order") within 2 weeks of the date of the Order (unless otherwise extended by written agreement of the Receiver and the Lender), which Sale Process Order shall be in form and substance satisfactory to the Lender and the Receiver, acting reasonably and which Sale Process Order shall not have been varied, amended or altered, without the express written consent of the Lender, ~~not~~ to be unreasonably withheld.

and with leave of the Court

REMEDIES:

Upon the occurrence of an Event of Default and at any time thereafter, while an Event of Default is continuing, the Lender may declare, *or for* by giving notice to the Receiver, that the Credit Facility is terminated and cancelled and declare the Advances made to be immediately due and payable (whereupon the same shall become so payable, together with accrued interest thereon and any other sums then owed by the Receiver hereunder).

RECEIVER'S FEES: In addition to any amounts advanced under the Credit Facility and if required, the Lender agrees to pay the reasonable fees and expenses of the Receiver and those of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel in connection with their performance and duties under the Order and further orders of the Court made in the receivership proceedings of the Company; provided that in the event that the Credit Facility is terminated and cancelled upon the occurrence of an Event of Default as provided for herein (such date, the "Termination Date"), the Lender agrees to pay solely those such amounts that have been incurred to and including the Termination Date, even if such amounts are payable after the Termination Date. In the event that the Lender and the Receiver are unable to achieve a consensus as to the form and substance of the Sale Process Order, the Receiver shall be at liberty to apply to the Court for advice and directions, and the Lender agrees to pay the reasonable fees and expenses of the Receiver and those of its legal counsel, incurred at their standard rates and charges in connection with such motion for advice and directions.

GOVERNING LAW: This Term Sheet and each of the documents contemplated herein shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

COUNTERPARTS: This Term Sheet may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which

together shall constitute one and the same instrument. Signatures provided by facsimile machine shall be valid and binding.

NOTICES:

Any notice or other communication to be delivered hereunder must be in writing and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail or by facsimile or email addressed to the respective parties as follows:

If to the Lender:

c/o Coghill Capital Management, LLC
One North Wacker Drive, Suite 4350
Chicago, IL 60606

Attention: James Schuler
Fax: (312)324-2001
Email: jschuler@coghillcapital.com

with a copy to:

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place, Suite 6100
Toronto, Ontario M5X 1B8

Attention: Marc Wasserman
Fax: (416) 862-6666
Email: mwasserman@osler.com

If to the Receiver

Duff & Phelps Canada Restructuring Inc.
200 King Street West
Suite 1002
Toronto, Ontario M5H 3T4

Attention: David Sieradzki
Fax: (647) 497-9470
Email: david.sieradzki@duffandphelps.com

with a copy to:

Blake Cassels & Graydon LLP
199 Bay Street
Suite 4000, Commerce Court West
Toronto, ON M5L 1A9

Attention: Linc Rogers
Fax: (416) 863-2653
Email: linc.rogers@blakes.com

or to such other address as any party may from time to time notify the others in accordance with this Term Sheet. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a business day and the communication is so delivered, faxed or sent before 5:00 p.m. (Toronto time) on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

[Remainder of Page Intentionally Left Blank]

The Lender's commitment to provide the Credit Facility on the terms set out herein will remain binding on the Lender and open for acceptance by the Receiver until 5:00 p.m. (Toronto time) on February 29, 2012. If the above terms and conditions are acceptable to you, please execute and return a copy of this Term Sheet by email no later than 5:00 p.m. (Toronto time) on February 29, 2012.

**COGHILL CAPITAL MANAGEMENT, LLC in its
capacity as Investment Manager of CCM MASTER
QUALIFIED FUND, LTD.**

By: _____

Name:

Title:

We acknowledge and accept the within terms and conditions this ____ day of February, 2012.

**DUFF & PHELPS CANADA RESTRUCTURING
INC., in its capacity as Receiver of Blutip Power
Technologies Ltd., without personal or corporate
liability**

By: _____

Name:

Title:

SCHEDULE "A"
FORM OF ORDER

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding commenced at Toronto

APPOINTMENT ORDER

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