



## JOINT NEWS RELEASE

# Turbo Power Systems Inc And TAO Sustainable Power Solutions (UK) Ltd. Announce Group Restructure And Conversion Of Shares

Turbo Power Systems Inc. ("**TPS**" or the "**Company**") and Tao Sustainable Power Solutions (UK) Ltd. ("**Tao**") announce that the Company has entered into an acquisition agreement with 536348 Yukon Inc. (the "**Purchaser**"), a wholly-owned subsidiary of Tao, to complete a group restructure transaction of the Company. The transaction will be effected through an amalgamation of TPS and the Purchaser (the "**Amalgamation**") under the *Business Corporations Act* (Yukon) (the "**Act**"). Under the proposed Amalgamation, common shares of the Company held by minority shareholders (other than Tao and its affiliates) will be exchanged for redeemable preferred shares of the amalgamated company and immediately redeemed for a redemption price of £0.0002 per share. The Amalgamation will constitute a going private transaction for the Company as Tao and its affiliates will own 100% of the outstanding shares of the amalgamated company.

The Board of Directors of the Company (the "**Board**") formed a special committee (the "**Special Committee**") of the independent director to evaluate the proposed Amalgamation and to make recommendations to the Board. The Special Committee received an opinion from Evans & Evans, Inc. ([www.evansevens.com](http://www.evansevens.com)) to the effect that, as of the date of such opinion and subject to the assumptions, qualifications and limitations set forth therein, the consideration to be received by minority shareholders of the Company pursuant to the Amalgamation is fair from a financial point of view to such shareholders. The Special Committee, after considering the price offered to shareholders, the financial condition of the Company, the limited ability for TPS shareholders to dispose of their shares, Tao's level of ownership as a shareholder of the Company, the fairness opinion, and a number of other factors, concluded that the consideration is fair to the minority shareholders. After considering these and other factors relevant to the Amalgamation, the Special Committee resolved that the Board submit the Amalgamation to a vote of the shareholders at a special meeting of shareholders and, in furtherance thereof, authorized the Company to enter into the acquisition agreement and to recommend to the shareholders to approve the special resolution in respect of the Amalgamation (the "**Amalgamation Resolution**").

The Company will convene a special meeting of shareholders (the "**Meeting**") to take place on November 22, 2017 for shareholders to consider and approve the Amalgamation. A copy of the above fairness opinion will be included in the information circular to be provided to shareholders in connection with the Meeting.

The Board unanimously recommends that shareholders vote in favour of the Amalgamation Resolution.

Shareholders of the Company are entitled to dissent in respect of the Amalgamation Resolution under Section 193 of the Act.

The completion of the Amalgamation is subject to a number of conditions precedent that are customary to this type of transaction, including, but not limited to, there being no material adverse change with respect to the Company and the approval of the Amalgamation Resolution by at least two-thirds of the votes cast by holders of common shares at the Meeting. Assuming the satisfaction of all conditions, the Amalgamation is expected to close as soon as practicable following the Meeting.

The Amalgamation constitutes a "business combination" for the purpose of Multilateral Instrument 61-101 - *Protection of Minority Securityholders in Special Transactions* ("**MI 61-101**"). Since the Company is not listed on a stock exchange, the Amalgamation will, pursuant to section 4.4(1)(a) of MI 61-101, be exempt from the formal valuation requirements of MI 61-101. Since Tao and its affiliated entities (including TWC3N Limited ("**TWC3N**")) own more than 90% of the Company's outstanding shares, the Amalgamation will, pursuant to section 4.6(1)(a) of MI 61-101, be exempt from the minority shareholder approval requirements of MI 61-101.

Tao and TWC3N intend to vote their common shares in favour of the Amalgamation Resolution.

Details of the terms and conditions of the Amalgamation will be included in the information circular provided for the Meeting, which will be available to shareholders on [www.sedar.com](http://www.sedar.com) as soon as practicable.

Following the Amalgamation, the amalgamated company will be 100% owned by Tao and TWC3N. It is intended that the amalgamated company will apply to cease to be a reporting issuer and subsequently dissolved.

In light of this transaction, the Company has decided not to proceed with the share consolidation that was approved at the annual general meeting of shareholders held on May 25, 2017.

### ***Early Warning Requirements***

Immediately prior to the Company and the Purchaser entering into the acquisition agreement, TWC3N, 1 Queens Park, Queensway North, Team Valley Trading Estate, Gateshead, Tyne and Wear, NE11 0QD, United Kingdom, acquired 892,777,778 common shares of the Company

in exchange for all of its 892,777,778 A shares of Turbo Power Systems Ltd. ("**TPSL**"). As consideration for the issuance of such common shares, the Company received 892,777,778 A shares of TPSL.

Prior to the issuance, Tao beneficially owned, directly or indirectly, 2,982,444,445 common shares of the Company, representing 89.4% of the issued and outstanding common shares of the Company. As a result of the issuance, Tao and TWC3N now beneficially own, directly or indirectly, 4,222,643,700 common shares of the Company, representing 91.64% of the issued and outstanding common shares of the Company.

TWC3N acquired the A shares of TPSL in March 2017 at the same time as it acquired 100% of Tao. Since the A shares of TPSL are under the same control as the Tao owned shares in the Company, and are exchangeable into common shares of the Company, there is no commercial need for these shares, and TWC3N wished to simplify the ownership of both the Company and TPSL by exchanging all of the outstanding A shares of TPSL.

Following the Amalgamation, Tao and TWC3N will own 100% of the amalgamated company.

TWC3N is controlled principally by Carlos Neves, Chief Executive Officer of the Company, Charles Rendell, Chief Financial Officer of the Company, and Nigel Jakeman, Engineering and Business Development Director of the Company. Mr. Neves and Mr. Rendell are also directors of Tao. Tao is a wholly-owned subsidiary of TWC3N.

For a copy of the early warning report, please contact Charles Rendell at + 44 (0) 191 482 9200.

For further information, please contact:

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*This news release contains certain forward-looking statements concerning the business of the Company and the proposed Amalgamation that constitute "forward-looking information" within the meaning of applicable securities laws. Such statements can be identified by the use of words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "predict" and other similar terminology, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken or occur to be achieved. All statements, other than statements of historical fact, included herein, including those related to, without limitation, negotiation and consummation of the acquisition agreement with respect to the Amalgamation, the completion of the Amalgamation or related transactions, timing of completion of the Amalgamation and related transactions, statements concerning the value of the shares, and receipt of requisite financial opinions with respect to the Amalgamation are forward-looking statements. These forward-looking statements are based on the opinions of management at the date the statements are made and are based on assumptions and estimates and are subject to a variety of risks and uncertainties and other factors that could cause actual results to differ materially from those projected in forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include, without limitation, that the conditions to completion of*

*the Amalgamation will not be satisfied, including approval of the Amalgamation Resolution by the Company's shareholders. The Company is under no obligation to update forward-looking statements if circumstances or management's opinions should change, except as required by applicable securities laws. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indicators of whether or not such results will be achieved. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.*