

**Transeastern  
POWER**

**TRANSEASTERN POWER TRUST**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**MAY 10, 2016**



## TABLE OF CONTENTS

	Page
NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS .....	1
MANAGEMENT INFORMATION CIRCULAR .....	2
SOLICITATION OF PROXIES .....	2
APPOINTMENT AND REVOCATION OF PROXIES .....	2
EXERCISE OF DISCRETION BY PROXIES .....	3
ADVICE TO BENEFICIAL UNITHOLDERS .....	3
NOTE TO NON-OBJECTING BENEFICIAL OWNERS .....	4
VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF .....	4
EXECUTIVE COMPENSATION .....	5
<i>Compensation Discussion and Analysis</i> .....	5
<i>Management Agreements – Termination and Change of Control Benefits</i> .....	7
<i>Summary Compensation Table – Named Executive Officers</i> .....	9
<i>Director Compensation</i> .....	13
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS .....	14
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS .....	15
REPORT ON CORPORATE GOVERNANCE .....	15
AUDIT AND RISK COMMITTEE .....	15
INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....	16
PARTICULARS OF MATTERS TO BE ACTED UPON .....	17
INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON .....	25
ADDITIONAL INFORMATION .....	25
APPROVAL OF BOARD .....	25
SCHEDULE “A” STATEMENT OF GOVERNANCE PRACTICES .....	A-1
SCHEDULE “B” AUDIT AND RISK COMMITTEE CHARTER .....	B-1
SCHEDULE “C” RESTRICTED TRUST UNIT PLAN .....	C-1
SCHEDULE “D” UNIT PURCHASE PLAN .....	D-1
SCHEDULE “E” UNIT OPTION PLAN .....	E-1

## TRANSEASTERN POWER TRUST

### NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders of units (collectively, the “**Unitholders**” or individually, a “**Unitholder**”) of Transeastern Power Trust (the “**Trust**”) will be held at the offices of Aird & Berlis LLP, Brookfield Place, 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9 on Monday, June 20, 2016 at the hour of 9:00 a.m. (Toronto time) for the following purposes:

1. to receive the audited financial statements of the Trust for the fiscal year ended December 31, 2015, together with the report of the auditor thereon;
2. to elect the directors of Transeastern Power Administrator Inc., the administrator of the Trust;
3. to appoint Ernst & Young LLP, Chartered Accountants, Licensed Public Accountants, as auditor of the Trust for the ensuing year and to authorize the directors of the Administrator to fix its remuneration;
4. to consider and, if thought appropriate, pass, with or without variation, a resolution approving certain amendments to the Trust’s restricted trust unit plan, as more fully described in the accompanying management information circular;
5. to consider and, if thought appropriate, pass, with or without variation, a resolution approving certain amendments to the Trust’s unit purchase plan, as more fully described in the accompanying management information circular;
6. to consider and, if thought appropriate, pass, with or without variation, a resolution approving a new unit option plan of the Trust, as more fully described in the accompanying management information circular; and
7. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Accompanying this Notice of Annual and Special Meeting of Unitholders is the management information circular with respect to the Meeting and a copy of the audited financial statements of the Trust for the fiscal year ended December 31, 2015, together with the report of the auditor thereon.

A Unitholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its duly executed form of proxy with the Trust’s transfer agent and registrar, Equity Financial Trust Company, Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1, on or before 9:00 a.m. on Thursday, June 16, 2016 or deliver it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting.

Unitholders who are unable to be present personally at the Meeting are urged to sign, date and return the enclosed form of proxy in the envelope provided for that purpose. If you plan to be present personally at the Meeting, you are requested to bring the enclosed form of proxy for identification. The record date for the determination of those Unitholders entitled to receive the Notice of Annual and Special Meeting of Unitholders and to vote at the Meeting is the close of business on Monday, May 9, 2016.

DATED at Toronto, Ontario this 10<sup>th</sup> day of May, 2016.

BY ORDER OF THE BOARD

“*Ravi Sood*”

Ravi Sood  
Chairman

**TRANSEASTERN POWER TRUST**  
**MANAGEMENT INFORMATION CIRCULAR**  
**SOLICITATION OF PROXIES**

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management (“**Management**”) of Transeastern Power Administrator Inc. (the “**Administrator**”), the administrator of Transeastern Power Trust (the “**Trust**”), for use at the annual and special meeting (the “**Meeting**”) of unitholders (collectively, the “**Unitholders**” or individually, a “**Unitholder**”) of the Trust (the “**Units**”) to be held at the time and place and for the purposes set forth in the attached Notice of Annual and Special Meeting of Unitholders (the “**Notice**”). The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by employees of the Administrator. The cost of solicitation will be borne by the Trust.

Although Unitholders are not shareholders of the Administrator, pursuant to the voting agreement (the “**Voting Agreement**”) among Equity Financial Trust Company, in its capacity as trustee of the Trust (the “**Trustee**”), as agent for the Unitholders, the Administrator and Transeastern Management Inc. dated February 4, 2014 (the “**Administrator Shareholder**”), the Administrator Shareholder agreed to vote its shares of the Administrator at the direction of the Unitholders, as communicated by the Trustee as agent for the Unitholders, with regard to, among other things, the appointment of the auditor of the Trust and the election of the directors of the Administrator. A copy of the Voting Agreement is available on the Trust’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

Except as noted below, the Trust has distributed or made available for distribution, copies of the Notice, Circular and form of proxy or voting instruction form (if applicable) (the “**Meeting Materials**”) to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the “**Intermediaries**”) for distribution to Beneficial Unitholders (as defined below) whose Units are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Beneficial Unitholders unless a Beneficial Unitholder has waived the right to receive them. The Trust has elected to pay for the delivery of the Meeting Materials to objecting Beneficial Unitholders by the Intermediaries. The Trust is sending proxy-related materials directly to non-objecting Beneficial Unitholders, through the services of its transfer agent and registrar, Equity Financial Trust Company. The solicitation of proxies from Beneficial Unitholders will be carried out by the Intermediaries or by the Trust if the names and addresses of the Beneficial Unitholders are provided by Intermediaries. The Trust will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Meeting Materials. The Trust is not relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to registered Unitholders or Beneficial Unitholders.

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are officers and/or directors of the Administrator. **A Unitholder has the right to appoint a person (who need not be a Unitholder) to attend and act for such Unitholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Trust’s transfer agent and registrar, Equity Financial Trust Company, Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1 not later than 9:00 a.m. on Thursday, June 16, 2016 or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered Unitholder or his, her or its attorney duly authorized in writing or, if the Unitholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by Unitholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing executed by the Unitholder or by such Unitholder's attorney duly authorized in writing or, if the Unitholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:
  - (i) at the registered office, 181 Bay Street, Suite 1800, Toronto, Ontario M5J 2T9, at any time up to and including Friday, June 17, 2016; or
  - (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
- (b) in any other manner permitted by law.

### EXERCISE OF DISCRETION BY PROXIES

The persons named in the accompanying form of proxy will vote the Units in respect of which they are appointed in accordance with the direction of the Unitholders appointing them. **In the absence of such direction, such Units will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this Circular, the Management knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the Management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

### ADVICE TO BENEFICIAL UNITHOLDERS

**Unitholders should note that only proxies deposited by Unitholders whose names appear on the records of the Trust as the registered holders of Units, or non-objecting beneficial owners whose names has been provided to the Trust's registrar and transfer agent, can be recognized and acted upon at the Meeting.** The information set forth in this section is therefore of significant importance to a substantial number of Unitholders who do not hold their Units in their own name (referred to in this section as "**Beneficial Unitholders**"). If Units are listed in an account statement provided to a Unitholder by an Intermediary, then in almost all cases those Units will not be registered in such Unitholder's name on the records of the Trust. Such Units will more likely be registered under the name of the Unitholder's Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Units are registered under the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian Intermediaries. Units held by Intermediaries or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Unitholder. Without specific instructions, Intermediaries are prohibited from voting Units for their clients.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Unitholders in advance of Unitholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders in order to ensure that their Units are voted at the Meeting. Often the form of proxy supplied to a Beneficial Unitholder by its Intermediary is identical to the form of proxy provided by the Trust to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Unitholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails the voting instruction forms or proxy forms to the Beneficial Unitholders and asks the Beneficial Unitholders to return the voting instruction forms or proxy forms to Broadridge. Broadridge then

tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Units to be represented at the Meeting. A Beneficial Unitholder receiving a proxy or voting instruction form from Broadridge cannot use that proxy to vote Units directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Units voted.

Although Beneficial Unitholders may not be recognized directly at the Meeting for the purposes of voting Units registered in the name of their Intermediary, a Beneficial Unitholder may attend the Meeting as proxyholder for the Intermediary and vote their Units in that capacity. Beneficial Unitholders who wish to attend the Meeting and indirectly vote their own Units as proxyholder for the Intermediary should enter their own names in the blank space on the management form of proxy or voting instruction form provided to them and return the same to their Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary or agent well in advance of the Meeting. **Beneficial Unitholders should carefully follow the instructions of their Intermediaries and their service companies.**

All references to Unitholders in this Circular and the accompanying form of proxy and Notice are to Unitholders of record unless specifically stated otherwise.

#### NOTE TO NON-OBJECTING BENEFICIAL OWNERS

The Meeting Materials are being sent to both registered and Beneficial Unitholders. If you are a Beneficial Unitholder, and the Trust or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of Units, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send the Meeting Materials to you directly, the Trust (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

#### VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The close of business on Monday, May 9, 2016 has been fixed as the record date (the “**Record Date**”) for the purposes of determining Unitholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 32,384,682 Units carrying the right to one vote per Unit at the Meeting were issued and outstanding.

The Trust will prepare a list of Unitholders on the Record Date. Each holder of Units named on the list will be entitled to vote the Units shown opposite his, her or its name on the list at the Meeting.

To the knowledge of the directors and executive officers of the Administrator, as at the date of this Circular, the only persons who beneficially own, or control or direct, directly or indirectly, voting securities of the Trust carrying 10% or more of the voting rights attached to the Units are as follows:

Name	Number of Units Owned (Percentage of Class and Type of Ownership)	
	Units	Percentage of Voting Rights
SAI SIRA S.A.	8,384,252 <sup>(1)</sup>	25.9%
R.G. Renovatio Group Limited	7,368,922 <sup>(1)</sup>	22.8%

**Note:**

(1) Based upon information available on the public record.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The principal objectives of the compensation strategy of the Administrator, the Trust and the Trust's direct and indirect subsidiaries (collectively, the "**Transeastern Group**") is to: (a) to attract and retain qualified management; (b) to have a compensation package that is competitive within the marketplace; (c) to align management's interests with those of the Unitholders; and (d) to reward the demonstration of both leadership and performance.

### *Elements of Compensation*

#### Base Salary

Each Named Executive Officer (as such term is defined below under "Summary Compensation Table – Named Executive Officers") receives a base salary, which constitutes a significant portion of the Named Executive Officer's compensation package. Base salary is recognition for discharging day-to-day duties and responsibilities and reflects the Named Executive Officer's performance over time, as well as that individual's particular experience and qualifications. Each Named Executive Officer's base salary is reviewed by the board of directors of the Administrator (the "**Board**") at the recommendation of the Compensation Committee of the Board (the "**Compensation Committee**") on an annual basis and may be adjusted to take into account performance contributions for the year and to reflect sustained performance contributions over a number of years. The base salary of each Named Executive Officer will reflect the complexity of the Named Executive Officer's role in addition to the amount of industry experience they possess. Salaries will be reviewed annually and compared to industry peers through publicly available documents and available compensation surveys prepared by compensation consultants. Consideration will be given to the growth plans of the Transeastern Group and the objective to attract and retain talented individuals from the industry.

#### Performance Bonus

In addition to receiving a base salary, the Named Executive Officers may be awarded such monetary bonuses as may be determined from time to time by the Board at the recommendation of the Compensation Committee. The amount of the cash award or "bonus" will be determined by reference to a target percentage of base salary. Bonus awards for the Named Executive Officers, excluding the Chief Executive Officer, will be recommended by the Chief Executive Officer and reviewed and approved by the Compensation Committee. Bonus awards for the Chief Executive Officer will be recommended by the Compensation Committee and approved by the Board. Peer performance and practices will also be considered each year in determining the final amounts to be awarded. The targeted bonus percentage for the Named Executive Officers will be 100% of base salary. The performance bonus is intended to link pay to annual performance that will increase Unitholder value. The primary objective of bonus payments is to motivate and reward the Named Executive Officers for meeting the Trust's short-term objectives using a performance-based compensation program.

#### Incentive Plans

The Named Executive Officers and directors of the Administrator are eligible to participate under the Trust's two incentive compensation plans – the restricted trust unit plan (the "**RTU Plan**") and the unit purchase plan (the "**UPP**", together with the RTU Plan, the "**Incentive Plans**"). The Incentive Plans are intended to encourage participants to focus on creating and improving the Trust's long-term financial success by providing participants an opportunity to increase their ownership interests in the Trust. The Board believes that the Incentive Plans align the interests of the Named Executive Officers and the Board with Unitholders by linking a component of executive compensation to the longer term performance of the Units. For greater details on the Incentive Plans, refer to the section entitled "Incentive Plans" below.



### ***Compensation of Directors***

The following table illustrates the compensation structure for the non-executive directors.

<b>Annual Retainer</b>	
Non-executive director	\$40,000
Chairman – Audit and Risk Committee	\$10,000
Chairman – Corporate Governance and Nominating Committee	\$2,500
Chairman – Compensation Committee	\$2,500

In addition to the fees set out above, the Administrator will also reimburse Administrator directors for reasonable out-of-pocket expenses for attending meetings. Officers of the Administrator who also act as directors will not receive any additional compensation for services rendered in such capacity, other than as paid by the Administrator in their capacity as officers.

### ***Compensation Risk***

The Board and, as applicable, the Compensation Committee, considers and assesses the implications of risks associated with the Transeastern Group’s compensation policies and practices and devotes such time and resources as is believed to be necessary in the circumstances. The Transeastern Group’s practice of compensating its officers primarily through a mix of salary and Unit-based awards is designed to mitigate risk by: (i) ensuring the retention of such officers; and (ii) aligning the interests of its officers with the short-term and long-term objectives of the Transeastern Group and its Unitholders. As at the date of this Circular, the Board had not identified risks arising from compensation policies and practices that are reasonably likely to have a material adverse effect on the Transeastern Group.

### ***Financial Instruments***

The Named Executive Officers and directors of the Administrator are prohibited from purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities of the Trust granted as compensation or held, directly or indirectly, by a Named Executive Officer or director.

### ***Compensation Governance***

In order to assist the Board in fulfilling its oversight responsibilities with respect to compensation matters, the Board has established the Compensation Committee and has reviewed and approved the Compensation Committee’s Charter. The Compensation Committee is composed of John Huxley, Amar Bhalla and Joel Strickland. Messrs. Huxley, Bhalla and Strickland are independent as such term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”).

The Compensation Committee meets on compensation matters as and when required with respect to executive compensation. The primary goal of the Compensation Committee as it relates to compensation matters is to ensure that the compensation provided to the Named Executive Officers and the Administrator’s other senior officers is determined with regard to the Transeastern Group’s business strategies and objectives, such that the financial interest of the senior officers is aligned with the financial interest of Unitholders, and to ensure that their compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives. The Compensation Committee is given the authority to engage and compensate any outside advisor that it determines to be necessary to carry out its duties.

As a whole, the members of the Compensation Committee have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Compensation

Committee in making informed decisions on the suitability of the Administrator's compensation policies and practices. Each of the members of the Compensation Committee has extensive experience as a director and/or officer of other public companies, as described under "Particulars of Matters to be Acted Upon - Election of Directors" in this Circular.

### **Management Agreements – Termination and Change of Control Benefits**

Set forth below is a summary of the significant terms of the service agreement with each Named Executive Officer.

#### *Chief Executive Officer*

Mr. J. Colter Eadie, a corporation controlled by Mr. Eadie ("**Eadie Holdings**") and the Administrator, in its capacity as administrator of the Trust, are party to a services agreement, as amended, (the "**CEO Agreement**") whereby the services of Eadie Holdings are provided by Mr. Eadie, who acts as Chief Executive Officer of the Trust. The CEO Agreement is effective indefinitely until it is terminated in accordance with its terms. Pursuant to the CEO Agreement, the Administrator has agreed to pay Eadie Holdings annual base compensation of \$200,000 per year. Eadie Holdings may be awarded such monetary bonus payment as may be determined from time to time by the Board or the Compensation Committee, acting in their sole discretion. The CEO Agreement also provides that Mr. Eadie shall receive benefits and allowances including medical, health and dental coverage for Mr. Eadie and his family, accommodations, child care and schooling for Mr. Eadie's children, up to \$40,000 per calendar year in personal travel expenses for Mr. Eadie and his family and a vehicle allowance.

The CEO Agreement may be terminated by the Administrator at any time (subject to certain conditions) in the event of, among other things, a material breach of the CEO Agreement, gross negligence, wilful or gross misconduct, criminal conviction of Mr. Eadie or Eadie Holdings, theft, fraud dishonesty or misconduct involving the property, business or affairs of the Trust, or material violation of the Transeastern Group's code of conduct by Eadie Holdings or Mr. Eadie. In the event of termination in such cases, the Transeastern Group shall have no further payment obligations to Eadie Holdings or Mr. Eadie except in respect of payment for outstanding annual base compensation and earned but unpaid bonuses.

The CEO Agreement may also be terminated unilaterally by either the Administrator or Eadie Holdings for any reason upon the Administrator providing two months' written notice to Eadie Holdings or by Eadie Holdings providing three months' written notice to the Administrator. In the event of such termination of the CEO Agreement by the Administrator, the Administrator must pay Eadie Holdings a lump sum (the "**CEO Lump Sum Payment**") equal to the annual base compensation and the most recently paid annual bonus. The CEO Agreement will also be terminated if the Unitholders of the Trust do not elect or re-elect Mr. Eadie as a director of the Administrator or if the Unitholders remove Mr. Eadie as a director of the Administrator, in each case at a duly called meeting and following which he shall be entitled to receive the CEO Lump Sum Payment. In the event of unilateral termination by the Trust or if the Unitholders do not re-elect Mr. Eadie, all Unit-based awards and other entitlements pursuant to any security compensation arrangements of the Trust shall immediately and automatically become fully vested and shall be exercisable by, or issuable to, Eadie Holdings or Mr. Eadie within the time period provided for in the applicable security compensation arrangement.

In the event of a change in control of the Trust (as defined in the CEO Agreement), Mr. Eadie may, within 30 days after such event, provide notice to terminate the CEO Agreement and as a result shall be entitled to: (i) the CEO Lump Sum Payment within 15 days of such notice; (ii) the immediate vesting of all Unit-based awards held by Eadie Holdings and Mr. Eadie, which shall be exercisable within the time period provided for in the Incentive Plans; and (iii) Mr. Eadie and Eadie Holdings shall be entitled to a reimbursement of up to \$20,000 for moving costs.

The following are estimates of the incremental amounts payable by the Trust in such circumstances:

	<b>Unilateral termination</b>	<b>Not elected by unitholders</b>	<b>Change in control</b>
Fees/Payment	\$200,000	\$200,000	\$200,000
Incentive Plans	-	-	-
Benefits	-	-	\$20,000
<b>Total Compensation</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$220,000</b>

*Chief Financial Officer*

Mr. Mike Murphy who acts as Chief Executive Officer of the Trust and the Administrator are parties to an executive services agreement (the “**CFO Agreement**”). The CFO Agreement is effective indefinitely until it is terminated in accordance with its terms. Pursuant to the CFO Agreement, the Administrator has agreed to pay Mr. Murphy annual base compensation of \$200,000 per year. Mr. Murphy may be awarded such monetary bonus payments as may be determined from time to time by the Board or the Compensation Committee, acting in their sole discretion. The CFO Agreement also provides that Mr. Murphy shall be entitled to participate in the Incentive Plans or other compensation arrangements of the Trust and to participate in medical and health benefit plans of the Trust.

The CFO Agreement may be terminated by the Administrator at any time (subject to certain conditions) in the event of, among other things, a material breach of the CFO Agreement, gross negligence, wilful or gross misconduct, criminal conviction of Mr. Murphy, theft, fraud dishonesty or misconduct involving the property, business or affairs of the Trust, or material violation of the Transeastern Group’s code of conduct by Mr. Murphy. In the event of termination in such cases, the Trust shall have no further payment obligations to Mr. Murphy except in respect of payment for outstanding annual base compensation and earned but unpaid bonuses.

The CFO Agreement may also be terminated unilaterally by either the Administrator or Mr. Murphy for any reason upon the Administrator providing two months’ written notice to Mr. Murphy or by Mr. Murphy providing three months’ written notice to the Administrator. In the event of such termination of the CFO Agreement by the Administrator, the Administrator must pay Mr. Murphy a lump sum (the “**CFO Lump Sum Payment**”) equal to the 50% of the annual base compensation plus 50% of the most recently paid annual bonus.

In the event of a change in control of the Trust (as defined in the CFO Agreement), Mr. Murphy may, within 30 days after such event, provide notice to terminate the CFO Agreement and as a result shall be entitled to: (i) 100% of the annual base compensation plus 100% of the most recently paid annual bonus; and (ii) the immediate vesting of all Unit-based awards held by Mr. Murphy, which shall be exercisable within the time period provided for in the Incentive Plans.

The following are estimates of the incremental amounts payable by the Trust in such circumstances:

	<b>Unilateral termination</b>	<b>Change in control</b>
Fees/Payment	\$100,000	\$200,000
Incentive Plans	-	-
Benefits	-	-
<b>Total Compensation</b>	<b>\$100,000</b>	<b>\$200,000</b>

*Chief Financial Officer (Former)*

Mr. Ashish Kapoor, a corporation controlled by Mr. Kapoor (“**Kapoor Holdings**”) and the Administrator, in its capacity as administrator of the Trust, were parties to a services agreement (the “**Kapoor Agreement**”) whereby the services of Kapoor Holdings were provided by Mr. Kapoor. Mr. Kapoor acted as the Chief Financial Officer of the Administrator up until his resignation on April 6, 2015. No further payments are owing to Mr. Kapoor pursuant to the terms of the Kapoor Agreement following his resignation.

**Summary Compensation Table – Named Executive Officers**

The following table sets forth the compensation paid or awarded to the following individuals: (i) the Chief Executive Officer; (ii) the Chief Financial Officer; and (iii) the former Chief Financial Officer (collectively, the “**Named Executive Officers**”) for the year ended December 31, 2015 and the period commencing at the date of the formation of the Trust on February 4, 2014 and ended December 31, 2014.

Name and principal position	Year	Salary/Fee (\$) <sup>(1)</sup>	Unit-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	LTIP <sup>(2)</sup>			
J. Colter Eadie, Chief Executive Officer	2015	200,000	-	-	-	-	-	219,634 <sup>(3)</sup>	419,634
	2014	104,053	-	-	-	67,676	-	213,816 <sup>(3)</sup>	385,545
Mike Murphy, Chief Financial Officer <sup>(4)</sup>	2015	153,778	-	-	-	-	-	25,000 <sup>(5)</sup>	178,778
Ashish Kapoor, Former Chief Financial Officer <sup>(4)</sup>	2015	25,000	-	-	-	-	-	-	75,000
	2014	58,333	-	-	-	17,264	-	-	75,597

**Notes:**

- (1) Each NEO is employed by the Administrator.
- (2) The Trust and the Administrator entered into milestone unit agreements (“**Milestone Unit Agreements**”) with certain directors, officers and employees of the Transeastern Group as a result of the dedication of significant time, effort and financial and other resources to assist in the establishment and development of the business of the Transeastern Group and the completion of the initial public offering of the Trust without receiving compensation therefor. The Milestone Unit Agreements are not considered part of the Transeastern Group’s ongoing compensation structure or incentive plans. In 2014, the grant date fair value of the entitlement to receive Units pursuant to the Milestone Unit Agreements awarded to Mr. Eadie and Mr. Kapoor were \$67,676 and \$17,264, respectively. For further details on the Milestone Unit Agreements please refer to the financial statements of the Trust.
- (3) “All other compensation” for Mr. Eadie includes child care and school fee allowance, medical, health and dental coverage, rental allowance and car allowance for Mr. Eadie and his family living in Romania, personal travel expense as well as the grant date fair value of the entitlement to receive Units pursuant to the Milestone Unit Agreements awarded to Mr. Eadie.
- (4) Mr. Kapoor was the Chief Financial Officer of the Administrator from October 22, 2013 until the appointment of Mr. Murphy as Chief Financial Officer on April 6, 2015.
- (5) “All other compensation” for Mr. Murphy includes relocation allowance and temporary accommodation allowance.

***Incentive Plan Awards – Named Executive Officers***

*Outstanding Unit-Based Awards and Option-Based Awards*

The following table sets forth all unit-based and option-based awards outstanding for the Named Executive Officers as of December 31, 2015:

Name	Option-Based Awards				Unit-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of Units or units of Units that have not vested (#)	Market or payout value of unit based awards that have not vested <sup>(1)</sup> (\$)	Market or payout value of vested unit-based awards not paid out or distributed (\$)
J. Colter Eadie	-	-	-	-	-	-	-
Mike Murphy	-	-	-	-	27,416	17,272 <sup>(2)</sup>	-
Ashish Kapoor	-	-	-	-	-	-	-

**Notes:**

- (1) The “market or payout value of unit-based awards that have not vested” is calculated based on the closing price of \$0.63 for the Units on the TSX Venture Exchange (“**TSXV**”) on December 31, 2015 multiplied by the number of Units that have not vested.
- (2) Represents the market value of the Matching Units issuable under the Unit Purchase Plan calculated in accordance with note (1) above. See “Incentive Plans” above for further details.

***Incentive Plans***

*Restricted Trust Unit Plan (RTU Plan)*

The purpose of the RTU Plan is to advance the interests of the Transeastern Group by: (a) increasing the proprietary interests of directors, officers, employees and consultants of the Transeastern Group (“**RTU Participants**”) in the Trust; (b) aligning the interests of RTU Participants with the interests of the Unitholders generally; (c) encouraging RTU Participants to remain associated with the Transeastern Group; and (d) furnishing the RTU Participants with an additional incentive in their efforts on behalf of the Transeastern Group.

Pursuant to the RTU Plan, the Administrator may, in its sole discretion, elect to grant restricted trust units (“**RTUs**”) to RTU Participants in such number, at such times and on such terms and conditions, as the Administrator may, in its sole discretion, determine. Unless otherwise determined by the Administrator at the time of grant, all RTUs will vest in three equal instalments on the first, second and third anniversaries of the date of the grant, subject to other vesting conditions and blackout extensions. All unvested RTUs will generally vest on the occurrence of a Change of Control (as defined in the RTU Plan).

On a date on or before the date which is three years following the end of the year in respect of which the RTUs were granted (the “**RTU Entitlement Date**”), the Trust shall redeem such RTUs and the holder should receive, subject to applicable withholding taxes, for each RTU redeemed either: (a) the cash equivalent of one Unit; or (b) at the election of the Trust, one Unit, which may be issued from treasury or purchased by a designated broker on the TSXV. The determination of the value of the cash equivalent of Units will be determined based upon the volume weighted average trading price of the Units on the TSXV for the last five trading days prior to the date of calculation. A RTU Participant’s RTU account will be credited with additional RTUs in respect of any distributions declared by the Trust on the Units that would have been paid to the RTU Participant if the RTUs in the RTU Participant’s account were outstanding Units during the relevant period.

If any RTUs are redeemed, the number of Units to which such redeemed RTUs relate shall be available for the purpose of granting additional RTUs under the RTU Plan. In addition, if any RTUs expire or terminate for any reason without having been redeemed, any unissued Units to which such RTUs relate shall be available for the purposes of granting additional RTUs under the RTU Plan.

The Administrator will determine the RTU Participants who shall participate under the RTU Plan and the number of RTUs granted to such RTU Participants, provided that: (a) the aggregate number of Units

reserved for issuance under RTUs granted to any one RTU Participant shall not exceed 5% of the issued and outstanding Units at the grant date, calculated on a non-diluted basis; (b) the aggregate number of Units which may be reserved for issuance to “insiders” (as such term is referred to in the policies of the TSXV), under the RTU Plan and all other security-based compensation arrangements of the Trust shall not, in the aggregate, exceed 10% of the issued and outstanding Units at the date of grant, calculated on a non-diluted basis; (c) during any one-year period, the Compensation Committee shall not grant to such insiders, under the RTU Plan and all other security-based compensation arrangements of the Trust, in the aggregate, a number of Units exceeding 10% of the issued and outstanding Units, calculated on a non-diluted basis; and (d) the aggregate number of Units issuable on the settlement of Units outstanding at any time held by directors of the Administrator who are not officers or employees of the Transeastern Group shall be limited to 1% of the issued and outstanding Units.

Subject to termination by reason of death or termination other than for cause and subject to the provisions of any applicable employment or RTU award agreement, unless otherwise determined by the Administrator in its sole discretion, upon the RTU Participant terminating employment with the Transeastern Group for any reason including, without limitation, due to involuntary termination with cause or voluntary termination by the RTU Participant, all RTUs previously credited to such RTU Participant which did not vest on or prior to the RTU Participant’s termination date shall be terminated and forfeited as of the RTU Participant’s termination date. Upon termination by reason of death or termination other than for cause, a proportion of a RTU Participant’s RTUs will vest, with such proportion being determined based upon the RTU Participant’s termination date relative to the date of grant and vesting date.

The Administrator may, at any time, amend, suspend or terminate the RTU Plan, or any portion thereof, or any RTU granted thereunder, without Unitholder approval, subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSXV), if any, that require the approval of Unitholders or any governmental or regulatory body. However, except as expressly set forth in the RTU Plan, no action of the Board or Unitholders shall alter or impair the rights of a RTU Participant under any RTU previously granted to the RTU Participant without the consent of the affected RTU Participant.

Pursuant to the RTU Plan, the number of Units reserved for issuance pursuant to the redemption of RTUs was fixed at 1,104,580 Units. As at the date of this Circular, 225,000 Units, being approximately 0.69% of the currently issued and outstanding number of Units, were issuable pursuant to existing grants of RTUs and a further 879,580 Units, being approximately 2.72% of the currently issued Units, remained issuable under the RTU Plan.

Subject to approval of the Unitholders, the RTU Plan is being amended to increase the maximum aggregate number of Units reserved for issuance from 1,104,580 to 1,600,000. For further information regarding the RTU Plan, see “Particulars of Matters to be Acted Upon – Approval of Amendments to Restricted Trust Unit Plan” in this Circular.

#### *Unit Purchase Plan (UPP)*

The purpose of the UPP is to advance the interests of the Trust by encouraging equity participation in the Trust by the directors, officers and employees of the Transeastern Group. The UPP will permit directors, officers and employees of the Transeastern Group to participate in the UPP Plan once they have completed twelve months of service (the “**Qualifying Participants**”). On June 15 and December 15 of each year, Qualifying Participants will be entitled to purchase Units with an aggregate value of a maximum amount of \$12,500. Accordingly, the maximum amount that will be permitted to be invested by a Qualifying Participant under the UPP in any calendar year is \$25,000. The subscription price of the Units under the UPP will be the market price (as such term is defined in the UPP) prior to the applicable June 15 or December 15 date. The Qualifying Participants will be required to hold the Units purchased under the UPP for a minimum period of three months.

On each of June 15 and December 15, a Qualifying Participant will be entitled to receive a matching number of Units (the “**Matching Units**”) as were subscribed for by such Qualifying Participant at no cost to the Qualifying Participant. The Matching Units will be issued to the Qualifying Participant in equal annual instalments over a three year period following the date of the subscription of the Units by the Qualifying Participant, as long as the Qualifying Participant is a director, officer or employee of the Transeastern Group at that time. No Units will be issued under the UPP at any time to any insider of the Transeastern Group if such issuance could result at any time in: (i) the number of Units issued to insiders pursuant to the UPP within any one year period exceeding 10% of the outstanding Units; or (ii) the number of Units issuable to insiders at any time pursuant to the UPP exceeding 10% of the outstanding Units.

Under the UPP, the Trust may issue Units to Qualifying Participants who meet certain conditions as set out in the UPP. The Board has the ability, in its discretion, to provide Units to Qualifying Participants under the UPP through open market purchases as well as through issuances from treasury.

If and whenever at any time the Trust shall: (i) subdivide or redivide the outstanding Units into a greater number of Units; (ii) reduce, combine or consolidate the outstanding Units into a smaller number of Units; or (iii) issue Units or securities convertible into Units to the holders of all or substantially all of the outstanding Units by way of a dividend or distribution (other than the issue of securities to holders of Units who have elected to receive dividends or distributions in the form of securities of the Trust under the DRIP in the ordinary course), an appropriate and proportionate adjustment shall be made by the Board, in its discretion, to: (a) the aggregate number of Units reserved for issuance under the UPP; and (b) the number of Matching Units issuable to Qualifying Participants. Determinations by the Board as to what adjustments shall be made, and the extent thereof, are subject to any necessary approvals of the TSXV.

The Trust shall not be obligated to issue fractional Units in satisfaction of any of its obligations under the UPP. In the event that a “take-over bid” (within the meaning of applicable Canadian securities laws) is made for all of the issued and outstanding Units, then all Matching Units which have not yet been earned by Qualifying Participants as of the date of the bid will be deemed to have been earned and the Trust will immediately issue and deliver such Matching Units to each Qualifying Participant. In the event that a take-over bid is made for a portion of the issued and outstanding Units, the Board may, in its discretion, determine that all Matching Units which have not yet been earned by Qualifying Participants as of the date of the bid will be deemed to have been earned and the Trust will immediately issue and deliver such Matching Units to each Qualifying Participant. Subject to any required TSXV or Unitholder approvals, the UPP may be amended from time to time by the Board although such changes cannot impair existing entitlements.

The total number of Units reserved for issuance from treasury under the UPP is 1,104,580 Units. As at the date of this Circular, an aggregate of 63,307 Units, being approximately 0.20% of the currently issued and outstanding number of Units, have been purchased pursuant to the UPP and 63,307 Matching Units, being approximately 0.20% of the currently issued and outstanding number of Units, are issuable subject to the vesting provisions of the UPP.

Subject to approval of the Unitholders, the UPP is being amended to increase the maximum aggregate number of Units reserved for issuance from 1,104,580 to 1,600,000. For further information regarding the Unit Purchase Plan, see “Particulars of Matters to be Acted Upon – Approval of Amendments to Unit Purchase Plan” in this Circular.

## Director Compensation

### Director Compensation Table

The following table sets forth all amounts of compensation provided to the directors of the Administrator (other than directors who are also Named Executive Officers) during the fiscal year ended December 31, 2015:

Name <sup>(1)</sup>	Fees Earned (\$) <sup>(2)</sup>	Unit-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$) <sup>(3)</sup>	Total (\$)
Ravi Sood	125,000	-	-	-	-	-	125,000
John M. H. Huxley	40,000	-	-	-	-	-	40,000
Amar Bhalla <sup>(4)</sup>	15,000	-	-	-	-	-	15,000
Joel Strickland	35,000	-	-	-	-	-	35,000
Petru Lificiu <sup>(5)</sup>	15,000	-	-	-	-	-	15,000

#### Notes:

- Information regarding compensation paid to Mr. Eadie is set out above under “Summary Compensation Table – Named Executive Officers”.
- To date, no director has received any fees earned during the fiscal year ended December 31, 2015. Accrued but unpaid fees are a non-interest bearing liability of the Trust.
- The Trust and the Administrator entered into Milestone Unit Agreements with certain directors, officers and employees of the Transeastern Group as a result of the dedication of significant time, effort and financial and other resources to assist in the establishment and development of the business of the Transeastern Group and the completion of the initial public offering of the Trust without receiving compensation therefor. The grant date fair value of the milestone units awarded is included in “all other compensation”. The Milestone Unit Agreements are not considered part of the Transeastern Group’s ongoing compensation structure or incentive plans. For further details on the Milestone Unit Agreements please refer to the financial statements of the Trust.
- Mr. Bhalla became a director effective June 24, 2015.
- Mr. Lificiu resigned as a director effective June 24, 2015.

### Incentive Plan Awards - Outstanding Unit-Based Awards and Option-Based Awards

The following table sets forth all awards outstanding for each of the directors of the Administrator (other than directors who are also Named Executive Officers) as of December 31, 2015:

Name <sup>(1)</sup>	Option-Based Awards				Unit-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of Units or units of Units that have not vested (#)	Market or payout value of unit-based awards that have not vested <sup>(2)</sup> (\$)	Market or payout value of vested unit-based awards not paid out or distributed (\$)
Ravi Sood	-	-	-	-	-	-	-
John M. H. Huxley	-	-	-	-	35,891	22,611 <sup>(3)</sup>	-
Amar Bhalla <sup>(4)</sup>	-	-	-	-	-	-	-
Joel Strickland	-	-	-	-	-	-	-
Petru Lificiu <sup>(5)</sup>	-	-	-	-	-	-	-



**Notes:**

- (1) Information regarding the incentive plan awards of Mr. Eadie is set out above under “Incentive Plan Awards – Named Executive Officers”.
- (2) The “market or payout value of unit-based awards that have not vested” is calculated based on the closing price of \$0.63 for the Units on the TSXV on December 31, 2015 multiplied by the number of Units that have not vested.
- (3) Represents the market value of the Matching Units issuable under the Unit Purchase Plan calculated in accordance with note (2) above. See “Incentive Plans” above for further details.
- (4) Mr. Bhalla became a director effective June 24, 2015.
- (5) Mr. Lificiu resigned as a director effective June 24, 2015.

***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth the value of all incentive plan awards vested or earned by each director of the Administrator (other than directors who are also named Executive Officers) during the year ended December 31, 2015. There were no awards of RTUs to directors of the Administrator (other than directors who are also named Executive Officers) made under the RTU Plan in 2015.

Name <sup>(1)</sup>	Option-based awards – Value vested during the year (\$)	Unit-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Ravi Sood	-	-	-
John M. H. Huxley	-	30,000	-
Amar Bhalla <sup>(3)</sup>	-	-	-
Joel Strickland	-	25,000	-
Petru Lificiu <sup>(4)</sup>	-	20,000	-

**Notes:**

- (1) Information regarding the incentive plan awards of Mr. Eadie is set out above under “Incentive Plan Awards – Named Executive Officers”.
- (2) Non-executive directors settled accrued but unpaid director fees earned in the fiscal year ended December 31, 2014 in the form of RTUs. See “Restricted Trust Unit Plan”.
- (3) Mr. Bhalla became a director effective June 24, 2015.
- (4) Mr. Lificiu resigned as a director effective June 24, 2015.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table provides information regarding the number of Units to be issued: (i) pursuant to the RTU Plan; and (ii) pursuant to the Unit Purchase Plan as at December 31, 2015:

Plan Category	Number of Units to be issued pursuant to RTU Plan and UPP Plan	Weighted-average exercise price of Units to be issued pursuant to RTU Plan and UPP Plan	Number of Units remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	225,000 <sup>(1)</sup>	N/A	879,580 <sup>(1)</sup>
	126,614 <sup>(2)</sup>	N/A	977,966 <sup>(2)</sup>
Equity compensation plans not approved by security holders	-	-	-
Total	351,614		1,857,546

**Notes:**

- (1) Represents RTUs issuable and available for issuance pursuant to the RTU Plan. See “Incentive Plans” above for further details.
- (2) Represents the Units and Matching Units issuable pursuant to the UPP. See “Incentive Plans” above for further details.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular, no individual who is an executive officer, director, employee or former executive officer, director or employee of the Transeastern Group is indebted to the Administrator, the Trust or any subsidiary of the Transeastern Group pursuant to the purchase of securities or otherwise.

No individual who is, or at any time during the financial period ended December 31, 2015 was, a director or executive officer of the Transeastern Group, a proposed management nominee for election as a director of the Transeastern Group, or an associate of any such director, executive officer or proposed nominee, was indebted to any entity in the Transeastern Group during the financial period ended December 31, 2015 or as at the date of this Circular in connection with security purchase programs or other programs.

## REPORT ON CORPORATE GOVERNANCE

Maintaining a high standard of corporate governance is a priority for the Board and the Management as both believe that effective corporate governance will help create and maintain Unitholder value in the long term. A description of the Transeastern Group's corporate governance practices, which addresses the matters set out in NI 58-101, is set out in Schedule "A" to this Circular.

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee's primary purpose is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting and accounting compliance, the audit process and processes for identifying, evaluating and monitoring Management's principal risks impacting financial reporting. The committee also assists the Board with the oversight of financial strategies and overall risk management.

The Audit and Risk Committee is composed of John M. H. Huxley (Chair), Joel Strickland and Amar Bhalla, each of whom is a director of the Administrator. In accordance with TSXV Policy 3.1, the majority of the Audit and Risk Committee are not employees, Control Persons (as defined by the rules and policies of the TSXV) or officers of the Administrator. All of the members of the Audit and Risk Committee are "independent" as such term is defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110"). The Administrator is of the opinion that all three members of the Audit and Risk Committee are "financially literate" as such term is defined in NI 52-110. A copy of the charter of the Audit and Risk Committee (the "**Audit Committee Charter**") is attached as Schedule "B" to this Circular.

### Relevant Education and Experience

All the members of the Audit and Risk Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Trust's financial statements.

**John M. H. Huxley** was most recently a principal of Algonquin Management Inc. and was the manager of the Algonquin Power Income Fund from 1997 until his retirement in 2006. Prior to that, he was the President of Algonquin Power Corporation. He has been on the board of directors of Kinross Gold Corporation since 1993, currently serving as the Chair of the governance committee and serving on both the audit and compensation committees.

**Joel Strickland** is a graduate of the Richard Ivey School of Business HBA program. Mr. Strickland has held senior executive roles with a number of companies and was previously a fixed-income trader, holding progressively senior positions at investment banks in Toronto and New York. Mr. Strickland

serves on the audit committee of Feronia Inc. and the Canadian Securities Exchange and was Chairman and previously served on the audit committee of Zaid Corporation.

**Amar Bhalla** is the President of Capit Investment Corp., an investment management firm focused on private equity and venture capital. He has served as a member of the audit committee of a number of other reporting issuers. Mr. Bhalla received his C.F.A. designation in September 2004 and received his B.A. degree from McGill University in June 1999.

#### Audit Committee Oversight

At no time since the commencement of the Trust's most recently completed financial period have any recommendations by the Audit and Risk Committee respecting the appointment and/or compensation of the Trust's external auditors not been adopted by the Board.

#### Reliance on Certain Exemptions

At no time since the commencement of the Trust's most recently completed financial period has the Trust relied on exemptions in relation to "De Minimis Non-audit Services" or any exemption provided by Part 8 of NI 52-110.

#### Pre-Approval Policies and Procedures

Pursuant to the terms of the Audit and Risk Committee Charter, the Audit and Risk Committee shall pre-approve all non-audit services to be provided to the Trust or its subsidiary entities by the Trust's external auditor.

#### External Auditor Service Fees (By Category)

The following table sets forth the aggregate fees billed by the Transeastern Group's external auditors during the fiscal years ended December 31, 2015 and December 31, 2014:

<b>Financial Period Ending</b>	<b>Audit Fees<sup>(1)</sup> (\$)</b>	<b>Audit Related Fees<sup>(2)</sup> (\$)</b>	<b>Tax Fees<sup>(3)</sup> (\$)</b>	<b>All Other Fees<sup>(4)</sup> (\$)</b>
December 31, 2015	195,750	-	-	100,000
December 31, 2014	194,250	-	18,500	434,000

#### **Notes:**

- (1) The aggregate fees billed by external auditors for professional services rendered for the audit of the consolidated financial statements of the Transeastern Group.
- (2) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Trust's financial statements and are not reported as "Audit fees".
- (3) The aggregate fees, billed by external auditors for the preparation of corporate tax returns, tax compliance, tax advice and tax planning services.
- (4) The aggregate fees, billed by external auditors for services rendered to the Transeastern Group, other than the services described above. These services include work related to the Trust's initial public offering and the acquisition of Mediterranean Resources Ltd..

#### Exemption

The Trust is relying upon the exemption in section 6.1 of NI 52-110.

### **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed below, no "informed person" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or proposed nominee for election as a director of the Administrator

or any associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction in which the Trust has participated since the commencement of the Trust's most recently completed financial period or in any proposed transaction which has materially affected or will materially affect the Trust.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **1. Election of Directors of the Administrator**

Pursuant to the terms of the Voting Agreement, the Administrator Shareholder will vote its shares of the Administrator at the direction of the Unitholders, as communicated by the Trustee as agent for the Unitholders, with regard to, among other things, the election of the Administrator Directors. See "Voting Agreement" as summarized in the Prospectus for further details.


Management of the Administrator has nominated five directors for election at the Meeting, namely Ravi Sood, J. Colter Eadie, John M. H. Huxley, Joel Strickland and Amar Bhalla. Each director elected will hold office until the next annual meeting of Unitholders or until his successor is duly elected or appointed.


**UNITS REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF EACH OF THE PROPOSED NOMINEES UNLESS A UNITHOLDER HAS SPECIFIED IN HIS, HER OR ITS PROXY THAT HIS, HER OR ITS UNITS ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES.**


**MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF SUCH NOMINEES WILL BE UNABLE TO SERVE AS DIRECTORS. HOWEVER, IF FOR ANY REASON, ANY OF THE PROPOSED NOMINEES DO NOT STAND FOR ELECTION OR ARE UNABLE TO SERVE AS SUCH, PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE UNITHOLDER HAS SPECIFIED IN HIS, HER OR ITS PROXY THAT HIS, HER OR ITS UNITS ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.**


### ***Director Nominee Profiles***


The following tables set out certain information as at the date of this Circular (unless otherwise indicated) with respect to the persons being nominated at the Meeting for election as directors. Information regarding Units owned by each director is presented to the best knowledge of Management and has been furnished to Management by such directors. Information regarding Board and committee meeting attendance is presented for meetings held in 2015.

RAVI SOOD		Principal Occupation and Biography		
 <p>Ontario, Canada Director Since: October 2013 <b>NOT INDEPENDENT</b></p>		<p>Mr. Sood is the Chairman of the Trust. Since September 2010, he has been the Chairman of Feronia Inc. (TSXV), an agricultural company focused on the production of palm oil in the Democratic Republic of the Congo. Since August 30, 2011 he has been the Chairman of Galane Gold Ltd. (TSXV), a gold producing company with operations in Botswana. He was previously the chief executive officer of Navina Asset Management Inc., a global asset management firm headquartered in Toronto, Canada, where he led the investment activities of Navina and its predecessor company, Lawrence Asset Management Inc., since its founding in 2001. Mr. Sood has been a founder of and the principal investor in several businesses and currently serves as a director of several public and private companies operating in the mining, energy and oil &amp; gas sectors. Mr. Sood was educated at the University of Waterloo (B. Math.) where he was a Descartes Fellow and the recipient of numerous national awards.</p>		
Current Board/Committee Membership	Attendance	Attendance (Total)		Other Public Board Memberships
Member of the Board	12 of 13	17 of 18	94%	Galane Gold Ltd. (TSXV)
Member of the Audit Committee	3 of 3			Feronia Inc. (TSXV)
Member of the Corporate Governance and Nominating Committee	1 of 1			Carlaw Capital V Corp. (TSXV)
Member of the Compensation Committee	1 of 1			
Member of the Disclosure Committee	0 of 0			
<b>Number of Units Beneficially Owned, Controlled or Directed</b>				1,714,815

J. COLTER EADIE		Principal Occupation and Biography		
 <p>Bucharest, Romania Director Since: October 2013 <b>NOT INDEPENDENT</b></p>		<p>Mr. Eadie is the Chief Executive Officer of the Trust. He previously led the acquisition, development and/or approval of over 300 Acres in Southwestern Ontario and has carried out the master planning for over 1,200 homes and 50,000 sq. ft. of commercial space. Following this, he spent time as a real estate asset advisor; projects included advising a Tier 1 German Bank with headquarters in Munich in the disposition of a €70 million asset and advising on the refinancing of a US\$620 million hotel in downtown Las Vegas. Mr. Eadie spent two years developing a project pipeline through Romania and Eastern Europe and has extensive knowledge of the Romanian power sector.</p>		
Current Board/Committee Membership	Attendance	Attendance (Total)		Other Public Board Memberships
Member of the Board	13 of 13	13 of 13	13%	None
Member of the Disclosure Committee	0 of 0			
<b>Number of Units Beneficially Owned, Controlled or Directed</b>				-

<b>JOHN M. H. HUXLEY</b>		<b>Principal Occupation and Biography</b>		
 Ontario, Canada Director Since: October 2013 <b>INDEPENDENT</b>		Mr. Huxley was most recently a Principal of Algonquin Management Inc., and a manager of the Algonquin Power Income Fund, from 1997 until his retirement in 2006. Prior to that, he was the President of Algonquin Power Corporation, a builder, developer and operator of hydroelectric generating facilities in Canada and the United States. He holds a Bachelor of Laws degree from Osgoode Hall Law School. He is also a member of the Institute of Corporate Directors. He has been on the board of directors of Kinross Gold Corporation since 1993, serves as the Chairman of its governance committee and sits on both its audit and compensation committees. Mr. Huxley was also a director of Elgin Mining Inc. from 2008 until its sale in 2014 and the Chairman of its board from 2012 to 2014.		
<b>Current Board/Committee Membership</b>	<b>Attendance</b>	<b>Attendance (Total)</b>		<b>Other Public Board Memberships</b>
Member of the Board	11 of 13	17 of 19	89%	Kinross Gold Corporation (TSX, NYSE)
Member of the Audit Committee (Chair)	4 of 4			
Member of the Corporate Governance and Nominating Committee	1 of 1			
Member of the Compensation Committee	1 of 1			
<b>Number of Units Beneficially Owned, Controlled or Directed</b>				35,891

<b>JOEL STRICKLAND</b>		<b>Principal Occupation and Biography</b>		
 Ontario, Canada Director Since: October 2013 <b>INDEPENDENT</b>		Mr. Strickland is a consultant who has substantial operational experience in Africa, including as founder and President of Buchanan Renewables Fuel Inc., a company that operated in Liberia, West Africa. Prior to founding Buchanan, Mr. Strickland held senior executive roles with a number of companies. He was also previously a fixed-income trader, holding progressively senior positions at investment banks in Toronto and New York. Mr. Strickland is also currently a director of Feronia Inc. and the Canadian Securities Exchange. Mr. Strickland is a graduate of the Richard Ivey School of Business HBA program.		
<b>Current Board/Committee Membership</b>	<b>Attendance</b>	<b>Attendance (Total)</b>		<b>Other Public Board Memberships</b>
Member of the Board	11 of 13	17 of 19	89%	Feronia Inc. (TSXV)
Member of the Audit Committee	4 of 4			
Member of the Corporate Governance and Nominating Committee	1 of 1			
Member of the Compensation Committee (Chair)	1 of 1			
<b>Number of Units Beneficially Owned, Controlled or Directed</b>				-

AMAR BHALLA		Principal Occupation and Biography		
 Ontario, Canada Director Since: N/A <b>INDEPENDENT</b>		Mr. Bhalla is the President of Capit Investment Corp., an investment management firm focused on private equity and venture capital. He was also a partner at HB Investments Ltd., a firm focused on developing structured products for the retail marketplace. He previously served as Chief Executive Officer of Crescent Logic Inc., a Toronto-based software firm. Mr. Bhalla is the founder of: Carlaw Capital Corp., now Buffalo Coal Corp., a coal mining company which is listed on the TSX; Carlaw Capital II Corp., now ProntoForms Corporation, a mobile data solutions company which is listed on the TSXV; Carlaw Capital III Corp., now Galane Gold Ltd., a gold mining company which is listed on the TSXV; Carlaw Capital IV Inc., now OneRoof Energy Group, Inc., a solar services provider which is listed on the TSXV; and Carlaw Capital V Corp., a capital pool company. Mr. Bhalla received his C.F.A. designation in September 2004 and received his B.A. degree from McGill University in June 1999.		
Current Board/Committee Membership	Attendance	Attendance (Total)		Other Public Board Memberships
Member of the Board	5 of 6	6 of 7	86%	Carlaw Capital V Corp. (TSXV) Galane Gold Ltd. (TSXV) ProntoForms Corporation (TSXV)
Member of the Audit Committee	1 of 1			
Member of the Corporate Governance and Nominating Committee	0 of 0			
Member of the Compensation Committee	0 of 0			
Member of the Disclosure Committee	0 of 0			
<b>Number of Units Beneficially Owned, Controlled or Directed</b>				101,000

#### Corporate Cease Trade Orders

Except as disclosed herein, to the knowledge of the Trust, no proposed director is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any issuer (including the Trust) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant issuer access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such issuer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such issuer.

Ravi Sood and Amar Bhalla were directors of TriNorth Capital Inc., a reporting issuer that became subject to a cease trade order issued by the Ontario Securities Commission on May 19, 2010 as a result of the failure to file audited annual financial statements for the financial year ended December 31, 2009, the related management’s discussion and analysis and the certification of the foregoing filings when due as required by National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings. The order was revoked on July 6, 2010.

Mr. John Huxley was a director of Kinross Gold Corporation, a reporting issuer, and was subject to a management cease trade order issued by the Ontario Securities Commission on April 14, 2005 which superseded a temporary management cease trade order dated April 1, 2005 as a result of a failure of the company to file audited financial statements for the year ended December 31, 2004. The missed filings resulted from questions raised by the Securities and Exchange Commission about certain accounting practices related to the accounting for goodwill. The management cease trade order was lifted on

February 22, 2006 when Kinross Gold Corporation completed the necessary filings following the SEC's acceptance of the company's accounting treatment for goodwill.

The foregoing information, not being within the knowledge of the Trust, has been furnished by the proposed directors.

Bankruptcies, or Penalties or Sanctions

To the knowledge of the Trust, no proposed director:

- (a) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any issuer (including the Trust) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (d) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The foregoing information, not being within the knowledge of the Trust, has been furnished by the proposed directors.

**2. Appointment of Auditor**

Pursuant to the terms of the Voting Agreement, the Administrator Shareholder will vote its shares of the Administrator at the direction of the Unitholders, as communicated by the Trustee as agent for the Unitholders, with regard to, among other things, the appointment of the Trust's auditor. See "Voting Agreement" as summarized in the Prospectus for details.

Management proposes to nominate Ernst & Young LLP, Chartered Accountants, Licensed Public Accountants, which firm has been auditor of the Trust since inception, as auditor of the Trust to hold office until the next annual meeting of Unitholders.

**UNITS REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF ERNST & YOUNG LLP, CHARTERED ACCOUNTANTS, LICENSED PUBLIC ACCOUNTANTS, AS AUDITOR OF THE TRUST AND THE AUTHORIZING OF THE DIRECTORS OF THE ADMINISTRATOR TO FIX ITS REMUNERATION, UNLESS THE UNITHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS UNITS ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.**



### 3. **Approval of Amendments to Restricted Trust Unit Plan**

On May 10, 2016, the Board adopted an amendment to the Trust's RTU Plan, subject to and effective upon receipt of all necessary regulatory and other approvals, which will increase the number of Units that may be reserved for issuance pursuant to the RTU Plan from 1,104,580 to 1,600,000. The purpose of the amendment to the RTU Plan is to advance the interests of the Trust by enabling RTU Participants to continue to participate in any increase in value of the Units.

Under the policies of the Exchange, the RTU Plan amendment must be approved by the "disinterested unitholders" of the Trust prior to becoming effective. For the purposes of the policies of the Exchange, "disinterested unitholder" approval requires the approval of a majority of votes cast at a Unitholders' meeting other than votes attaching to securities beneficially owned by insiders to whom Units may be issued pursuant to the RTU Plan and their associates.

The text of the amended RTU Plan is attached as Schedule "C" to this Circular. The amended RTU Plan is subject to the approval of the Exchange. The board of directors has unanimously approved the amended RTU Plan and recommends that the "disinterested" unitholders vote FOR the amended RTU Plan.

The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

"WHEREAS the policies of the TSX Venture Exchange require disinterested unitholder approval to increase the number of Units that may be reserved for issuance pursuant to the restricted trust unit plan of the Trust (the "**RTU Plan**");

RESOLVED THAT:

1. the proposed amendment to the RTU Plan to increase the maximum number of trust units in the capital of the Trust ("**Units**") that may be reserved for issuance pursuant to the RTU Plan from 1,104,580 to 1,600,000 is hereby authorized and approved; and
2. any one officer and director of the Administrator is hereby authorized for and on behalf of the Trust to execute and deliver all such instruments and documents and to do all such acts and things as may be necessary to effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

**UNITS REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE RESOLUTION TO APPROVE THE AMENDMENTS TO THE RTU PLAN IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE UNITHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST BY DISINTERESTED UNITHOLDERS AT THE MEETING IS SUFFICIENT FOR THE APPROVAL OF THE AMENDMENTS TO THE RTU PLAN.**

### 4. **Approval of Amendments to Unit Purchase Plan**

On May 10, 2016, the Board adopted an amendment to the Trust's UPP, subject to and effective upon receipt of all necessary regulatory and other approvals, which will increase the number of Units that may be reserved for issuance pursuant to the UPP from 1,104,580 to 1,600,000. The purpose of the amendment to the UPP is to advance the interests of the Trust by enabling Qualifying Participants to continue to participate in any increase in value of the Units.

Under the policies of the Exchange, the UPP amendment must be approved by the "disinterested unitholders" of the Trust prior to becoming effective. For the purposes of the policies of the Exchange,

“disinterested unitholder” approval requires the approval of a majority of votes cast at a Unitholders’ meeting other than votes attaching to securities beneficially owned by insiders to whom Units may be issued pursuant to the UPP and their associates.

The text of the amended UPP is attached as Schedule “D” to this Circular. The amended UPP is subject to the approval of the Exchange. The board of directors has unanimously approved the amended UPP and recommends that the “disinterested” unitholders vote FOR the amended UPP.

The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

“WHEREAS the policies of the TSX Venture Exchange require disinterested unitholder approval to increase the number of Units that may be reserved for issuance pursuant to the unit purchase plan of the Trust (the “UPP”);

RESOLVED THAT:

1. the proposed amendment to the UPP to increase the maximum number of trust units in the capital of the Trust (“Units”) that may be reserved for issuance pursuant to the UPP from 1,104,580 to 1,600,000 is hereby authorized and approved; and
2. any one officer and director of the Administrator is hereby authorized for and on behalf of the Trust to execute and deliver all such instruments and documents and to do all such acts and things as may be necessary to effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**UNITS REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE RESOLUTION TO APPROVE THE AMENDMENTS TO THE UNIT PURCHASE PLAN IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE UNITHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST BY DISINTERESTED UNITHOLDERS AT THE MEETING IS SUFFICIENT FOR THE APPROVAL OF THE AMENDMENTS TO THE UNIT PURCHASE PLAN.**

## 5. **Approval of Unit Option Plan**

### *Summary of Unit Option Plan*

The proposed unit option plan of the Trust (the “Unit Option Plan”) provides that the Board may from time to time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and consultants of the Trust and its affiliates, non-transferable options to purchase Units for a period of up to ten years from the date of grant. The number of Units reserved for issuance pursuant to the Unit Option Plan shall be 3,200,000, being approximately 10% of the total issued and outstanding Units as of the date of this Circular.

The purpose of the Unit Option Plan, pursuant to which the Trust may grant incentive unit options, is to promote the profitability and growth of the Trust by facilitating the efforts of the Trust to obtain and retain key individuals. The Unit Option Plan provides an incentive for and encourages ownership of the Units by its key individuals so that they may increase their stake in the Trust and benefit from increases in the value of the Units. Pursuant to the Unit Option Plan, the maximum number of Units reserved for issuance in any 12 month period to any one optionee other than a consultant may not exceed 5% of the issued and outstanding Units at the date of the grant. The maximum number of Units reserved for issuance in any 12 month period to any consultant may not exceed 2% of the issued and outstanding Units

at the date of the grant and the maximum number of Units reserved for issuance in any 12 month period to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding number of Units at the date of the grant. Incentive unit options may be exercised until the earlier of: (a) the expiry time of such option; and (b) 90 days (or such other period as may be determined by the Board, provided such period is not more than one year) following the date the optionee ceases to be a director, officer or employee of the Trust or its affiliates or a consultant or a management company employee, provided that if the cessation of such position or arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Notwithstanding the foregoing, in the event of termination for cause, all options held by such terminated optionee will be cancelled immediately. In the event that the Trust becomes listed on the Toronto Stock Exchange, the Unit Option Plan provides that the Board may grant options which allow an optionee to elect to exercise its option on a “cashless basis”, whereby the optionee, instead of making a cash payment for the aggregate exercise price, shall be entitled to be issued such number of Units equal to the number which results when: (i) the difference between the aggregate Fair Market Value of the Units underlying the option and the aggregate exercise price of such option is divided by (ii) the Fair Market Value of each Unit. “Fair Market Value” as defined in the Unit Option Plan means the closing price as reported by the Toronto Stock Exchange (in the event that the Trust becomes listed on the Toronto Stock Exchange) on the last trading day immediately preceding the exercise date. Options may be granted with a maximum expiry term of 10 years.

#### *Approval of the Unit Option Plan*

Under the policies of the TSXV, the Unit Option Plan must be approved by the “disinterested unitholders” of the Trust prior to becoming effective. For the purposes of the policies of the Exchange, “disinterested unitholders” approval requires the approval of a majority of votes cast at a unitholders’ meeting other than votes attaching to securities beneficially owned by insiders to whom Units may be issued pursuant to the Unit Purchase Plan and their associates.

The text of the proposed Unit Option Plan is attached as Schedule “E” to this Circular. The proposed Unit Option Plan is subject to the approval of the TSXV. The Board has unanimously approved the Unit Option Agreement and recommends that the “disinterested” unitholders vote FOR the Unit Option Plan.

The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

“WHEREAS the policies of the TSX Venture Exchange require disinterested unitholder approval for the adoption of a unit option plan of the Trust (the “**Unit Option Plan**”);

RESOLVED THAT:

1. the Unit Option Plan, in the form attached as Schedule “E” to the management information circular of the Trust dated May 10, 2016, is hereby authorized and approved; and
2. any one officer and director of the Administrator be and is hereby authorized for and on behalf of the Trust to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual’s discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**UNITS REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE RESOLUTION TO APPROVE THE UNIT OPTION PLAN IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE UNITHOLDER**

**APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST BY DISINTERESTED UNITHOLDERS AT THE MEETING IS SUFFICIENT FOR THE APPROVAL OF THE UNIT OPTION PLAN.**

**INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No person or company who is, or at any time during the financial period ended December 31, 2015 was, a director or executive officer of the Trust, a proposed management nominee for election as a director of the Trust, or an associate or affiliate of any such director, executive officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors.

**ADDITIONAL INFORMATION**

Additional information relating to the Trust is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Trust's audited financial statements and Management's Discussion and Analysis ("**MD&A**") for the financial period ended December 31, 2015. In addition, copies of the Trust's annual financial statements and MD&A and this Circular may be obtained upon request to the Trust. The Trust may require the payment of a reasonable charge if the request is made by a person who is not a Unitholder of the Trust.

**APPROVAL OF BOARD**

The contents of this Circular and the sending of it to each director of the Administrator, to the auditor of the Trust, to the Unitholders and to the appropriate governmental agencies, have been approved by the Board.

Dated: May 10, 2016

*"Ravi Sood"*

Ravi Sood  
Chairman

**SCHEDULE “A”  
STATEMENT OF GOVERNANCE PRACTICES**

<b>Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 (“NI 58-101”)</b>	<b>Comments</b>
<b>Board of Directors</b>	
<p>1. Board of Directors—Disclose how the board of directors (the “<b>Board</b>”) of Transeastern Power Administrator Inc. (the “<b>Administrator</b>”), administrator of the Transeastern Power Trust (the “<b>Trust</b>”), facilitates its exercise of independent supervision over management, including:</p> <p>(i) the identity of directors that are independent, and</p> <p>(ii) the identity of directors who are not independent, and the basis for that determination.</p>	<p>The Board currently consists of a total of five directors of which Messrs. John M. H. Huxley, Joel Strickland and Amar Bhalla are considered “independent”, as such term is defined in NI 58-101.</p> <p>Messrs. Ravi Sood and J. Colter Eadie are not considered independent as they are executive officers of the Trust.</p>
<p>2. Directorships—If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>Please refer to the accompanying management information circular dated May 10, 2016 (the “<b>Circular</b>”) under the heading “Particulars of Matters to be Acted Upon - Election of Directors”.</p>
<b>Orientation and Continuing Education</b>	
<p>3. Describe what steps, if any, the Board takes to orient new Board members, and describe any measures the Board takes to provide continuing education for directors.</p>	<p>The orientation and continuing education of the Administrator Directors is the responsibility of the Corporate Governance and Nominating Committee. The details of the orientation of new Administrator Directors will be tailored to their needs and areas of expertise and will include the delivery of written materials and participation in meetings with management and Administrator Directors. The focus of the orientation program will be on providing new Administrator Directors with: (a) information about the duties and obligations of directors; (b) information about the Trust’s and Transeastern Group’s strategy, business and operations, including the Trust’s indirect investment in the Projects; (c) the expectations of Administrator Directors; (d) opportunities to meet with management and any other senior employees or consultants designated for this purpose; and (e) access to documents from recent meetings of the Board.</p> <p>The Administrator Directors have all been chosen for their specific knowledge, qualifications and expertise. All Administrator Directors will be provided with materials relating to their duties, roles and responsibilities. In addition, Administrator Directors will be kept informed as to matters impacting, or which may impact, the operations of the Trust’s subsidiaries through reports and presentations by internal and external presenters at meetings of the Board, and during periodic strategy sessions held by the Board. All Board members are fluent in English.</p>

Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 (“NI 58-101”)	Comments
<b>Ethical Business Conduct</b>	
4. Describe what steps, if any, the Board takes to encourage and promote a culture of ethical business conduct.	The Board is responsible for promoting an ethical business culture and fostering an environment that places an emphasis on compliance. The Board has adopted a written Code of Business Conduct which guides overall behaviour of the Board. The Board monitors compliance, including through receipt by the Audit and Risk Committee of reports of unethical behaviour. To ensure that an ethical business culture is maintained and promoted, directors are encouraged to exercise their independent judgment. If a director has a material interest in any transaction or agreement that the Trust proposes to enter into, such director is expected to disclose such interest to the Board in compliance with the applicable laws, rules and policies which govern conflicts of interest in connection with such transaction or agreement. Further, any director who has a material interest in any proposed transaction or agreement will be excluded from the portion of the Board meeting concerning such matters and will be further precluded from voting on such matters.
<b>Nomination of Directors</b>	
5. Disclose what steps, if any, are taken to identify new candidates for Board nomination, including: (i) who identifies new candidates, and (ii) the process of identifying new candidates.	The Corporate Governance and Nominating Committee is responsible for the identification and assessment of potential directors. Pursuant to its Charter, new candidates for nomination to the Board will be identified and selected having regard to the strengths and constitution, as well as the needs, of the Board. The Corporate Governance and Nominating Committee will be responsible for determining the size of the Board and its composition, identifying the skills, experience and capability required by the Board to discharge its oversight responsibilities, organizing the process for recruiting new members of the Board and providing orientation to such members and structuring the membership of committees of the Board.
<b>Compensation</b>	
6. Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including: (i) who determines compensation, and (ii) the process of determining compensation.	The process undertaken by the Board and the Compensation Committee in respect of compensation is more fully described in the “Compensation Discussion and Analysis” section of the accompanying Circular.
<b>Other Board Committees</b>	
7. If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Disclosure Committee of the Board is responsible for overseeing the Trust’s disclosure practices. The Committee will apply its best judgment in determining the appropriate disclosure for the Trust of any particular information.
<b>Assessments</b>	
8. Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees, and its individual directors are performing effectively.	The Board is currently responsible for assessing the effectiveness of the Board, the individual directors and the committees.

**SCHEDULE “B”**  
**AUDIT AND RISK COMMITTEE CHARTER**

(Implemented pursuant to National Instrument 52-110 – *Audit Committees*)

National Instrument 52-110 – *Audit Committees* (the “**Instrument**”) relating to the composition and function of audit committees was implemented for reporting issuers and, accordingly, applies to every TSX Venture Exchange listed company, including the Trust. The Instrument requires all affected issuers to have a written audit committee charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Trust wherein management solicits proxies from the security holders of the Trust for the purpose of electing directors to the board of directors. The Trust, as a TSX Venture Exchange-listed company is, however, exempt from certain requirements of the Instrument.

This Charter has been adopted by the board of directors in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Trust. Nothing in this Charter is intended to restrict the ability of the board of directors or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

1. GENERAL

Transeastern Power Administrator Inc. (the “**Administrator**”) is the administrator of Transeastern Power Trust (the “**Trust**”) and as such, the board of directors of the Administrator (the “**Board**”) is responsible for the stewardship of the affairs of the Trust and the Trust’s direct and indirect subsidiary entities (collectively, with the Administrator and the Trust, the “**Transeastern Group**”), for the benefit of the unitholders of the Trust (the “**Unitholders**”). The Board has established an Audit Committee (the “**Committee**”), composed entirely of independent directors, the primary role of which is to assist the Board in fulfilling its oversight responsibilities for the Transeastern Group’s internal controls, financial reporting and risk management processes. The Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board, including administrative support. If determined necessary by the Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or experts.

2. COMPOSITION OF THE COMMITTEE

- (a) The Committee shall consist of at least three directors of the Administrator. The Board shall appoint the members of the Committee and may seek the advice and assistance of the Governance, Nomination & Compensation Committee in identifying qualified candidates. The Board shall appoint one member of the Committee to be the chair of the Committee (the “**Chair**”).
- (b) Each director appointed to the Committee by the Board shall be “independent” as contemplated in NI 58-101. An independent director is a director of the Administrator who is independent of management of the Transeastern Group and is free from any interest, any business or other relationship which could, or could reasonably be perceived, to materially interfere with the director’s ability to act with a view to the best interests of the Trust, other than interests and relationships arising from the Securityholdings. In determining whether a director of the Administrator is independent of management of the Transeastern Group, the Board shall make reference to the then current legislation, rules, policies and instruments of applicable regulatory authorities.

- (c) Each member of the Committee shall be “financially literate”. In order to be financially literate, a director of the Administrator must be, at a minimum, able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements.
- (d) A director of the Administrator appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation.

3. MEETINGS OF THE COMMITTEE

- (a) The Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair and whenever a meeting is requested by the Board, a member of the Committee, the auditors, or a senior officer of the Administrator. Meetings of the Committee shall also correspond with the review of the quarterly financial statements and management’s discussion and analysis.
- (b) Notice of each meeting of the Committee shall be given to each member of the Committee and to the auditors, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee.
- (c) Notice of a meeting of the Committee shall:
  - (i) be in writing;
  - (ii) state the nature of the business to be transacted at the meeting in reasonable detail;
  - (iii) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
  - (iv) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Committee may permit.
- (d) A quorum for the transaction of business at a meeting of the Committee shall consist of a majority of the members of the Committee. However, it shall be the practice of the Committee to require review, and, if necessary, approval of certain important matters by all members of the Committee.
- (e) A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
- (f) In the absence of the Chair, the members of the Committee shall choose one of the members present to be chair of the meeting. In addition, the members of the Committee shall choose one of the persons present to be the secretary of the meeting.
- (g) The chairman of the Board, senior management of the Transeastern Group and other parties may attend meetings of the Committee; however, the Committee (i) shall meet



with the external auditors independent of management, as necessary, in the sole discretion of the Committee, but in any event, not less than quarterly; and (ii) may meet separately with management.

- (h) Minutes shall be kept of all meetings of the Committee and shall be signed by the chair and the secretary of the meeting.

#### 4. COMMITTEE RESPONSIBILITIES

The Committee's primary responsibilities are to:

- (a) identify and monitor the management of the principal risks that could impact the financial reporting of the Transeastern Group;
- (b) monitor the integrity of the Transeastern Group's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- (c) monitor the independence and performance of the Transeastern Group's external auditors;
- (d) deal directly with the external auditors to approve external audit plans, other services (if any) and fees;
- (e) directly oversee the external audit process and results;
- (f) provide an avenue of communication among the external auditors, management and the Board; and
- (g) ensure that an effective "whistle blowing" procedure exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual.

#### 5. DUTIES

- (a) The Committee shall:
  - (i) review the audit plan with the Transeastern Group's external auditors and with management;
  - (ii) discuss with management of the Transeastern Group and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;
  - (iii) review with management of the Transeastern Group and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
  - (iv) review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management of the Transeastern Group or significant accounting issues on which there was a disagreement with management;

- (v) review with senior management of the Transeastern Group the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
- (vi) review audited annual financial statements and related documents in conjunction with the report of the external auditors and obtain an explanation from management of the Transeastern Group of all significant variances between comparative reporting periods;
- (vii) consider and review with management of the Transeastern Group, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Transeastern Group and subsequent follow-up to any identified weaknesses;
- (viii) review with financial management and the external auditors the quarterly unaudited financial statements and management's discussion and analysis before release to the public;
- (ix) before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, annual reports, annual information forms, management's discussion and analysis and press releases containing financial information;
- (x) oversee any of the financial affairs of the Transeastern Group, its subsidiaries or affiliates, and, if deemed appropriate, make recommendations to the Board, external auditors or management;
- (xi) evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditors or the discharge of the external auditors when circumstances are warranted;
- (xii) consider the recommendations of management in respect of the appointment of the external auditors;
- (xiii) pre-approve all non-audit services to be provided to the Transeastern Group by its external auditors, or the external auditors of the Transeastern Group;
- (xiv) approve the engagement letter for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, and consider the potential impact of such services on the independence of the external auditors;
- (xv) when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation required pursuant to NI 51-102 of the Canadian Securities Administrators and the planned steps for an orderly transition period;
- (xvi) establish and maintain procedures for:

- (A) the receipt, retention and treatment of complaints received by the Transeastern Group regarding accounting controls, or auditing matters; and
  - (B) the confidential, anonymous submission by employees of the Transeastern Group of concerns regarding questionable accounting or auditing matters;
  - (xvii) review and approve the Transeastern Group hiring policies regarding employees and former employees of the present and former external auditors or auditing matters;
  - (xviii) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors;
  - (xix) review with management at least annually, the financing strategy and plans of the Transeastern Group; and
  - (xx) review all securities offering documents (including documents incorporated therein by reference) of the Trust.
- (b) The Committee has the authority to:
- (i) inspect any and all of the books and records of the Transeastern Group (to the extent necessary);
  - (ii) discuss with the management and senior staff of the Transeastern Group, any affected party and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate;
  - (iii) engage independent counsel and other advisors as it determines necessary to carry out its duties;
  - (iv) to set and pay the compensation for any advisors employed by the Committee; and
  - (v) at any meeting, request the presence of the auditor, a member of senior management or any other person who could contribute to the subject of the meeting.
- (c) The Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

## 6. CHAIR OF THE COMMITTEE

The Board will appoint one member who is qualified for such purpose to be Chair, to serve until the next annual election of directors of the Administrator or otherwise until his or her successor is duly appointed. If, following the election of directors of the Administrator, in any year, the Board does not appoint a Chair, the incumbent Chair will continue in office until a successor is appointed.

7. REMOVAL AND VACANCIES

Any member of the Committee may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as he or she resigns or ceases to meet the qualifications set out above. The Board will fill vacancies on the Committee by appointment from among qualified members of the Board on the recommendation of the Committee. If a vacancy exists on the Committee, the remaining members will exercise all of its powers so long as a quorum remains in office.

8. ASSESSMENT

At least annually, the Committee will assess its effectiveness in fulfilling its responsibilities and duties as set out in this Mandate and in a manner consistent with the Board mandate to be adopted by the Board.

9. REVIEW AND DISCLOSURE

The Committee will review this Mandate at least annually and submit it to the Board for approval with such further proposed amendments as it deems necessary and appropriate.

10. ACCESS TO OUTSIDE ADVISORS

The Committee may retain any outside advisor, including an executive search firm, at the expense of the Administrator at any time and has the authority to determine any such advisor's fees and other retention terms. The Committee, and any outside advisors retained by it, will have access to all records and information relating to the Transeastern Group which it deems relevant to the performance of its duties.

**SCHEDULE “C”  
RESTRICTED TRUST UNIT PLAN**

**ARTICLE 1  
INTRODUCTION AND INTERPRETATION**

**1.1 Purpose**

The purpose of this Plan is to advance the interests of the Transeastern Group by increasing the proprietary interests of Participants in the Trust, aligning the interests of Participants with the interests of the Unitholders generally, encouraging Participants to remain associated with the Transeastern Group and furnishing Participants with an additional incentive in their efforts on behalf of the Transeastern Group.

**1.2 Definitions**

Whenever used in this Plan, the following words and terms have the respective meanings set out below unless the context otherwise requires:

- (a) “**Account**” means the notional account maintained by the Administrator on behalf of the Trust for each Participant in connection with the operation of the Plan to which any RTUs in respect of a Participant will be notionally credited under the Plan;
- (b) “**Administrator**” means Transeastern Power Administrator Inc., as administrator of the Trust, and its successors and assigns;
- (c) “**Applicable Law**” means any applicable provision of law, domestic or foreign, including the *Securities Act* (Ontario) as amended, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder and any applicable provisions of Stock Exchange Rules;
- (d) “**Applicable Withholding Taxes**” has the meaning set out in Section 5.6(b);
- (e) “**Award Agreement**” means a signed, written agreement between a Participant and the Trust, in the form attached hereto as Schedule “A” or in such other form or forms as may be approved from time to time by the Plan Administrator, evidencing the terms and conditions under which a grant of RTUs has been made under the Plan;
- (f) “**Beneficiary**” means, subject to Applicable Law, any person designated by a Participant by written instrument filed with the Administrator in such form as may be approved from time to time by the Plan Administrator, to receive any amount payable under the Plan in the event of a Participant's death or, failing any such effective designation, the Participant's estate;
- (g) “**Blackout Period**” has the meaning set out in Section 2.7(d);
- (h) “**Board**” means the board of directors of the Administrator;
- (i) “**Canadian SIFT Rules**” means the rules provided for by the Tax Act concerning “Specified Investment Flow-Through” or “SIFT” entities;
- (j) “**Cause**” means, unless otherwise defined in the applicable Award Agreement evidencing the grant of RTUs hereunder, any act or omission that would entitle the Employer to

terminate the Participant's employment, without notice or compensation under the common law for just cause, including, without in any way limiting its meaning under the common law:

- (i) any improper conduct by the Participant which is materially detrimental to the Employer or the Transeastern Group; or
  - (ii) the wilful failure of the Participant to properly carry out his or her duties on behalf of the Employer or to act in accordance with the reasonable direction and instruction of the Employer;
- (k) **“Change of Control”** means the occurrence of any of:
- (i) the acceptance by the Unitholders, representing in the aggregate more than fifty percent (50%) of all issued and outstanding Units, of any offer, whether by way of a takeover bid or otherwise, for any or all of the Units;
  - (ii) the acquisition hereafter, by whatever means (including, without limitation, by way of an arrangement, merger or amalgamation), by any person (or two or more persons acting jointly or in concert), directly or indirectly, of the beneficial ownership of Units or rights to acquire Units that, together with such Person's then owned Units and rights to acquire Units, if any, represent in the aggregate more than fifty percent (50%) of all issued and outstanding Units;
  - (iii) the passing of a resolution by the trustee of the Trust, the Board or the Unitholders to substantially liquidate the assets or wind-up or significantly rearrange the affairs of the Trust in one or more transactions or series of transactions (including by way of an arrangement, merger or amalgamation) or the commencement of proceedings for such a liquidation, winding-up or re-arrangement;
  - (iv) the sale by the Trust of all or substantially all of its assets (other than to an affiliate of the Trust in circumstances where the affairs of the Trust are continued, directly or indirectly, and where unitholdings of the Trust remain substantially the same following the sale as existed prior to the sale);
  - (v) persons who were proposed as nominees (but not including nominees under a Unitholder proposal) to become directors of the Administrator immediately prior to a meeting of the Unitholders involving a contest for, or an item of business relating to the election of directors of the Administrator, not constituting a majority of the directors of the Administrator following such election; or
  - (vi) any other event which, in the opinion of the Board, reasonably constitutes a change of control of the Trust;

provided that a “Change of Control” shall not occur solely as the result of a Permitted Reorganization;

- (l) **“Code”** means the United States Internal Revenue Code of 1986, as amended from time to time, and any applicable Treasury Regulations and other binding regulatory guidance thereunder;

- (m) “**Consultant**” means an individual or Consultant Company, other than an Officer, Employee or a Director, that:
- (i) is engaged to provide ongoing consulting, technical, management or other services to the Transeastern under a written contract;
  - (ii) possesses technical, business or management expertise of value to the Transeastern Group;
  - (iii) in the opinion of the Administrator, spends or will spend a reasonable amount of time and attention on the business and affairs of the Transeastern Group; and
  - (iv) has a relationship with the Transeastern Group that enables the Consultant to be knowledgeable about the business and affairs of the Transeastern Group;
- (n) “**Continuing Entity**” has the meaning set out in Section 3.2(a);
- (o) “**Date of Grant**” of an RTU means the date an RTU is granted to a Participant under the Plan, as evidenced by an Award Agreement, and, in respect of RTUs credited to a Participant pursuant to Section 2.6, means the date on which the original RTUs, in respect of which the additional RTUs under Section 2.6 are attributable, were granted to a Participant under the Plan;
- (p) “**Designated Broker**” has the meaning set out in Section 2.8(c);
- (q) “**Disability**” means where the Participant:
- (i) is to a substantial degree unable, due to illness, disease, affliction, mental or physical disability or similar cause, to fulfill his or her obligations to the Employer either for any consecutive 12 month period or for any period of 18 months (whether or not consecutive) in any consecutive 24 month period; or
  - (ii) is declared by a court of competent jurisdiction to be mentally incompetent or incapable of managing his affairs;
- (r) “**Employer**” means with respect to a Participant, the entity in the Transeastern Group: (i) that employs, or contracts for services with, the Participant or that employed, or contracted for services with, the Participant immediately prior to his, her or its Termination Date; or (ii) of which the Participant (other than a director that is also an employee of the Transeastern Group) is or was a director, and in respect of which the Participant is granted RTUs;
- (s) “**FMV**” or “**FMV of a Unit**” or terms of similar meaning, means, subject to Sections 3.1 and 3.2(c), on any particular date, the fair market value of a Unit and shall mean the volume weighted average trading price of a Unit on the TSXV during the last five trading days prior to that particular date on which at least a board lot of Units has so traded or, if a board lot has not traded on a particular trading day, the average of the bid and ask prices on such trading day; provided, however, that if the Units are not then listed and posted for trading on the TSXV, then the FMV shall mean the volume weighted average trading price of a Unit on such stock exchange in Canada or the United States on which the Units are then listed and posted for trading during the last five trading days prior to

that particular date (and, if in United States dollars, converted to Canadian dollars using the Noon Buying Rate) or, if the Units are not then listed and posted for trading on any stock exchange in Canada or the United States, then the FMV shall mean the fair market value per Unit (in Canadian dollars) as determined by the Board in its sole discretion, provided that the FMV shall be rounded up to the nearest whole cent;

- (t) “**Insider and Independent Director Participation Restrictions**” has the meaning set out in Section 2.3;
- (u) “**Investor Relations Activities**” means any activities, by or on behalf of the Transeastern Group, that promote or could reasonably be expected to promote the sale of securities of the Transeastern Group;
- (v) “**Leave of Absence**” means any period during which, pursuant to the prior written approval of the Participant's Employer, or by reason of Disability, the Participant is considered to be on an approved leave of absence or on Disability and does not provide any services to his or her Employer or any other entity in the Transeastern Group;
- (w) “**Noon Buying Rate**” means the noon buying rate for the applicable currency published by the Bank of Canada on the relevant date;
- (x) “**Participant**” means a director, full-time or part-time officer, full-time or part-time employee or direct or indirect service provider of any member of the Transeastern Group who has been designated by the Trust for participation in the Plan and who has agreed to participate in the Plan on such terms as may be specified and to whom RTUs have or will be granted hereunder;
- (y) “**Participant Information**” has the meaning set out in Section 5.5(a);
- (z) “**Permitted Reorganization**” means a reorganization of the Transeastern Group in circumstances where the unitholdings, shareholdings or ultimate ownership remains substantially the same upon completion of the reorganization, and includes a reorganization, in a transaction or series of related transactions, of the Trust for the purposes of avoiding the actual or potential application of the Canadian SIFT Rules and any related tax or trust, corporate or partnership reorganization or restructuring including, without limitation, the contemporaneous or, to the extent entered into in connection with such reorganization or restructuring, subsequent termination or winding-up of the Trust;
- (aa) “**Person**” means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, fund, organization or other group of organized persons, government, governmental regulatory authority, governmental department, agency, commission, board, tribunal, dispute settlement panel or body, bureau, court, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;
- (bb) “**Plan**” means this restricted trust unit plan as set out herein, as the same may be amended and varied from time to time;
- (cc) “**Plan Administrator**” means the Board or the Governance, Nomination & Compensation Committee of the Board or any other committee of the Board, as



constituted from time to time, which may be appointed by the Board to, *inter alia*, interpret, administer and implement the Plan, provided, however, that if the Board has not appointed a committee of the Board to administer the Plan, all references in the Plan to “Plan Administrator” shall at such time be in reference to the Board;

- (dd) “**Restricted Trust Unit**” or “**RTU**” means a unit designated as a Restricted Trust Unit and notionally credited by means of an entry on the books of the Trust to a Participant pursuant to the Plan, representing the right to receive a cash payment therefor equal to the FMV of a Unit, or at the election of the Plan Administrator, its equivalent in fully-paid Units, or a combination thereof, calculated at the date of such payment, at the time, in the manner, and subject to the terms, set forth in the Plan;
- (ee) “**RTU Entitlement Date**” has the meaning set out in Section 2.8(a);
- (ff) “**RTU First Tranche**” has the meaning set out in Section 2.7(a)(i);
- (gg) “**RTU First Vesting Date**” has the meaning set out in Section 2.7(a)(i);
- (hh) “**RTU Second Tranche**” has the meaning set out in Section 2.7(a)(ii);
- (ii) “**RTU Second Vesting Date**” has the meaning set out in Section 2.7(a)(ii);
- (jj) “**RTU Third Tranche**” has the meaning set out in Section 2.7(a)(iii);
- (kk) “**RTU Third Vesting Date**” has the meaning set out in Section 2.7(a)(iii);
- (ll) “**Service Year**” has the meaning set out in Section 2.1(b);
- (mm) “**Stock Exchange Rules**” means the applicable rules of any stock exchange upon which Units are listed, as amended;
- (nn) “**Substitution Event**” means a Change of Control pursuant to which the Units are converted into, or exchanged for, other property, whether in the form of securities of another entity, cash or otherwise;
- (oo) “**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. (5th Supp.), c. 1, including the regulations promulgated thereunder, as amended from time to time;
- (pp) “**Termination Date**” means, in respect of a Participant, the date that the Participant ceases to be actively employed by, or ceases to provide services to, any member of the Transeastern Group for any reason, without regard to the reason for such termination or to any statutory, contractual or common law notice period that may be required by law following the termination of the Participant's employment or consulting or service relationship with any member of the Transeastern Group;
- (qq) “**Transeastern Group**” refers collectively to the Trust and its direct and indirect subsidiaries and affiliates and the Administrator;
- (rr) “**Trust**” means Transeastern Power Trust, a mutual fund trust within the meaning of the Tax Act, and includes any successor mutual fund trust thereto, and any reference in the Plan to action by the Trust means action by or under the authority delegated to the

Administrator or the Board or any person or committee that has been designated for the purpose by the Administrator including, without limitation, the Plan Administrator;

- (ss) “**TSXV**” means the TSX Venture Exchange;
- (tt) “**Unit**” means a trust unit of the Trust as presently constituted, or any unit, security or other property into which such unit is changed, reclassified, subdivided, consolidated or converted or which is substituted for such unit, or as such unit, security or other property may further be changed, reclassified, subdivided, consolidated, converted or substituted;
- (uu) “**Unitholders**” means the holders of Units at any time and from time to time; and
- (vv) “**Vested RTUs**” has the meaning set out in Section 2.7(b).

### **1.3 Construction and Interpretation**

- (a) In this Plan, all references to the masculine include the feminine; references to the singular shall include the plural and vice versa, as the context shall require.
- (b) The headings of all articles, sections and paragraphs in the Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of the Plan. References to “Article”, “Section” or “Paragraph” mean an article, section or paragraph contained in the Plan unless expressly stated otherwise.
- (c) In this Plan, “including” and “includes” mean including or includes, as the case may be, without limitation. The words “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions mean or refer to the Plan as a whole and not to any particular article, section, paragraph or other part hereof.
- (d) Whenever the Board or, where applicable, the Plan Administrator or any sub-delegate of the Plan Administrator is to exercise discretion in the administration of the terms and conditions of this Plan, the term “discretion” means the sole and absolute discretion of the Board, the Plan Administrator or the sub-delegate of the Plan Administrator, as the case may be.

### **1.4 Schedules Incorporated by Reference**

The following Schedules are attached to the Plan and are incorporated by reference:

Schedule “A” – Award Agreement for Restricted Trust Units

## **ARTICLE 2 GRANTS OF RESTRICTED TRUST UNITS**

### **2.1 Grant of Restricted Trust Units**

- (a) Subject to the terms of the Plan, the Plan Administrator may, on behalf of the Trust, make grants of RTUs to Participants in such number, at such times and on such terms and conditions, as the Plan Administrator may, in its sole discretion, determine. The Trust shall provide an Award Agreement to each applicable Participant in the Plan setting out

the awards of RTUs to such Participant at such time; provided, however, that no RTUs will be granted after November 30 of a given calendar year.

- (b) For greater certainty, notwithstanding any other provision herein, unless otherwise provided in the applicable Award Agreement, the granting of RTUs to any Participant under the Plan in any calendar year shall be awarded solely in respect of services rendered by such Participant in the same calendar year (the “**Service Year**”). In all cases, the RTUs shall be in addition to, and not in substitution for or in lieu of, ordinary salary, wages or payments received by such Participant in respect of the services provided by him, her or it to a member of the Transeastern Group.
- (c) All grants of RTUs under this Plan will be evidenced by Award Agreements. Award Agreements will be subject to the applicable provisions of this Plan and will contain such provisions as are required by this Plan and any other provisions that the Plan Administrator may direct. Any one executive officer of the Trust or the Administrator is authorized and empowered to execute and deliver, for and on behalf of the Trust, an Award Agreement to each Participant who is granted RTUs pursuant to the Plan; provided, however, that an executive officer may not sign an Award Agreement under which he or she is the Participant.

## **2.2 Units Subject to the Plan**

- (a) The number of Units reserved for issuance pursuant to the redemption of RTUs granted under the Plan shall be 1,600,000Units. The number of Units reserved for issuance pursuant to RTUs may be amended subject to the policies and approval of the TSXV and the approval of the Unitholders by way of ordinary resolution at a meeting of the Unitholders.
- (b) If any RTUs granted hereunder are redeemed, the number of Units to which such redeemed RTUs relate shall be available for the purposes of granting additional RTUs under the Plan.
- (c) If any RTUs granted hereunder expire or terminate for any reason without having been redeemed, any unissued Units to which such RTUs relate shall be available for the purposes of granting additional RTUs under the Plan.

## **2.3 Limitation of Issuances**

- (a) The number of RTUs to be granted to Participants shall be subject to the following limitations:
  - (i) the aggregate number of Units reserved for issuance under RTUs, and all other security-based compensation arrangements of the Transeastern Group, granted to any one Participant in any 12-month period shall not exceed five percent (5%) of the issued and outstanding Units at the Date of Grant of such RTUs, calculated on a non-diluted basis;
  - (ii) the aggregate number of Units which may be reserved for issuance to “insiders” (as such term is referred to in the policies of the TSXV), under the Plan and all other security-based compensation arrangements of the Transeastern Group shall

not, in the aggregate, exceed ten percent (10%) of the issued and outstanding Units at the Date of Grant, calculated on a non-diluted basis;

- (iii) during any one-year period, the Plan Administrator shall not issue to such insiders, under the Plan and all other security-based compensation arrangements of the Transeastern Group, in the aggregate, a number of Units exceeding ten percent (10%) of the issued and outstanding Units, calculated on a non-diluted basis;
  - (iv) the aggregate number of Units issuable on the settlements of RTUs outstanding at any time held by directors of the Administrator who are not officers or employees of the Transeastern Group shall be limited to one percent (1%) of the issued and outstanding Units;
  - (v) the aggregate number of Units which may be reserved for issuance to any one Consultant under the Plan and all other security-based compensation arrangements of the Transeastern Group shall not, in the aggregate, exceed two percent (2%) of the issued and outstanding Units at the Date of Grant, calculated on a non-diluted basis; and
  - (vi) the aggregate number of Units which may be reserved for issuance to any persons primarily conducting Investor Relations Activities in any 12-month period under the Plan and all other security-based compensation arrangements of the Transeastern Group shall not, in the aggregate, exceed two percent (2%) of the issued and outstanding Units at the Date of Grant, calculated on a non-diluted basis.
- (b) The restrictions referred to in 2.3(a)(ii)-2.3(a)(iv) above are referred to as the “**Insider and Independent Director Participation Restrictions**”.

#### **2.4 Forfeited RTUs**

For greater certainty, no Participant shall have any entitlement to receive any payment (in cash, Units or otherwise) in respect of any RTUs which have been forfeited under this Plan, by way of damages, payment in lieu or otherwise.

#### **2.5 Accounts**

An Account, shall be maintained by the Administrator on behalf of the Trust for each Participant. On each Date of Grant, the Account will be credited with the RTUs granted to a Participant on that date.

#### **2.6 Adjustments for Distributions**

A Participant's Account shall from time to time, during the period commencing on the Date of Grant and ending on the Participant's RTU Entitlement Date in respect of particular RTUs, be credited with additional RTUs, the number of which shall be (rounded to two decimal places) equal to the quotient determined by dividing: (a) one hundred percent (100%) of the distributions declared by the Trust (excluding distributions paid in the form of additional Units) and that would have been paid to the Participant if the RTUs in his, her or its Account on the relevant record date for distributions on the Units had been Units; by (b) the FMV of a Unit on the payment date of such distributions. The proportion of RTUs credited to a Participant's Account pursuant to this Section 2.6 relating to existing Vested RTUs

shall, unless otherwise determined by the Plan Administrator in its sole discretion, also be Vested RTUs. The proportion of RTUs credited to a Participant's Account pursuant to this Section 2.6 relating to existing RTUs that have not yet become Vested RTUs shall, unless otherwise determined by the Plan Administrator in its sole discretion, vest in the same manner as the related existing unvested RTUs. Notwithstanding the foregoing, no additional RTUs shall be credited to a Participant's Account under this Section 2.6 after such Participant's Termination Date.

## 2.7 Vesting

- (a) The Plan Administrator shall designate, at the time of grant or credit of RTUs, the number of RTUs that constitute the RTU First Tranche, the RTU Second Tranche, and the RTU Third Tranche, the date or dates on which all or portion of the RTUs shall vest (including any additional RTUs credited to a Participant's Account under Section 2.6) and any conditions to such vesting, provided that no such vesting conditions shall extend beyond December 20th of the third calendar year following the Service Year in respect of which the RTUs were granted and provided further that all vesting conditions shall be such that the RTUs comply with the exception to the definition of "salary deferral arrangement" contained in paragraph (k) of subsection 248(1) of the Tax Act or any successor provision thereto. Any conditions to such vesting shall be set out in the applicable Award Agreement. Unless otherwise provided in the applicable Award Agreement, all RTUs shall vest as follows:
- (i) one-third of the RTUs shall constitute the "**RTU First Tranche**" and shall vest on the first anniversary of the Date of Grant (the "**RTU First Vesting Date**");
  - (ii) an additional one-third of the RTUs shall constitute the "**RTU Second Tranche**" and shall vest on the second anniversary of the Date of Grant (the "**RTU Second Vesting Date**"); and
  - (iii) the final one-third of the RTUs shall constitute the "**RTU Third Tranche**" and shall vest on the third anniversary of the Date of Grant (the "**RTU Third Vesting Date**").
- (b) All RTUs recorded in a Participant's Account which have vested in accordance with Sections 2.7(a), 2.7(e), 3.1 and/or 3.2, and are not forfeited hereunder by the Participant on his or her Termination Date, including in all cases any fractional RTUs rounded to the nearest 0.01 of an RTU, are referred to herein as "**Vested RTUs**".
- (c) For greater certainty, no Participant nor any Beneficiary or other person claiming through a Participant shall be entitled to any benefit hereunder in respect of any RTUs that are not Vested RTUs.
- (d) Notwithstanding the foregoing but subject to subsection 2.8(e), if a redemption date for an RTU occurs during a Blackout Period applicable to the relevant Participant under the Plan, or within ten (10) business days after the expiry of a Blackout Period applicable to the relevant Participant under the Plan, then the redemption date for that RTU shall be the date that is the tenth (10th) business day after the expiry date of the Blackout Period, provided that the redemption date shall be no later than December 31<sup>st</sup> of the third year following the applicable Service Year. This section applies to all RTUs outstanding under this Plan. For purposes of this section, "**Blackout Period**" means the period during which the relevant Participant under the Plan is prohibited from trading in

securities of the Trust due to restrictions imposed by the Trust in accordance with its trading policies affecting trades by directors, officers, employees and direct or indirect service providers of the Transeastern Group.

- (e) Notwithstanding anything else herein contained, the Trust may, in its discretion, at any time permit the acceleration of vesting of any or all RTUs, all in the manner and on the terms as may be authorized by the Plan Administrator.

## **2.8 Redemption of RTUs**

- (a) Subject to the terms of this Section 2.8, on a date to be determined by the Plan Administrator, in its sole discretion, following the day on which any RTUs become Vested RTUs, which date, notwithstanding anything else herein contained, shall be on or before that date which is three years following the end of the Service Year in respect of which such RTUs were granted (the “**RTU Entitlement Date**”), such Vested RTUs shall be redeemed and paid by the Participant's Employer to the Participant or the Participant's Beneficiary, as applicable. The FMV of the Vested RTUs, determined as of the RTU Entitlement Date, so redeemed shall, after deduction of Applicable Withholding Taxes, be paid in cash.
- (b) Subject to Section 2.7(d) and the receipt of all necessary unitholder approvals as required under the rules, regulations and policies of the TSXV and any other stock exchange on which Units are listed or traded, the Plan Administrator may, in lieu of the cash payment contemplated in Section 2.8(a) above, on the RTU Entitlement Date, elect, in its sole discretion, to issue or cause to be issued to the Participant the number of whole Units that is equal to the number of whole Vested RTUs recorded in the Participant's Account on the RTU Entitlement Date (less any amounts in respect of Applicable Withholding Taxes). If, after the issuance of such Units, an amount remains payable under the Plan in respect of the Participant, the Employer shall pay such amount in cash, net of Applicable Withholding Taxes, to the Participant or the Participant's Beneficiary, as applicable.
- (c) Subject to Section 2.7(d) and the receipt of all necessary unitholder approvals as required under the rules, regulations and policies of the TSXV and any other stock exchange on which Units are listed or traded, the Plan Administrator may, in lieu of the cash payment contemplated in Section 2.8(a) above, on the RTU Entitlement Date, elect, in its sole discretion, to acquire on behalf of such Participant, through a broker designated by the Plan Administrator (the “**Designated Broker**”), the number of whole Units that is equal to the number of whole Vested RTUs recorded in the Participant's Account on the RTU Entitlement Date (less any amounts in respect of Applicable Withholding Taxes). If the Plan Administrator elects to arrange for the purchase of Units by a Designated Broker on behalf of the Participant, the Employer shall contribute to the Designated Broker an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Units to which the Participant is entitled and the Designated Broker shall, as soon as practicable thereafter, purchase those Units, on behalf of such Participant, on the TSXV (or other stock exchange on which the Units are listed or traded). If, after the Designated Broker purchases those Units, an amount remains payable under the Plan in respect of the Participant, the Employer shall pay such amount in cash, net of Applicable Withholding Taxes, to the Participant or the Participant's Beneficiary, as applicable.

- (d) In the event that a Participant's RTU Entitlement Date as determined pursuant to Section 2.8(a) would otherwise fall between the record date for a distribution on the Units and the related distribution payment date, then notwithstanding Section 2.8(a), the RTU Entitlement Date shall be the day immediately following the date of payment of such distribution for purposes of recording in the Participant's Account amounts referred to in Section 2.6, and making the calculation of the FMV of a Participant's Vested RTUs contemplated by Section 2.8(a). In the event that the Trust is unable, by a Participant's RTU Entitlement Date, to compute the final FMV of the Vested RTUs recorded in such Participant's Account by reason of the fact that any data required in order to compute the FMV of a Unit has not been made available to the Trust, then the RTU Entitlement Date shall be the next following trading day on which such data is made available to the Trust.
- (e) Notwithstanding any other provision of the Plan, all amounts and/or Units payable or issuable, as applicable, to, or in respect of, a Participant under this Section 2.8 shall be paid or issued, as applicable, within three years following the end of the Service Year in respect of which the RTUs were granted.

## **2.9 Termination or Leave of Absence**

- (a) Subject to Section 2.9(b) and Section 2.9(c) and the provisions of any applicable Award Agreement, unless otherwise determined by the Plan Administrator in its discretion, upon the Participant terminating employment with, or ceasing to provide services to, any member of the Transeastern Group for any reason including, without limitation, due to involuntary termination for Cause or voluntary termination by the Participant, all RTUs previously credited to such Participant's Account which did not become Vested RTUs on or prior to the Participant's Termination Date shall be terminated and forfeited as of the Participant's Termination Date.
- (b) Upon the Participant terminating employment with, or ceasing to provide services to, any member of the Transeastern Group by reason of the death of the Participant or the termination of the employment of, or consulting or service relationship with, the Participant by the Employer other than for Cause, a number of RTUs previously credited to such Participant's Account which did not become Vested RTUs on or prior to the Participant's Termination Date shall vest on such Termination Date in accordance with the following:
  - (i) where the Participant's Termination Date is prior to the RTU First Vesting Date, a *pro rata* proportion of unvested RTUs comprised within the RTU First Tranche shall become Vested RTUs based on the number of days between the Date of Grant and the Participant's Termination Date versus the number of days between the Date of Grant and the date all such unvested RTUs would, in the absence of this Section 2.9, become Vested RTUs;
  - (ii) where the Participant's Termination Date is on or after the RTU First Vesting Date but prior to the RTU Second Vesting Date, a *pro rata* proportion of unvested RTUs comprised within the RTU Second Tranche shall become Vested RTUs based on the number of days between the RTU First Vesting Date and the Participant's Termination Date versus the number of days between the RTU First Vesting Date and the date all such unvested RTUs would, in the absence of this Section 2.9, become Vested RTUs; and

- (iii) where the Participant's Termination Date is on or after the RTU Second Vesting Date but prior to the RTU Third Vesting Date, a *pro rata* proportion of unvested RTUs comprised within the RTU Third Tranche shall become Vested RTUs based on the number of days between the RTU Second Vesting Date and the Participant's Termination Date versus the number of days between the RTU Second Vesting Date and the date all such unvested RTUs would, in the absence of this Section 2.9, become vested RTUs.

Any RTUs which do not become Vested RTUs as previously stated shall be terminated and forfeited.

- (c) For the period during which a Participant is on a Leave of Absence, any RTUs previously credited to such Participant's Account which did not become Vested RTUs on or prior to the date the Participant commenced the Leave of Absence shall continue to vest in accordance with their terms and pursuant to Section 2.7 but subject to the following:
  - (i) where the Participant is on a Leave of Absence at any time prior to the RTU First Vesting Date, a *pro rata* proportion of RTUs comprised within the RTU First Tranche shall become Vested RTUs based on the number of days during which the Participant provided services to the Employer and was not on a Leave of Absence between the Date of Grant and the RTU First Vesting Date versus the number of days between the Date of Grant and the RTU First Vesting Date;
  - (ii) where the Participant is on a Leave of Absence at any time between the RTU First Vesting Date and the RTU Second Vesting Date, a *pro rata* proportion of RTUs comprised within the RTU Second Tranche shall become Vested RTUs based on the number of days during which the Participant provided services to the Employer and was not on a Leave of Absence between the RTU First Vesting Date and the RTU Second Vesting Date versus the number of days between the RTU First Vesting Date and the RTU Second Vesting Date; and
  - (iii) where the Participant is on a Leave of Absence at any time between the RTU Second Vesting Date and the RTU Third Vesting Date, a *pro rata* proportion of RTUs comprised within the RTU Third Tranche shall become Vested RTUs based on the number of days during which the Participant provided services to the entity of the Transeastern Group and was not on a Leave of Absence between the RTU Second Vesting Date and the RTU Third Vesting Date versus the number of days between the RTU Second Vesting Date and the RTU Third Vesting Date.

Any RTUs which do not become Vested RTUs as previously stated shall be terminated and forfeited.

- (d) Where a Participant forfeits any RTUs pursuant to this Section 2.9, such Participant shall also forfeit all of his right, title and interest with respect to additional RTUs credited to his Account pursuant to Section 2.6 to the extent that they are directly or indirectly attributable, as determined by the Plan Administrator, to RTUs forfeited by such Participant as set out above in this Section 2.9.



**ARTICLE 3**  
**REORGANIZATION TRANSACTIONS**

**3.1 Change of Control**

If, before the vesting of an RTU in accordance with the terms thereof, a Change of Control shall occur, then, at the time such Change of Control occurs, all RTUs credited to a Participant's Account which did not become Vested RTUs, and which were not forfeited, on or prior to the date the Change of Control occurred, shall vest; provided, however, that such vesting of RTUs shall, unless otherwise determined in advance by the Plan Administrator, be effective as of the date of the Change of Control and shall be conditional on the consummation of such Change of Control.

Notwithstanding any other provision of the Plan, in the event that RTUs become Vested RTUs, as contemplated in this Section 3.1, the Plan Administrator may by resolution determine that the FMV with respect to such RTUs shall be the price per Unit offered or provided for in the Change of Control transaction.

**3.2 Substitution Event or Permitted Reorganization**

- (a) Upon the occurrence of a Substitution Event or a Permitted Reorganization, the surviving or acquiring entity (the “**Continuing Entity**”) shall, to the extent commercially reasonable, take all necessary steps to continue this Plan and to continue the RTUs granted hereunder or to substitute or replace similar RTUs measurable in value to the securities in the Continuing Entity for the RTUs outstanding under this Plan on substantially the same terms and conditions as this Plan. Any such adjustment, substitution or replacement shall, at all times, be such that this Plan and any RTUs granted hereunder and any replaced or substituted RTUs comply with the exception to the definition of “salary deferral arrangement” contained in paragraph (k) of subsection 248(1) of the Tax Act or any successor provision thereto.
- (b) In the event that:
- (i) the Continuing Entity does not comply with the provisions of Section 3.2(a);
  - (ii) the Board determines, acting reasonably, that compliance with Section 3.2(a) is not practicable;
  - (iii) the Board determines, acting reasonably, that compliance with Section 3.2(a) would give rise to adverse tax results, under the Tax Act or the Code, to holders of RTUs; or
  - (iv) the securities of the Continuing Entity are not (or, upon the occurrence of the Substitution Event or Permitted Reorganization, will not be) listed and posted for trading on a recognized stock exchange;

then, unless otherwise determined by the Plan Administrator prior to the date of the Substitution Event or Permitted Reorganization, as applicable, upon such Substitution Event or Permitted Reorganization all RTUs credited to a Participant's Account which did not become Vested RTUs on or prior to the date of the Substitution Event or Permitted Reorganization shall vest in accordance with the provisions of Section 3.1, on

the basis that the references to “Change of Control” in Section 3.1 shall be read as “Substitution Event or Permitted Reorganization, as applicable”.

- (c) Notwithstanding any other provision of the Plan, in the event that RTUs become Vested RTUs, as contemplated in this Section 3.2, the Plan Administrator may by resolution determine that the FMV with respect to such RTUs shall be the price per Unit offered or provided for in the Substitution Event or Permitted Reorganization, as applicable.

### **3.3 Changes in Trust Capital**

If the number of outstanding Units is increased or decreased as a result of a subdivision, consolidation, reclassification or recapitalization and not as a result of the issuance of Units for additional consideration or by way of a distribution in the ordinary course, the Plan Administrator shall make appropriate adjustments to the number of RTUs outstanding under the Plan provided that the dollar value of RTUs credited to a Participant's Account immediately after such an adjustment shall not exceed the dollar value of the RTUs credited to such Participant's Account immediately prior thereto. Any determinations by the Plan Administrator as to the adjustments shall be made in its sole discretion and all such adjustments shall be conclusive and binding for all purposes under the Plan.

## **ARTICLE 4 ADMINISTRATION**

### **4.1 Administration**

- (a) The Plan shall be administered by the Administrator (through the Plan Administrator) on behalf of the Trust in accordance with its provisions. All costs and expenses of administering the Plan will be paid by the Trust. The Trust or the Administrator (through the Plan Administrator) may, from time to time, establish administrative rules and regulations and prescribe forms or documents relating to the operation, administration and interpretation of the Plan as it may deem necessary to implement or further the purpose of the Plan and amend or repeal such rules and regulations or forms or documents. In administering the Plan, the Administrator or the Plan Administrator may seek recommendations from the Chairman or from the Chief Executive Officer of the Trust or the Administrator. The Trust or the Administrator may also delegate to the Plan Administrator or any director, officer or employee of the Administrator such duties and powers relating to the Plan as it may see fit. The Administrator may also appoint or engage a trustee, custodian or administrator to administer or implement the Plan.
- (b) The Administrator shall keep or cause to be kept such records and accounts as may be necessary or appropriate in connection with the administration of the Plan and the discharge of its duties. At such times as the Administrator shall determine, the Administrator shall furnish the Participant with a statement setting forth the details of his RTUs including Date of Grant and the Vested RTUs held by each Participant.
  - (i) Any payment, notice, statement, certificate or other instrument required or permitted to be given to a Participant or any person claiming or deriving any rights through him or her shall be given by:
    - (a) delivering it personally to the Participant or to the person claiming or deriving rights through him, as the case may be;

- (b) other than in the case of a payment, sending it to the Participant via facsimile or similar means of electronic transmission to the facsimile or e-mail address which is maintained for the Participant in the Administrator's personnel records; or
  - (c) mailing it postage paid (provided that the postal service is then in operation) or delivering it to the address which is maintained for the Participant in the Administrator's personnel records.
- (ii) Any payment, notice, statement, certificate or other instrument required or permitted to be given to the Administrator shall be given by mailing it postage paid (provided that the postal service is then in operation), delivering it to the Administrator at its principal address, or (other than in the case of a payment) sending it by means of facsimile or similar means of electronic transmission, to the attention of the Administrator.
- (c) Any payment, notice, statement, certificate or other instrument referred to in Section 4.1(b), if delivered, shall be deemed to have been given or delivered on the date on which it was delivered, if mailed (provided that the postal service is then in operation), shall be deemed to have been given or delivered on the second business day following the date on which it was mailed and if by facsimile or similar means of electronic transmission, on the next business day following transmission.

#### **4.2 Currency**

- (a) Unless prohibited by Applicable Law or rules of a stock exchange on which the Units are listed for trading, RTUs may be granted to a Participant without regard to such Participant's domicile or residence for tax purposes.
- (b) All payments and benefits under the Plan shall be determined and paid in the lawful currency of Canada or in the lawful currency of the United States, at the sole discretion of the Administrator.

#### **4.3 Beneficiaries and Claims for Benefits**

Subject to the requirements of Applicable Law, a Participant shall designate in writing a Beneficiary to receive any benefits that are payable under the Plan upon the death of such Participant. The Participant may, subject to Applicable Law, change such designation from time to time. Such designation or change shall be in such form and executed and filed in such manner as the Plan Administrator may from time to time determine.

### **ARTICLE 5 GENERAL**

#### **5.1 Transfer of Employment**

The transfer of an employee within the Transeastern Group shall not be considered a termination of employment for the purposes of the Plan, so long as such Participant continues to be a director or employee of an entity in the Transeastern Group.

## 5.2 Amendment and Termination

- (a) Subject to the remainder of this Section 5.2, from time to time the Trust may, in addition to its powers under the Plan, add to or amend any of the provisions of the Plan or terminate the Plan or amend the terms of any RTUs granted under the Plan, provided however, that (i) no such amendment or termination shall be made at any time which has the effect of adversely affecting the existing rights of a Participant under the Plan without his or her consent in writing, and (ii) any amendment to the Plan shall be such that it and any RTUs granted hereunder comply with the exception to the definition of “salary deferral arrangement” contained in paragraph (k) of subsection 248(1) of the Tax Act or any successor provision thereto. Upon the termination of the Plan, in whole or in part, the Trust shall, in its discretion, determine whether the Vested RTUs credited to a Participant affected by the termination shall be automatically redeemed and paid out in a lump sum cash payment, or the issuance of Units as provided for in Section 2.8(b), net of any Applicable Withholding Taxes, or held for the credit of the Participant and redeemed and paid out at a later date in accordance with the terms of the Plan in effect immediately prior to the termination of the Plan.
- (b) The Board may, at any time, amend, suspend or terminate this Plan, or any portion thereof, or any RTU granted hereunder, without Unitholder approval, subject to those provisions of Applicable Law (including, without limitation, the rules, regulations and policies of the TSXV), if any, that require the approval of Unitholders or any governmental or regulatory body. However, except as expressly set forth herein, no action of the Board or Unitholders shall alter or impair the rights of a Participant under any RTU previously granted to the Participant without the consent of the affected Participant. Without limiting the generality of the foregoing, the Board may make the following types of amendments to the Plan without seeking Unitholder approval:
- (i) amendments of a “housekeeping” or ministerial nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
  - (ii) amendments necessary to comply with the provisions of Applicable Law or stock exchange regulations;
  - (iii) amendments respecting administration of the Plan;
  - (iv) amendments to the vesting provisions of the Plan or any RTUs;
  - (v) amendments to the early termination provisions of the Plan or any RTUs, whether or not such RTUs are held by an insider, provided such amendment does not entail an extension beyond the original expiry date;
  - (vi) amendments to the termination provisions of the Plan or any RTUs, other than RTUs held by an insider in the case of the amendment extending the term of an RTU, provided any such amendment does not entail an extension of the expiry date of such RTU beyond its original expiry date;
  - (vii) amendments necessary to suspend or terminate the Plan; and

- (viii) any other amendment, whether fundamental or otherwise, not requiring Unitholder approval under Applicable Law (including, without limitation, the rules, regulations and policies of the TSXV).
- (c) Notwithstanding Section 5.2(b) approval of the holders of Units will be required in order to:
  - (i) make amendments to the number of Units issuable under the Plan, including a change from a fixed maximum number to a fixed maximum percentage of Units;
  - (ii) any amendment to the calculation of the cash equivalent value of an RTU;
  - (iii) removing or amending the Insider and Independent Director Participation Restrictions; and
  - (iv) amendments required to be approved by Unitholders under Applicable Law (including, without limitation, the rules, regulations and policies of the TSXV).

### **5.3 Interpretation**

The determination by the Trust, Administrator or Plan Administrator of any question which may arise as to the interpretation or implementation of the Plan or any of the RTUs granted hereunder shall be final and binding on all Participants and other persons claiming or deriving rights through any of them.

### **5.4 Successors and Assigns**

The Plan shall enure to the benefit of and be binding upon the Transeastern Group and their successors and assigns. The interest of any Participant under the Plan or in any RTU shall not be transferable or alienable by him either by pledge, assignment or in any other manner whatever, otherwise than in the case of individuals, by testamentary disposition or in accordance with the laws governing the devolution of property in the event of death; and after his or her lifetime shall enure to the benefit of and be binding upon the Participant's Beneficiary.

### **5.5 Compliance With Applicable Law**

- (a) The Trust's grant of any RTUs or any obligation to make any payments hereunder is subject to compliance with Applicable Law.
- (b) As a condition of participating in the Plan, each Participant agrees to comply with all Applicable Law and agrees to furnish to the Trust all information and undertakings as may be required to permit compliance with such Applicable Law. Each Participant shall provide the Plan Administrator with all information (including personal information) the Plan Administrator requires in order to administer the Plan (the "**Participant Information**").
- (c) The Plan Administrator may from time to time transfer or provide access to Participant Information to a third party service provider for purposes of the administration of the Plan provided that such service providers will be provided with such information for the sole purpose of providing services to the Plan Administrator in connection with the operation and administration of the Plan. The Plan Administrator may also transfer and provide access to Participant Information to the Employers for purposes of preparing

financial statements or other necessary reports and facilitating payment or reimbursement of Plan expenses. By participating in the Plan, each Participant acknowledges that Participant Information may be so provided and agrees and consents to its provision on the terms set forth herein. The Trust shall not disclose Participant Information except (i) as contemplated above in this Section 5.5(c), (ii) in response to regulatory filings or other requirements for the information by a governmental authority or regulatory body, or (iii) for the purpose of complying with a subpoena, warrant or other order by a court, person or body having jurisdiction over the Trust or the Plan Administrator to compel production of the information.

## **5.6 Taxation**

- (a) None of the Trust, the Administrator nor any Employer shall be liable for any tax imposed on any Participant or any Beneficiary as a result of the crediting, holding or redemption of RTUs or amounts paid or credited to such Participant (or Beneficiary) under this Plan. It is the responsibility of the Participant (or Beneficiary) to complete and file any tax returns which may be required under any applicable tax laws within the period prescribed by such laws.
- (b) Any member of the Transeastern Group shall be authorized to deduct, withhold and/or remit from any amount paid or credited hereunder (whether in Units or cash), or otherwise, such amount as may be necessary so as to ensure the Employer will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, including on the amount, if any, includable in the income of a Participant or Beneficiary, as the case may be (the “**Applicable Withholding Taxes**”). The Trust, the Administrator, or a member of the Transeastern Group shall also be entitled to enter into such arrangements as may be necessary to, at the direction of a holder of RTUs, cause a number of Units issuable pursuant to RTUs to be sold as is necessary to yield cash proceeds sufficient to satisfy Applicable Withholding Taxes and to retain the net proceeds thereof for the purpose of satisfying Applicable Withholding Taxes. The Trust shall also be entitled to withhold any issuance of Units pursuant to RTUs until such time as the Participant has transferred sufficient funds to the applicable member of the Transeastern Group to ensure satisfaction with any obligations in respect of Applicable Withholding Taxes.

## **5.7 No Voting Rights**

A Participant shall not have the right or be entitled to exercise any voting rights, receive distributions or have or be entitled to any other rights as a unitholder of the Trust in respect of any RTUs.

## **5.8 No Additional Entitlements**

Neither designation of a person as a Participant nor the grant of any RTUs to any Participant entitles any Participant to any additional grant, as the case may be, of any RTUs under the Plan. Neither the Plan nor any action taken thereunder shall interfere with the right of the Employer of a Participant to terminate a Participant's employment at any time or the right of any entity of the Transeastern Group to terminate a consulting or service arrangement with a Participant. Neither any period of notice (if any), nor any payment in lieu thereof, upon termination of employment shall be considered as extending the period of employment for the purposes of the Plan.

**5.9 Voluntary Participation**

Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect any employee's employment or consulting or service relationship with the Transeastern Group.

**5.10 Unfunded Obligations**

The Plan shall be an unfunded obligation of the Transeastern Group. Neither the establishment of the Plan nor the grant of any RTUs or the setting aside of any funds by the Trust or any Employer (if, in its sole discretion, it chooses to do so) shall be deemed to create a trust. Legal and equitable title to any funds set aside for the purposes of the Plan shall remain in the Trust or the Employer and no Participant shall have any security or other interest in such funds. Any funds so set aside shall remain subject to the claims of creditors of the Trust or Employer present or future. Amounts payable to any Participant under the Plan shall be a general, unsecured obligation of the Trust. The right of the Participant or Beneficiary to receive payment pursuant to the Plan shall be no greater than the right of other unsecured creditors of the Trust.

**5.11 Governing Law**

This Plan is established under the laws of the Province of Ontario and the rights of all parties and the construction of each and every provision of the Plan and any RTUs granted hereunder shall be construed according to the laws of the Province of Ontario.

**5.12 Effective Date**

This Plan is hereby instituted this 28<sup>th</sup> day of May, 2014, as amended \_\_\_\_\_.

**SCHEDULE "A"**

**Transeastern Power Trust  
Restricted Trust Unit Plan (the "Plan")**

**AWARD AGREEMENT**

Transeastern Power Trust (the "**Trust**") hereby grants the following award to the Participant named below in accordance with and subject to the terms, conditions and restrictions of this Award Agreement ("**Award Agreement**"), together with the provisions of the Plan:

Name of Participant: \_\_\_\_\_

Address of Participant: \_\_\_\_\_

\_\_\_\_\_

Number of Restricted Trust Units: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Service Year: \_\_\_\_\_

RTU First Tranche: \_\_\_\_\_

RTU First Vesting Date: \_\_\_\_\_

RTU Second Tranche: \_\_\_\_\_

RTU Second Vesting Date: \_\_\_\_\_

RTU Third Tranche: \_\_\_\_\_

RTU Third Vesting Date: \_\_\_\_\_

Expiry Date: \_\_\_\_\_

Other Terms and Conditions: \_\_\_\_\_

The terms and conditions of the Plan are hereby incorporated by reference as terms and conditions of this Award Agreement and all capitalized terms used herein, unless expressly defined in a different manner, have the meanings ascribed thereto in the Plan.

Participation in the Plan is voluntary and is not a condition of employment with the Transeastern Group. No Participant shall have any claim or right to be granted Restricted Trust Units pursuant to the Plan.

No member of the Transeastern Group (which for the purposes of this Award Agreement includes their respective directors, officers, employees and direct or indirect service providers) shall not have any liability for: (i) the income or other tax consequences to Participants arising from participation in the Plan; (ii) any change in the value of the Units of the Trust; or (iii) any delays or errors in the administration of the Plan, except where such person has acted with wilful misconduct. Participants should consult their



own tax and business advisors prior to entering into this Award Agreement as no member of the Transeastern Group is providing any such advice to any Participant.

Please acknowledge receipt of this Award Agreement and your agreement to be bound by its terms (and the terms and conditions set out in the Plan) by signing the acknowledgement below. Please make a copy of this Award Agreement for your records and return your original signed Award Agreement to the attention of the Secretary of the Administrator within thirty (30) days of your receipt of this Award Agreement from the Trust.

***If you fail to complete and return this Award Agreement to the Secretary of the Administrator within thirty (30) days of your receipt of the Award Agreement, the Trust reserves the right to revoke the crediting of Restricted Trust Units to you.***

Thank you for your contribution to Transeastern Power Trust.

**TRANSEASTERN POWER TRUST, by its  
administrator, TRANSEASTERN POWER  
ADMINISTRATOR INC.**

Per: \_\_\_\_\_

**ACKNOWLEDGEMENT**

The undersigned Participant acknowledges that:

1. I have received and reviewed a copy of the Plan and agree to be bound by it and the terms of this Award Agreement. In the event of any conflict between the terms of the Plan and this Award Agreement, the terms of the Plan will govern and prevail.
2. Upon receipt of this Award Agreement by [●] on or before [Date], RTUs will be allocated to my account in the Plan as of [Date].
3. I have not been induced to enter into this Award Agreement by expectation of employment or continued employment with any member of the Transeastern Group.
4. I will be liable for income tax and other applicable taxes or social security contributions when payment is made to me under the Plan in respect of RTUs credited to my Account, in accordance with the terms of the Plan. **I should confirm the tax treatment with my own tax advisor.**
5. The value of an RTU is based on the trading price of a Unit and is thus not guaranteed. The eventual cash value of an RTU on the applicable payment date may be higher or lower than the value of the RTU at the time it was allocated to my account in the Plan.
6. If my employment with a member of the Transeastern Group is terminated for Cause, I will forfeit all RTUs, whether vested or unvested, in my Account at the time, as set out in more detail in the Plan.
7. If my **[employment / consulting relationship or service relationship]** with a member of the Transeastern Group is terminated without Cause, I will forfeit any RTUs in my Account at that time which have not yet vested, as set out in more detail in the Plan.
8. If I resign my **[employment / consulting relationship]** with a member of the Transeastern Group, I will forfeit any RTUs in my Account at that time which have not yet vested, as set out in more detail in the Plan.
9. Any lump sum payment in cash owing to me pursuant to the Plan, less Applicable Withholding Taxes, will be forwarded to me at the address provided by me, by registered mail, in the form of a cheque from the Trust.
10. I shall have no entitlement to receive payment in respect of any RTUs that are forfeited pursuant to the terms of the Plan whether by way of damages or otherwise.
11. No funds will be set aside to guarantee payment of the RTUs and that future payments of RTUs will remain an unfunded and unsecured liability recorded on the books of the Trust.
12. I am required to provide the Trust with all information (including personal information) the Plan Administrator requires to administer the Plan and I hereby consent to the collection of all such information by the Trust. I understand that the Trust may from time to time transfer or provide access to such information to third party service providers for purposes of the administration of the Plan and that such service providers will be provided with such information for the sole purpose of providing such services to the Trust. I acknowledge that withdrawal of the consent at any time may result in a delay in the administration of the Plan or in the inability of the Trust to

deliver a lump-sum cash payment corresponding to the number of my RTUs to me under the Plan.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of Participant

\_\_\_\_\_  
Name of Participant [**Please Print**]

**BENEFICIARY DESIGNATION**

To: ●

I, \_\_\_\_\_, being a participant in the Transeastern Power Trust Restricted Trust Unit Plan (the “**Plan**”) hereby designate the following individual as my Beneficiary for purposes of the Plan:

Name of Beneficiary: \_\_\_\_\_

Address of Beneficiary: \_\_\_\_\_

\_\_\_\_\_

This designation revokes any previous Beneficiary designation made by me under the Plan. Under the terms of the Plan, and subject to Applicable Law, I reserve the right to revoke this designation and to designate another individual as my Beneficiary.

Date: \_\_\_\_\_

Name: \_\_\_\_\_ (please print)

Signature: \_\_\_\_\_

*Choosing your Beneficiary is an important decision and this is an important document. We recommend that you consider your options carefully and that you seek appropriate advice before completing it if you require clarification.*

*All capitalized terms used in this Beneficiary Designation shall have the same meaning as in the Plan unless otherwise defined herein.*

**SCHEDULE “D”  
UNIT PURCHASE PLAN**

**Adopted May 28, 2014, as amended \_\_\_\_\_**

1. Transeastern Power Trust (the “**Trust**”) has established an Unit Purchase Plan (“**UPP**”) for the benefit of the directors, officers and employees of the Trust, its subsidiaries and affiliates (the “**Transeastern Group**”).
2. Directors, officers and employees qualify to purchase units in the capital of the Trust (“**Units**”) under the UPP once they have completed twelve months of service. These directors, officers and employees are referred to as “**Qualifying Participants**”.
3. Participation in the UPP is voluntary. Any decision not to participate shall not affect a Qualified Participant’s position as a director, officer or employee.
4. On June 15 and December 15 of each year, Qualifying Participants can purchase Units (“**Qualifying Units**”) up to a maximum amount of \$12,500. Accordingly, the maximum amount that can be invested by a Qualifying Participant in any year is \$25,000. Notwithstanding the foregoing, if a purchase date occurs during a Blackout Period applicable to the relevant Qualifying Participant, or within ten (10) business days after the expiry of a Blackout Period applicable to the relevant Participant under the Plan, then the purchase date for that Qualifying Participant shall be the date that is the tenth (10th) business day after the expiry date of the Blackout Period. For purposes of this section, “Blackout Period” means the period during which the relevant Qualifying Participant is prohibited from trading in securities of the Trust due to restrictions imposed by the Trust in accordance with its trading policies affecting trades by directors, officers, employees and direct or indirect service providers of the Transeastern Group.
5. The purchase price of the Qualifying Units under the UPP is the Market Price (as such term is defined in the TSX Venture Exchange (the “**Exchange**”) Corporate Finance Manual) prior to the applicable June 15 or December 15 date.
6. Qualifying Participants will be required to hold their Qualifying Units for a minimum period of three months or, if applicable, for the requisite Exchange hold period.
7. On June 15 and December 15 of each year, a Qualifying Participant will be entitled to receive an equivalent number of Qualifying Units purchased by such Qualifying Participant (the “**Matching Units**”) at no cost to the Qualifying Participant. The Matching Units shall be issued to the Qualifying Participant equally over a three-year period following the date of the purchase of the applicable Qualifying Units, as long as the Qualifying Participant is a director, officer or employee of the Trust at that time. Therefore Qualifying Participants earn one-third of their Matching Units one year following the date of issue of the Qualifying Units, a further one-third of their Matching Units two years following the date of issue of the Qualifying Units, and the final one-third of their Matching Units three years following the date of issue of the Qualifying Units.
8. If the Qualifying Participant is no longer serving as a director, officer or employee of the Transeastern Group for any reason whatsoever (including voluntary resignation or termination by the Transeastern Group with or without cause), the Qualifying Participant will not be entitled to the issuance of any Matching Units that have not yet been issued to the Qualifying Participant. Despite the foregoing, upon the death of a Qualifying Participant, Matching Units that would

have been issued to such participant as a result of the purchase of Qualifying Units as at the date of death will continue to be issued by the Trust to the estate of such Qualifying Participant over the three year period referred to above.

9. No Units will be issued under the UPP at any time to any insider of the Trust if such issuance could result at any time in: (i) the number of Units issued to insiders pursuant to the UPP within any one year period exceeding 10% of the issued and outstanding Units; or (ii) the number of Units issuable to insiders at any time pursuant to the UPP exceeding 10% of the outstanding Units.
10. The total number of Units issued from treasury under the UPP cannot exceed 1,600,000 Units.
11. The Trust reserves the right to allocate Units to Qualifying Participants on a pro-rata basis should the number of Units to be purchased or issued under the UPP exceed the limits provided in Section 9.
12. If the Units are increased, decreased, changed into or exchanged for a different number or type of securities of the Trust through a re-organization, plan of arrangement, merger, re-capitalization, re-classification, dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the board of directors of the Trust (the “**Board**”), in its discretion, to: (a) the percentage of Units reserved for issuance under the UPP; and (b) the number of Matching Units issuable to Qualifying Participants pursuant to Section 7 hereof. Determinations by the Board as to what adjustments shall be made, and the extent thereof, are subject to any necessary approvals of the Exchange. The Trust shall not be obligated to issue fractional securities in satisfaction of any of its obligations hereunder.
13. In the event that a “take-over bid” (within the meaning of applicable Canadian securities laws) is made for:
  - (a) all of the issued and outstanding Units, then all Matching Units which have not yet been earned by Qualifying Participants pursuant to Section 7 hereof as of the date of the bid shall be deemed to have been earned and the Trust shall immediately issue and deliver such Matching Units to each Qualifying Participant, or
  - (b) a portion of the issued and outstanding Units, then, if the Board so determines at its discretion, all Matching Units which have not yet been earned by Qualifying Participants pursuant to Section 7 hereof as of the date of the bid shall be deemed to have been earned and the Trust shall immediately issue and deliver such Matching Units to each Qualifying Participant.
14. The Trust may satisfy its obligations under the UPP to issue Qualifying Units and Matching Units, in whole or in part, through the issuance of securities from treasury and/or by delivery of previously issued Units acquired on a public market such as the Exchange. The Trust reserves the right to discharge any and all of its obligations under the UPP through the use of a plan administrator or other third party service provider. The Trust reserves the right to limit the number of Qualifying Units acquired by Qualifying Participants on a pro-rata basis should the number of Units to be purchased or issued exceed the maximum limits of the UPP set out hereunder.
15. Subject to any required Exchange or unitholder approvals, the Board may amend, suspend or discontinue the UPP at any time or from time to time, provided that such amendment, suspension

or discontinuation shall not alter or impair any existing entitlement to Matching Units hereunder without the consent of the applicable Qualifying Participant.

16. For greater certainty and without limiting the foregoing, the Board may, from time to time, waive the participation limits set out in Section 4 of the UPP provided that the aggregate participation of all Qualifying Participants in respect of the participation date on which the waiver applies shall not exceed the aggregate maximum participation that would otherwise apply had the waiver not been granted.
17. The Board shall interpret and apply the intent of the UPP and shall determine all questions arising with respect to the UPP. The determination of the Board shall be conclusive and binding on all Qualified Participants.
18. The UPP and all determinations made and actions taken pursuant thereto shall be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
19. This UPP is hereby instituted this 28<sup>th</sup> day of May, 2014, as amended \_\_\_\_\_.

**SCHEDULE “E”  
UNIT OPTION PLAN**

**1. Purpose of the Plan**

The purpose of the Plan is to provide the Participants with an opportunity to purchase Units and benefit from the appreciation thereof. This proprietary interest in the Trust will provide an increased incentive for the Participants to contribute to the future success and prosperity of the Trust, thus enhancing the value of the Units for the benefit of all the Unitholders and increasing the ability of the Trust and its Subsidiaries to attract and retain individuals of exceptional skill.

**2. Defined Terms**

2.1 Where used herein, the following terms shall have the following meanings (all other capitalized terms used and not defined herein shall have the meanings ascribed to them in the TSX Venture Exchange Corporate Finance Manual):

- (a) **“Acceleration Right”** means the Participant’s right, in certain circumstances, to exercise its outstanding Option as to all or any of the Units in respect of which such Option has not previously been exercised and which the Participant is entitled to exercise, including in respect of Units not otherwise vested at such time;
- (b) **“Board”** means the board of directors of the Trust Administrator;
- (c) **“Business Day”** means each day other than a Saturday, Sunday or statutory holiday in Ontario, Canada;
- (d) **“Exchange”** means the TSX Venture Exchange or, if the Units are not then listed and posted for trading on the TSX Venture Exchange, then on any stock exchange in Canada on which such units are listed and posted for trading or any other regulatory body having jurisdiction as may be selected for such purpose by the Board;
- (e) **“Exercise Notice”** means the notice in writing signed by the Participant or the Participant’s legal personal representatives addressed to the Trust specifying an intention to exercise all or a portion of the Option;
- (f) **“Expiry Time”** means the time at which the Options will expire, being 4:00 p.m. (Toronto time) on a date to be fixed by the Board at the time the Option is granted, which date will not be more than ten years from the date of grant;
- (g) **“Fair Market Value”** means, for the purposes of sections 4.5 and 9.4 hereof, at any date in respect of the Units, the closing price of the Units as reported by the Toronto Stock Exchange on the last trading day immediately preceding such date or, if the Units are not listed on any stock exchange, a price determined by the Board;



- (h) **“Insider”** has the meaning ascribed thereto in the Exchange Corporate Finance Manual;
- (i) **“Option”** means an option to purchase Units from treasury granted by the Trust to a Participant, subject to the provisions contained herein;
- (j) **“Option Price”** means the price per unit at which Units may be purchased under the Option, as the same may be adjusted herein;
- (k) **“Participants”** means the directors, officers and employees of, and consultants to, the Trust Administrator, the Trust or its Subsidiaries, as defined by the relevant Exchange and, subject to compliance with the applicable requirements of the Exchange, the Personal Holding Companies of such persons, to whom an Option has been granted by the Board pursuant to the Plan and which Option or a portion thereof remains unexercised;
- (l) **“Personal Holding Company”** means a company of which 100% of the voting shares are beneficially owned, directly or indirectly, by a director, officer or employee of, or consultant to, the Trust or its Subsidiaries and such entity shall be bound by the Plan in the same manner as if the Options were held directly;
- (m) **“Plan”** means this unit option plan of the Trust, as the same may be amended or varied from time to time;
- (n) **“Subsidiary”** means any corporation that is a subsidiary of the Trust, as such term is defined under the *Business Corporation Act* (Ontario), as such provision is from time to time amended, varied or re-enacted, or a “related entity” as defined in section 2.22 of National Instrument 45-106;
- (o) **“Take-Over Bid”** has the meaning ascribed thereto in the *Securities Act* (Ontario), as such provision is from time to time amended, varied or re-enacted;
- (p) **“Trust”** means Transeastern Power Trust, and includes any successor thereof;
- (q) **“Trust Administrator”** means Transeastern Power Administrator Inc., as administrator of the Trust, and its successors and assigns;
- (r) **“Unitholder”** means a holder of Units; and
- (s) **“Units”** means the units in the capital of the Trust or, in the event of an adjustment contemplated by Article 8 hereof, such units to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;

### **3. Administration of the Plan**

3.1 The Board shall administer this Plan. Options granted under the Plan shall be granted in accordance with determinations made by the Board pursuant to the provisions of the Plan as to: (a) the Participants to whom and the time or times at which the Options will be

granted; the number of Units which shall be the subject of each Option; (b) any vesting provisions attaching to the Option; and (c) the terms and provisions of the respective unit option agreements, provided however, that each director, officer, employee or consultant shall have the right not to participate in the Plan and any decision not to participate therein shall not affect the employment by or engagement with the Trust. The Board shall ensure that Participants under the Plan are eligible to participate under the Plan, and, if required by the Exchange, shall represent and confirm that the Participant is a bona fide employee, consultant or management company employee (as defined in the policies of the Exchange).

3.2 The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Trust and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board (the “**Committee**”). The Committee shall be comprised of two or more members of the Board who shall serve at the pleasure of the Board. Vacancies occurring on the Committee shall be filled by the Board.

3.3 The Committee (or the Board where the Committee has not been constituted) shall have the power to delegate to any member of the Board or officer so designated (the “**Administrator**”), the power to determine which Participants are to be granted Options and to grant such Options, the number of Units purchasable under each Option, the Option Price and the time or times when and the manner in which Options are exercisable, and the Administrator shall make such determinations in accordance with the provisions of this Plan and with applicable securities and stock exchange regulatory requirements, subject to final approval by the Committee or Board.

#### **4. Granting of Option**

4.1 Participants may be granted Options from time to time. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time. Each Option granted hereunder shall be evidenced by a unit option agreement in writing, signed on behalf of the Trust and by the Participant, in substantially the form attached as Appendix “A”, subject to amendments as may be approved by the Board from time to time. Each such agreement shall recite that it is subject to the provisions of this Plan.

4.2 The maximum number of Units which may be issued under Options issued and outstanding pursuant to this Plan to all Participants is 3,200,000. Units in respect of which Options are cancelled or not exercised prior to expiry, for any reason, shall be available for subsequent Option grants under the Plan. No fractional units may be purchased or issued hereunder.

4.3 The Trust shall at all times, during the term of the Plan, reserve and keep available such number of Units as will be sufficient to satisfy the requirements of the Plan.

- 4.4 Any grant of Options under the Plan shall be subject to the following restrictions:
- (a) the aggregate number of Units reserved for issuance pursuant to Options granted to any one Participant in any 12 month period may not exceed 5% of the Trust's total issued and outstanding Units, unless disinterested Unitholder approval is obtained;
  - (b) the aggregate number of Units issuable pursuant to Options granted to Insiders pursuant to the Plan and other security based compensation arrangements may not exceed 10% of the Trust's total issued and outstanding Units, unless disinterested Unitholder approval is obtained;
  - (c) the aggregate number of Units issued to Insiders pursuant to the Plan and other security based compensation arrangements within any 12 month period may not exceed 10% of the Trust's total issued and outstanding Units, unless disinterested Unitholder approval is obtained;
  - (d) the issuance of Units to any one Consultant within any 12 month period may not exceed 2% of the Trust's total issued and outstanding Units at the date of grant; and
  - (e) the issuance of Units to a Participant conducting Investor Relations Activities may not exceed, in the aggregate, 2% of the Trust's total issued and outstanding Units.

4.5 Provided that the Trust is listed on the Toronto Stock Exchange (the "TSX") and is in compliance with applicable TSX requirements, the Board may grant Options which allow a Participant to elect to exercise its Option on a "cashless basis", whereby the Participant, instead of making a cash payment for the aggregate exercise price, shall be entitled to be issued such number of Units equal to the number which results when: (i) the difference between the aggregate Fair Market Value of the Units underlying the Option and the aggregate exercise price of such Option is divided by (ii) the Fair Market Value of each Unit.

4.6 All Options granted pursuant to this Plan shall be subject to rules and policies of the Exchange and any other regulatory body having jurisdiction.

4.7 A Participant who has been granted an Option may, if otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option if the Board so determines.

## **5. Option Price**

5.1 Subject to applicable Exchange approval, the Option Price shall be fixed by the Board at the time the Option is granted to a Participant. In no event shall the price be less than the Discounted Market Price (as defined in the policies of the Exchange). If a press release fixing the price is not issued, the Discounted Market Price is the closing price per Unit on the Exchange on the last trading day preceding the date of grant on which there was a closing price (less the applicable discount) or, if the Units are not listed on any stock exchange, a price

determined by the Board; provided that, if the Board, in its sole discretion, determines that the closing price on the last trading day preceding the date of grant would not be representative of the market price of the Units, then the Board may base the price on the greater of the closing price and the weighted average price per unit for the Units for five (5) consecutive trading days ending on the last trading day preceding the date of grant on which there was a closing price on the Exchange. The weighted average price shall be determined by dividing the aggregate sale price of all Units sold on the Exchange during the said five (5) consecutive trading days, by the total number of Units so sold.

5.2 Once the Option Price has been determined by the Board, accepted by the Exchange and the Option has been granted, if the Optionee is an Insider, the Option Price may only be reduced if disinterested Unitholder approval is obtained; provided that such disinterested Unitholder approval is then a requirement of the Exchange or other regulatory body having jurisdiction.

## 6. Term of Option

6.1 The term of the Option shall be a period of time fixed by the Board, not to exceed ten years from the date of grant. Unless the Board determines otherwise, Options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods) as are herein contained or as the Board may from time to time impose, or as may be required by the Exchange or under applicable securities law.

6.2 Each Option and all rights thereunder shall be expressed to expire at the Expiry Time, but shall be subject to earlier termination in accordance with Section 11 hereof.

6.3 Subject to any specific requirements of the Exchange, the Board shall determine the vesting period or periods within the Option term, during which a Participant may exercise an Option or a portion thereof.

6.4 In addition to any resale restriction under securities laws, an Option may be subject to a four month Exchange hold period commencing on the date the Option is granted.

6.5 Except in the case of a Participant's Option that terminates pursuant to section 11.3 below, in the event that the term of an Option expires within or immediately following a "blackout period" imposed by the Trust, the Option shall expire on the date (the "**Blackout Expiration Date**") that is ten Business Days following the end of such blackout period. The Blackout Expiration Date shall not be subject to the discretion of the Board.

## 7. Exercise of Option

7.1 Subject to the provisions of the Plan and the terms of any unit option agreement, an Option or a portion thereof may be exercised, from time to time, by delivery of the Exercise Notice to the Trust's principal office in Toronto, Ontario. The Exercise Notice shall state the intention of the Participant or the Participant's legal personal representative to exercise the said Option or a portion thereof and specify the number of Units in respect of which the Option is then being exercised, and shall be accompanied by the full purchase price of the Units which are

the subject of the exercise. Such Exercise Notice shall contain the Participant's undertaking to comply, to the satisfaction of the Trust, with all applicable requirements of the Exchange and any applicable regulatory authorities.

## **8. Adjustments in Units**

8.1 If the outstanding Units of the Trust are increased, decreased, changed into or exchanged for a different number or kind of units or securities of the Trust through a re-organization, plan of arrangement, merger, re-capitalization, re-classification, dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the Board, in its discretion, in the number or kind of units optioned and the exercise price per unit with respect to: (a) previously granted and unexercised Options or portions thereof; and (b) Options which may be granted subsequent to any such change in the Trust's capital.

8.2 Determinations by the Board as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. The Trust shall not be obligated to issue fractional securities in satisfaction of any of its obligations hereunder.

## **9. Accelerated Vesting**

9.1 In the event that certain events such as a liquidation or dissolution of the Trust or a re-organization, plan of arrangement, merger or consolidation of the Trust with one or more corporations or other entities, as a result of which the Trust is not the surviving entity, or the sale by the Trust of all or substantially all of the property and assets of the Trust prior to the Expiry Time, are proposed or contemplated, the Board may, notwithstanding the terms of this Plan or any unit option agreements issued hereunder, exercise its discretion, by way of resolution, to permit accelerated vesting of Options on such terms as the Board sees fit at that time. If the Board, in its sole discretion, determines that the Units subject to any Option granted hereunder shall vest on an accelerated basis, all Participants entitled to exercise an unexercised portion of Options then outstanding shall have the right at such time, upon written notice being given by the Trust, to exercise such Options to the extent specified and permitted by the Board and within the time period specified by the Board, which shall not extend past the Expiry Time.

9.2 An Option may provide that whenever the Unitholders receive a Take-Over Bid and the Trust supports this bid, pursuant to which the "offeror" would, as a result of such Take-Over Bid being successful, beneficially own in excess of 50% of the outstanding Units, the Participant may exercise the Acceleration Right. The Acceleration Right shall commence on the date of the mailing of the Board circular recommending acceptance of the Take-Over Bid and end on the earlier of:

- (a) the Expiry Time; and
- (b) (i) in the event the Take-Over Bid is unsuccessful, the expiry date of the Take-Over Bid; and (ii) in the event the Take-Over Bid is successful, the tenth (10th) day following the expiry date of the Take-Over Bid.

9.3 At the time of the termination of the Acceleration Right, the original vesting terms of the Options shall be reinstated with respect to the Units issuable thereunder which were not

acquired by the holders of such Options pursuant to the terms thereof. Notwithstanding the foregoing, the Acceleration Right may be extended for such longer period as the Board may resolve.

9.4 Provided that the Trust is listed on the TSX and is in compliance with applicable TSX requirements, the Trust may satisfy any obligations to a Participant hereunder by paying to the Participant in cash the difference between the exercise price of all unexercised Options granted hereunder and the Fair Market Value of the Units to which the Participant would be entitled upon exercise of all unexercised Options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied.

## **10. Decisions of the Board**

All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Trust and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants of the Trust who are eligible to participate under the Plan.

## **11. Ceasing to be a Director, Officer, Employee or Consultant**

11.1 Subject to the terms of the applicable unit option agreements and subject to sections 11.2 and 11.5 hereof, in the event of the Participant ceasing to be a director, officer, employee or consultant of the Trust or a Subsidiary for any reason other than death, including the resignation or retirement of the Participant or the termination by the Trust or a Subsidiary of the employment of the Participant, prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such Units in respect of which the Option has not previously been exercised (and as the Participant would have been entitled to exercise) at any time up to and including (but not after) the earlier of: (a) the Expiry Time; and (b) a date that is ninety (90) days (or such other period as may be determined by the Board, provided that such period is not more than one year) following the effective date of such resignation or retirement or a date that is ninety (90) days (or such other period as may be determined by the Board, provided that such period is not more than one year) following the date notice of termination of employment is given by the Trust or a Subsidiary, whether such termination is with or without reasonable notice, and subject to such shorter period as may be otherwise specified in the unit option agreement, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.2 In consideration of the Option hereby granted, in the event of the resignation or retirement of the Participant or the termination of employment by the Trust without cause, the Participant hereby covenants not to sue the Trust for damages arising from the loss of rights granted hereunder and releases the Trust from any damages.

11.3 Notwithstanding the foregoing, in the event of termination for cause, such Option (including an Option held by a Participant's Personal Holding Company) shall expire and terminate immediately at the time of delivery of notice of termination of employment for cause to the Participant by the Trust or a Subsidiary and shall be of no further force or effect whatsoever as to the Units in respect of which an Option has not previously been exercised.

11.4 In the event of the death of a Participant on or prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such of the Units in respect of which such Option has not previously been exercised (and as the Participant would have been entitled to purchase), by the legal personal representatives of the Participant at any time up to and including (but not after) a date one (1) year from the date of death of the Participant, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.5 Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Trust or any of its Subsidiaries.

## **12. Transferability**

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or to the extent, if any, permitted by the Exchange.

## **13. Amendment or Discontinuance of Plan**

13.1 (a) The approval of the Board and the requisite approval from the Exchange and the Unitholders shall be required for any of the following amendments to be made to the Plan:

- (i) any amendment to the number of Units issuable under the Plan, including an increase in the fixed maximum number of Units or a change from a fixed maximum number of Units to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by Unitholders will not require additional Unitholder approval;
- (ii) a reduction in the exercise price or purchase price of an Option (other than for standard anti-dilution purposes) held by or benefiting an Insider;
- (iii) an increase in the maximum number of Units that may be issued to Insiders within any one year period or that are issuable to Insiders at any time;
- (iv) an extension of the term of an Option held by or benefiting an Insider;
- (v) any change to the definition of "Participants" which would have the potential of broadening or increasing Insider participation;
- (vi) the addition of any form of financial assistance;
- (vii) any amendment to a financial assistance provision which is more favourable to Participants;
- (viii) provided that the Trust is listed on the TSX, the addition of a cashless exercise feature, payable in cash or securities which does not provide for a

- full deduction of the number of underlying securities from the Plan reserve;
- (ix) the addition of a deferred or restricted trust unit or any other provision which results in Participants receiving securities while no cash consideration is received by the Trust; and
  - (x) any other amendments that may lead to significant or unreasonable dilution in the Trust's outstanding securities or may provide additional benefits to Participants, especially Insiders, at the expense of the Trust and its existing Unitholders.
- (b) The Board may, without Unitholder approval but subject to receipt of requisite approval as required by the Exchange, in its sole discretion make all other amendments to the Plan that are not of the type contemplated in subsection 13.1 (a) above including, without limitation:
- (i) amendments of a housekeeping nature;
  - (ii) a change to the vesting provisions of an Option or the Plan;
  - (iii) a change to the termination provisions of an Option or the Plan which does not entail an extension beyond the original expiry date, except as contemplated in Section 6.5 above; and
  - (iv) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve.

#### **14. Participants' Rights**

14.1 A Participant shall not have any rights as a Unitholder until the issuance of a certificate for Units upon the exercise of an Option or a portion thereof, and then only with respect to the Units represented by such certificate or certificates.

14.2 Nothing in the Plan or any Option shall confer upon any Participant any rights to continue in the employ of the Trust or any Subsidiary or affect in any way the right of the Trust or any such Subsidiary to terminate the employment of the Participant at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Trust or any such Subsidiary to extend the employment of any Participant beyond the time such Participant would normally retire pursuant to the provisions of any present or future retirement plan of the Trust or any Subsidiary, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Trust or any Subsidiary.



**15. Approvals**

15.1 The Plan shall be subject, if applicable, to the approval of the Exchange or other regulatory body having jurisdiction at that time and, if so required thereby, to the approval of the Unitholders.

15.2 Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

**16. Government Regulation**

16.1 The Trust's obligation to issue and deliver Units under any Option is subject to:

- (a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Trust shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Units to listing on any stock exchange on which such Units may then be listed; and
- (c) the receipt from the Participant of such representations, warranties, agreements and undertakings as to future dealings in such Units as the Trust determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

16.2 In this regard, the Trust shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Units and for the listing of such Units on the Exchange, in compliance with applicable securities laws. If any Units cannot be issued to any Participant for whatever reason, the obligation of the Trust to issue such Units shall terminate and the Option Price paid to the Trust will be returned to the Participant.

**17. Costs**

The Trust shall pay all costs of administering the Plan.

**18. Interpretation**

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

**19. Compliance with Applicable Law**

If any provision of the Plan or any Option contravenes any law or any order, policy, bylaw or regulation of any regulatory body or the Exchange, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

**APPENDIX A**

**FORM OF OPTION AGREEMENT**

Optionee: \_\_\_\_\_  
Name  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Address

Grant: \_\_\_\_\_  
Maximum Number of Units

Option Exercise Price: \_\_\_\_\_ per Unit

Date of Grant: \_\_\_\_\_

Expiry Date: \_\_\_\_\_

Vesting (if any): \_\_\_\_\_  
\_\_\_\_\_

This Option Agreement is made under and is subject in all respects to the Transeastern Power Trust Unit Option Plan (the “**Plan**”) (as the same may be amended, supplemented and/or restated from time to time), and the Plan (as so amended, supplemented and/or restated) is deemed to be incorporated in and to be part of this Option Agreement. The Optionee is deemed to have notice of and to be bound by all of the terms and provisions of the Plan (as so amended, supplemented and/or restated), as if the Plan were set forth in full herein. In the event of any inconsistency between the terms of this Option Agreement and the Plan, the terms of this Option Agreement shall prevail. The Plan contains provisions respecting termination and/or voiding of the Plan or the Option.

This Option Agreement evidences that the Optionee named above is entitled, subject to and in accordance with the Plan, to purchase up to but not more than the maximum number of Units set out above at the option exercise price set out above upon delivery of an exercise form as annexed hereto duly completed and accompanied by certified cheque or bank draft for the aggregate exercise price.

This Option Agreement is not effective until countersigned on behalf of Transeastern Power Trust and accepted by the Optionee.

Dated: \_\_\_\_\_, 20\_\_

TRANSEASTERN POWER TRUST, by its administrator, TRANSEASTERN POWER ADMINISTRATOR INC.

By: \_\_\_\_\_  
Name:  
Title:  
Authorized Signing Officer

I have read the foregoing Option Agreement and hereby accept the Option to purchase Units in accordance with and subject to the terms and conditions of such Option Agreement and the Plan. I understand that I may review the complete Plan by contacting the Secretary of the Trust. I agree to be bound by the terms and conditions of the Plan governing the option.

Accepted: \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Signature of Optionee

