

MASTER AGREEMENT ENTERED INTO ON THE 15TH DAY OF SEPTEMBER, 2010

BY AND BETWEEN: **GRADEK ENERGY INC.**
c/o Thomas Gradek
366 De la Roseraie,
Rosemère, Québec, J7A 4N2

AND: **MR. THOMAS GRADEK**
366 De la Roseraie,
Rosemère, Québec, J7A 4N2

AND: **R H S T DEVELOPMENT INC.**
c/o Thomas Gradek
366 De la Roseraie,
Rosemère, Québec, J7A 4N2

AND: **GRADEK ENERGY CANADA INC.**
c/o Thomas Gradek
366 De la Roseraie,
Rosemère, Québec, J7A 4N2

AND: **DUNDEE CORPORATION, on its behalf or
on behalf of its nominee**
1 Adelaide Street E.,
Toronto, ON M5C 2V9

1. Preamble

1.1 **WHEREAS** a convertible debenture has been issued by Gradek Energy Inc. (the "Corporation") in favour of Dundee Corporation (or any subsidiary or entity as may be determined from time to time by Dundee Corporation) (the "Holder") as of the date hereof (the "Debenture") and reference is hereby made to said Debenture;

1.2 **WHEREAS** the Corporation and the Holder have entered into a term sheet as of the date hereof, a copy of which is attached hereto as Schedule A (the "Term Sheet"), which agreement contemplates a private placement in an aggregate amount of \$5,500,000 (to which the Holder shall be a participant to the extent of \$3,000,000) in the capital stock of the Corporation by the issuance of a combination of Flow Through Share Units and Common Share Units;

1.3 **WHEREAS** in order for the Corporation to be able to issue the Flow Through Shares forming part of the Flow Through Units, a determination must be made by the Canada Revenue Agency (the "CRA") to the effect that the activities of the Corporation give rise to Canadian Exploration Expenditures ("CEE") so that the expenses incurred by the Corporation in the research and development of its process can be flowed through to the Holder;

1.4 **WHEREAS** an application is currently being made to the CRA to obtain a CEE classification for its process but such application requires time and consideration and, notwithstanding efforts being made by the parties to secure it, may not be available;

1.5 **WHEREAS** the Corporation requires a portion of the private placement to be made immediately, as such funding is urgently required by the Corporation in order for it to build a pilot project in Montreal for an impending convention of participants in the energy sector of the economy;

1.6 **WHEREAS** the Holder has agreed to partially fund the private placement to the extent of \$2,000,000 as evidenced by the Debenture, which Debenture is convertible solely into Common Share Units, and which conversion, if exercised for the full amount of the Debenture (without including interests and other costs), would result in the Holder receiving an equity interest of not less than 9.8% of the Corporation (on a fully diluted basis and without giving effect to the exercise of the Warrants);

1.7 **WHEREAS** the Holder has agreed that if prior to August 31, 2011, the CRA has agreed to grant CEE classification so that the Corporation can issue Flow Through Shares to the entire satisfaction of the Holder, and the Corporation is not in default under the terms of the Debenture, this Master Agreement or any other agreements entered into with the Holder, then the conversion rights of the Holder under the Debenture must be reduced to reflect the Flow Through Units issued to the Holder such that the Holder's right to convert the indebtedness under the Debenture into Common Share Units will reflect the ratio of Flow Through Shares to Common Shares of the private placement pursuant to the Term Sheet and the remaining balance will be repaid by the Corporation to the Holder concurrently with the Holder reinvesting into the Corporation such remaining balance in Flow Through Units;

1.8 **WHEREAS** this Master Agreement sets out the mechanism required to adjust the Conversion Price and thus the number of Common Share Units that the Holder shall receive upon conversion should the CRA grant CEE classification and allow the Corporation to utilize the benefits of such classification;

1.9 **WHEREAS** the private placement contemplated by the Term Sheet shall be offered to friends and associates of Mr. Thomas Gradek, on a best efforts basis, for an amount of up to \$2,500,000 (the "Gradek Investment");

1.10 **WHEREAS** Mr. Thomas Gradek has personally guaranteed the obligations of the Corporation and GEC under the Debenture and has pledged his shares in the share capital of R H S T Development Inc. ("RHST") to secure said guarantee in accordance with and subject to the provisions hereof and of the Debenture;

1.11 **WHEREAS** RHST has granted a license to the Holder in respect of its intellectual property (the "License") pursuant to a license agreement entered into by RHST and the Holder on the date hereof (the "License Agreement") and attached hereto as Schedule C, in accordance with and subject to the provisions hereof and of the License Agreement;

1.12 **WHEREAS** the Holder and RHST wish to enter into the Shareholders Agreement, which shall be a unanimous shareholder agreement to be executed by all of the shareholders of the Corporation as well as by the Corporation in order to govern their rights and obligations as shareholders; and

1.13 **WHEREAS** all terms capitalized herein and not otherwise herein defined shall have the meanings ascribed to them in the Debenture.

THE PARTIES HEREBY AGREE AS FOLLOWS:

2. **Interpretation**

2.1 The preamble and schedules shall be incorporated herewith as though recited at length.

3. **Definitions**

3.1 "Call Option" has the meaning ascribed to such term in Section 5.2.1;

3.2 "Called Shares" has the meaning ascribed to such term in Section 5.2.1;

3.3 "CEE" refers to *Canadian exploration expenses* as this term is defined subsection 66.1(6) of the *Income Tax Act (Canada)*;

3.4 "Excess Warrant Coverage" has the meaning ascribed to such term in Section 5.3.3;

3.5 "Flow Through Shares" has the meaning ascribed to such term in the Term Sheet;

3.6 "Flow Through Units" has the meaning ascribed to such term in the Term Sheet;

3.7 "Issued Common Shares" has the meaning ascribed to such term in Section 5.2.1;

3.8 "Revised Number of Common Shares" has the meaning ascribed to such term in Section 5.2.1;

3.9 "Time of Closing" has the meaning ascribed to such term in Section 5.2.2;

4. **Gradek Investment**

4.1 The parties hereto agree that should the Gradek Investment not be made in full on or prior to March 1, 2011, then the Holder at its option may fund the absent portion itself or with others or opt to withdraw from its obligations and declare the Principal and Interest on the Debenture to be due and payable and the same shall forthwith become immediately due and payable to the Holder in accordance with Article 10 of the Debenture;

5. **CEE Adjustments**

5.1 CEE Conversion Price Adjustment

5.1.1 If, at any time prior to the full conversion of the Debenture into Common Share Units pursuant to Articles 2 or 4 of the Debenture, CEE classification is granted by the CRA, then provided that the Corporation is not in default under the terms of the Debenture or this Master Agreement or any other agreement between the parties (collectively, the "Gradek Agreements") then the Debenture shall be deemed to be modified in the manner as provided by in Section 1.7 of the preamble hereto and reflecting the terms of the Term Sheet with respect to the issuance of Flow Through and Common Share Units thereunder. The following formula sets out the manner of determining the Conversion Price once CEE classification has been granted and the modification to the Debenture as set forth in Section 1.7 is implemented.

$$(a) \quad A = (B + C) / [(B + C) / D + [(E - (F + G)) / D]]$$

- where -

"A" means the revised Conversion Price

"B" means the aggregate dollar amount that will be paid in connection with "Flow Through Units" subscribed for by the Holder pursuant to the private placement

"C" means the aggregate dollar amount that will be paid in connection with "Common Share Units" subscribed for by the Holder pursuant to the private placement (including those converted per the Debenture)

"D" means \$3.00 per Common Share as this price may adjusted pursuant to Article 3 of the Debenture

"E" means $(B + C) * 0.28932$

"F" means $B * 0.4822$

"G" means $B * 0.07767$ if the investors are entitled to the Mineral Exploration Tax Credit (falling which G shall be equal to zero)

- (b) For example, if the aggregate amount paid in connection with the Flow Through Units pursuant to the Term Sheet were \$1,913,043, the investment for Flow Through Units is also admissible to Mineral Exploration Tax Credit, and the aggregate amount paid in connection with the Common Share Units pursuant to the Term Sheet and the Debenture were \$3,586,957, the calculation of the revised Conversion Price would be made as follows:

$$A = (B + C) / [((B + C) / D) + [(E - (F + G)) / D]]$$

$$A = (1,913,043 + 3,586,957) / [((1,913,043 + 3,586,957) / \$3.00) + [(5,500,000 * 0.28932) - (1,913,043 * 0.4822 + 1,913,043 * 0.07767)] / 3.00]$$

$$A = 5,500,000 / [1,833,333.33 + [(1,591,260 - (922,469.33 + 148,586.04)) / 3.00]]$$

$$A = 5,500,000 / [1,833,333.33 + (520,204.62 / 3.00)]$$

$$A = 5,500,000 / (1,833,333.33 + 173,401.54)$$

$$A = 5,500,000 / 2,006,734.87$$

$$A = \$2.74$$

Thus, the Revised Conversion Price in this example is \$2.74.

- (c) For the avoidance of doubt, the adjustments contemplated in this Section 5.1.1 hereof shall be in addition to those set forth in Article 3 of the Debenture.

5.2 Call Option

- 5.2.1 In the event that the Corporation has issued Common Shares upon the exercise of the Conversion Rights or upon the Forced Conversion (the "Issued Common Shares") and that the number of Issued Common Shares exceeds the number of Common Shares that would have been issuable under the Conversion Price determined in accordance with in Section 5.1 hereof (the "Revised Number of Common Shares"), the Corporation shall have the Irrevocable call option (the "Call Option") to purchase from the Holder for cancellation and for an aggregate amount of \$1, such number of Common Shares equal to the Revised Number Common Shares subtracted from the number of Issued Common Shares (the "Called Shares").
- 5.2.2 Thus, for example, if the full \$1,913,043 of the Debenture, having accrued one hundred thousand dollars (\$100,000) in interest and costs, had been converted into Common Shares at the Conversion Price stipulated in the Debenture, which is \$2.33, the Holder would have been issued 863,967 Common Shares. For the same amount aggregate of \$2,013,043, under the Revised Conversion Price calculated in Section 5.1.1 hereof, the Holder would have only been entitled to 734,687 Common Shares. Thus, the Call Option described in the preceding paragraph would entitle the Corporation to repurchase 129,280 Common Shares for \$1.
- 5.2.3 The Call Option shall be exercised by notice in writing and the Holder and the Corporation shall enter into definitive documents within 30 days from the date of receipt of the notice referred to above ("Time of Closing") to effect the sale of the Called Shares, the whole at the sole cost and expense of the Corporation.
- 5.3 Warrant Adjustment
- 5.3.1 In the event that CEE classification is granted by the CRA and the Conversion Price is adjusted pursuant to Section 5.1.1 hereof, the number of Warrants issued or issuable to the Holder shall be reduced in accordance with the reduction of the number of Common Share Units issued.
- 5.3.2 Thus, to follow with the examples set out in Sections 5.1.1 and 5.2.2 hereof, if the Revised Conversion Price is \$2.74, and the full \$1,913,043 of the Debenture, having accrued \$100,000 is converted into Common Shares at that rate, the number of Common Shares would equal 734,687, as would the number of Warrants issued or issuable.
- 5.3.3 In the event that the Corporation has issued Common Shares following the exercise of the Warrants and that the number of so issued Common Shares exceeds the number of Common Shares that would have been issuable under the Warrants had their numbers been adjusted in accordance with Section 5.2.1 hereof (the "Excess Warrant Coverage"), the Corporation shall have the irrevocable call option to purchase from the Holder for cancellation and for an amount of \$4 per Common Share, such number of Common Shares representing the Excess Warrant Coverage. The provisions of Section 5.2 hereof shall apply *mutatis mutandis* to the option referred to in this Section 5.3.3 hereof.
- 5.3.4 Thus, for example, if \$1,913,043 of the Debenture, having accrued \$100,000 in interest, had been converted into Common Shares at the Conversion Price stipulated in the Debenture, which is \$2.33, the Holder would have been issued

863,967 Common Shares and 863,967 Warrants. However, for the same amount, under the Revised Conversion Price calculated in Section 5.1.1, the Holder would only be entitled to 734,687 Common Shares and a corresponding number of Warrants. Thus, the call option described in the preceding paragraph would entitle the Corporation to repurchase the Excess Warrant Coverage of 129,280 Common Shares for \$4 per Common Share.

6. **Forced Conversion**

6.1 In the event that the private placement contemplated by the Term Sheet, as amended (provided, however, that any amendment shall be acceptable to the Corporation and the Holder), is completed prior to the Maturity Date and that the Corporation is not in default under any provision of the Gradek Agreements, the Corporation shall have the right, but not the obligation, to force the conversion of the Debenture (in accordance with the provisions of Article 4 of the Debenture), into such number of Common Share Units comprising fully paid and non-assessable Common Shares as calculated in accordance with the provisions of the Debenture or hereof, as applicable.

7. **Disbursement of funds**

7.1 The Corporation acknowledges that it shall be responsible for the payment of any and all fees and costs associated with the preparation of the Term Sheet, the Debenture, the License Agreement and the present agreement as well as all other costs incurred to give effect to the provisions thereof. Lapointe Rosenstein Marchand Melançon LLP. shall be entitled to apply any amount of the Principal held in escrow by it towards the payment of its invoices in connection with the financing contemplated hereby (to the extent that such invoices are approved by the Holder).

8. **Shareholder Agreement**

8.1 The parties hereto agree to negotiate and conclude the Shareholders Agreement in good faith, which Shareholders Agreement shall contain standard provisions (including those set out in Section 8.3 hereof), within the timeframe provided for pursuant to the Debenture.

8.2 The parties hereto agree that upon the execution of the Shareholders Agreement by the Holder and all of the other shareholders of the Corporation, the personal guarantee of Mr. Thomas Gradek pursuant to Article 13 of the Debenture shall terminate and the Holder shall return the shares in the share capital of RHST pledged to it by Mr. Thomas Gradek as security for his obligations pursuant to such guarantee.

8.3 The parties hereto agree that for so long as the Debenture is in force or the Holder is a shareholder of the Corporation, the Corporation shall obtain the prior written approval of the Holder concerning the following matters:

8.3.1 the grant or amendment of any loan, investment or guarantee;

8.3.2 the increase of any loan that has not been pre-approved by the Holder in the annual budget or the pledge of its assets;

- 8.3.3 the issuance, the purchase or the redemption of any shares of its capital, as well as the set up or the amendment of any share purchase plan;
- 8.3.4 the declaration of dividends on any class of shares;
- 8.3.5 the approval of all operating and capital expenditure budgets;
- 8.3.6 the assignment of major assets that has not been pre-approved in the budget, it being understood that major assets means assets having a value more than \$100,000 per transaction or \$250,000 as an aggregate in a fiscal year;
- 8.3.7 the acquisition or alienation of immovable or intellectual property or securities;
- 8.3.8 its dissolution or liquidation, as well as its association or merger with another person, its reorganization or the creation of any subsidiary;
- 8.3.9 any modification of its articles or by-laws;
- 8.3.10 the filing of a notice of intention or a proposal and the text thereof, the assignment of its property or any other act done under any law with respect to insolvency, including the nomination of a trustee or an administrator of the affairs and finances of the Corporation;
- 8.3.11 a material change in the nature of its business, its objectives or the relocation of its head office or one of its principal places of business outside of Québec, as well as the creation of a non-arm's length party within the meaning of the Income Tax Act (Canada) in a country considered a tax haven;
- 8.3.12 the determination or payment of any bonus or advance to a shareholder, director or officer or to any person related thereto;
- 8.3.13 the appointment or dismissal of a director or officer;
- 8.3.14 the entering into any contract with a non-arm's length party as defined under the *Income Tax Act (Canada)*.

8.4 In order to obtain the prior approval required under the preceding Section, the Corporation shall send to the Holder a notice explaining the action requiring its approval, along with all documentation necessary to make a decision. The Holder shall be entitled to exercise its rights with respect to the conduct of business by giving notice to the Corporation within ten days following receipt of the notice from the Corporation, failing which, the Holder shall be deemed to have given its consent.

9. Assets and License

9.1 In the event that the Holder acquires the assets of the Corporation and/or the rights to the License pursuant to the License Agreement as a result of a default of the Corporation of any of its obligations under the Gradek Agreements, then:

- 9.1.1 the Holder agrees not to sell, transfer, assign, sub-license, lease or otherwise dispose of the assets of the Corporation (including the shares of R H S T Development Inc. held by Thomas Gradek, as the case may be) and/or the rights to the License prior to the date that is 60 days following the date that the Holder acquires the assets of the Corporation (including the shares of R H S T Development Inc. held by Thomas Gradek, as the case may be) and/or the rights pursuant to the License; and
- 9.1.2 the Holder hereby grants to Mr. Thomas Gradek and any of the Subject Entities the option to repurchase such assets (including the shares of R H S T Development Inc. held by Thomas Gradek, as the case may be) and/or cancel such License Agreement upon complete repayment of any and all indebtedness owing by the Corporation to the Holder. The foregoing option may only be exercised by Mr. Thomas Gradek or any of the Subject Entities (or any affiliates thereof) during the period commencing on the date that the Holder acquires the assets of the Corporation and/or the rights pursuant to the License and ending on the earlier of: (i) the 180th day following the commencement date of such period and (ii) the date that is 10 days following the receipt by the Corporation and Mr. Thomas Gradek of a notice from the Holder to the effect that it has received a *bona fide* offer from a third party to acquire the assets and/or rights to the License.

10. French language clause

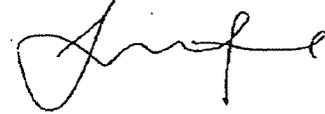
10.1 The parties acknowledge having required that the present agreement and all documents, notices and judicial proceedings entered into, given or instituted pursuant hereto, or relating directly or indirectly hereto, be drawn up in English. *Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention ainsi que tous documents, avis et procédures judiciaires qui pourront être exécutés, donnés ou intentés à la suite des présentes ou ayant rapport direct ou indirect avec la présente convention.*

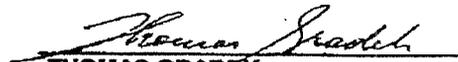
[Signatures on following page]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the 15th day of September, 2010.

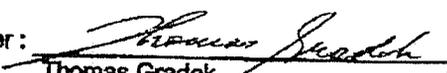
DUNDEE CORPORATION

Per:  _____

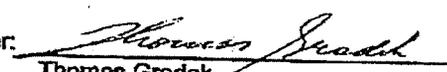



THOMAS GRADEK

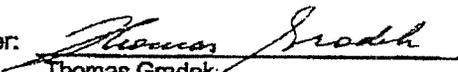
GRADEK ENERGY INC.

Per: 
Thomas Gradek

R H S T DEVELOPMENT INC.

Per: 
Thomas Gradek

GRADEK ENERGY CANADA INC.

Per: 
Thomas Gradek

ADDENDUM TO THE MASTER AGREEMENT ENTERED INTO ON SEPTEMBER 15, 2010 (the "Master Agreement") entered into as of May 14, 2012 at Montreal, Quebec.

BY AND BETWEEN:

GRADEK ENERGY INC.

c/o Thomas Gradek
366 De la Roseraie,
Rosemère, Québec, J7A 4N2

(hereinafter called the "Corporation")

AND:

MR. THOMAS GRADEK

366 De la Roseraie,
Rosemère, Québec, J7A 4N2

AND:

R H S T DEVELOPMENT INC.

c/o Thomas Gradek
366 De la Roseraie,
Rosemère, Québec, J7A 4N2

AND:

GRADEK ENERGY CANADA INC.

c/o Thomas Gradek
366 De la Roseraie,
Rosemère, Québec, J7A 4N2

(hereinafter called "GEC");

AND:

**DUNDEE CORPORATION, on its behalf or
on behalf of its nominee**

1 Adelaide Street E.,
Toronto, ON M5C 2V9

(hereinafter called "Dundee").

RECITALS

- A. The Master Agreement was entered into as of September 15, 2010 concurrently with the issuance of a debenture (the "**Original Debenture**").
- B. Following the issuance of the Original Debenture, additional debentures referring to the Master Agreement have been issued by the Corporation and GEC to Dundee.
- C. It is in the intention of the parties to specify the meaning of the term "Debenture" used in the Master Agreement.

THEREFORE, THE PARTIES AGREE AS FOLLOWS:

Unless the context otherwise requires, capitalized terms used in this Addendum shall have the same meaning as in the Master Agreement.

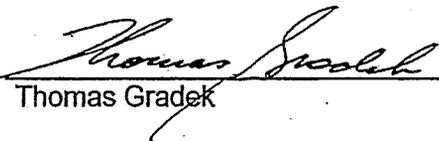
1. The parties have agreed that each reference to the term "Debenture" in the Master Agreement shall have the following meaning :

"All debentures issued by the Corporation and GEC to Dundee including the Consolidated, Restated and Amended Convertible Secured Debenture bearing number 2011-4 and the Convertible Secured Debenture bearing number 2012-1, as well as any and all debentures to be issued thereafter that shall include a reference to the Master Agreement."

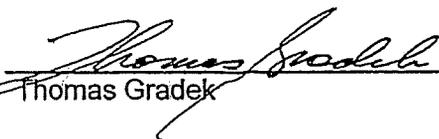
2. The Parties hereto have requested that this Addendum be drafted in the English language; *les Parties aux présentes ont exigé que cet addendum soit rédigé en langue anglaise.*

IN WITNESS WHEREOF the parties (and the Guarantor to confirm its acknowledgment to the modifications set out herein) have duly executed this Addendum as of the date and year first above written.

GRADEK ENERGY INC.

Per: 
Thomas Gradek

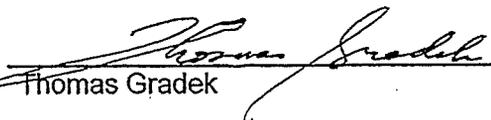
GRADEK ENERGY CANADA INC.

Per: 
Thomas Gradek

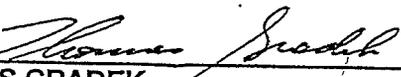
DUNDEE CORPORATION

Per: 

R H S T DEVELOPMENT INC.

Per: 
Thomas Gradek

Intervention of the Guarantor



THOMAS GRADEK

(#1297938-v2)