

## PRIVILEGED AND CONFIDENTIAL SETTLEMENT COMMUNICATION

### ERII/IQT – Brigaitis Class Action Settlement Term Sheet

The following terms are subject to Court approval and premised on the understanding that the Class Action (as defined herein) has been certified, that appropriate Court-approved Notice of certification and the period for opting out of the Class Action was provided to the Class (as defined in the January 2, 2014, Order of the Honourable Justice Paul Perell), that only one individual has opted out of the Class Action, and that all claims against Renae Marshall were extinguished by way of her Absolute Discharge from bankruptcy on September 19, 2012:

1. The parties who are represented by counsel (the “parties”) in Ontario Superior Court of Justice Action No. CV-11-432919-00CP (the “Class Action”) and ERII agree to settle the Class Action in the amount, to be funded by ERII, of \$1,332,303.00 USD and the equivalent amount of U.S. currency required to generate \$50,000.00 CAD, net of exchange and transaction fees (the “Settlement Fund”). The parties agree that the settlement is entered into in order to resolve disputed claims, and that neither this Agreement, the settlement payment nor any of the terms or provisions hereof shall be construed as an acknowledgement or admission of wrongdoing or liability on the part of any Defendant or ERII.
2. The full amount of the Settlement Fund shall be payable to Class Counsel, in trust, within seven (7) business days of execution by all parties of the Class Action Settlement and Release Agreement referred to in paragraph 9 herein. The funds may be deposited into an interest-bearing trust account or GIC acceptable to ERII and Class Counsel. In the event the Court does not issue an order approving the Class Action Settlement and Release, the full amount of the Settlement Fund paid to Class Counsel, in trust, together with any interest earned following payment to Class Counsel, in trust, shall be returned to ERII within seven (7) business days of the Court’s decision declining to approve the Class Action Settlement and Release.
3. Counsel for ERII shall convert the full amount of the Settlement Fund into Canadian currency and deposit the Settlement Fund into an interest-bearing trust account or GIC until such time as the funds are transferred to Class Counsel.
4. Once the Court has issued a final order approving the Class Action Settlement and Release Agreement referred to in paragraph 9 herein, and the time for any appeal of said Order has expired with no appeal(s) being commenced, Class Counsel may withdraw the approved amount of legal fees, HST, disbursements, and interest accrued on legal fees, HST and disbursements from the Settlement Funds. Thereafter, the funds remaining in trust shall be used to pay claims administrators’ accounts as directed by the Court, with the balance of the Settlement Fund to be distributed amongst the Class, once the administration is complete and an Order is obtained approving of the distribution.
5. The Class and the Ontario Ministry of Labour shall consent to an Order declaring that the Class has released ERII, IQT, Inc., IQT Canada, Ltd., JDA Partners, LLC, John Fellows, Alex Mortman, David Mortman, and their heirs, executors, administrators, estate trustees, employees, parent corporations, related and affiliated corporations, officers, directors,

shareholders, partners, servants, agents, successors, assigns and insurers (the "Releasees") from any and all claims, injuries, rights, damages, losses, demands, obligations, actions, causes of action, suits, cross-claims, matters, issues, debts, contracts, liabilities, agreements, costs and expenses, of any nature or kind whatsoever, ascertained or unascertained, suspected or unsuspected, existing or claimed to exist, including unknown claims arising in the future from the facts asserted in the Class Action or which could have been asserted (the "Released Claims").

6. For greater certainty, the Released Claims shall include the Class Action, the garnishment order issued by Justice Perell in the Class Action, the Director's Orders to Pay #39619, #39620, #39626 and #39627 issued by the Ministry of Labour, the applications for review filed with the Ontario Labour Relations Board by Alex Mortman and David Mortman (2687-11-ES and 0740-12-ES), the application issued by Robert Brigaitis in Ontario Superior Court of Justice Court File No. CV-16-550610 (the "Application"), and all subrogated claims vested in Her Majesty in right of Canada pursuant to the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1. The Released Claims shall also include any claims brought or which could be brought to recover under the ERII Policy, whether for coverage, indemnification or otherwise and including, but not limited to, claims for extra-contractual damages and claims in any way related to the Class' employment with IQT, Ltd. or the termination of their employment, including the circumstances giving rise to the Class Action. The Class shall covenant not to sue the Releasees. The Class shall assign all rights against the Releasees to ERII for the purpose of extinguishing these claims only.

7. Robert Brigaitis will discontinue the Application, with prejudice, and on a without costs basis, and the Class will consent to an Order setting aside the Default Judgment against John Fellows.
8. The parties shall draft a final and definitive Class Action Settlement and Release Agreement as required and including other customary terms and the necessary Class Notices.
9. The parties acknowledge and agree that it is a pre-condition to ERII's obligation to pay the Settlement Fund that ERII obtain a release agreement satisfactory to ERII from IQT, Inc., IQT Canada, Ltd., JDA Partners, LLC, John Fellows, Alex Mortman and David Mortman of any potential claims.
10. ERII shall provide a sworn affidavit to Class Counsel detailing the funds remaining under the ERII Policy limits assuming all payments to date were made in accordance with the terms of the policy, and particulars of the total amounts paid under the ERII Policy, including for: legal fees and disbursements in the Class Action and related Ontario proceedings; legal fees and disbursements in any U.S. litigation; and claims paid out in U.S. litigation.
11. The parties shall immediately notify Justice Perell of the tentative settlement. Once the parties have agreed upon the form and content of a Notice of Proposed Settlement for the Class, the parties shall advise Justice Perell and the Court of the need for a hearing for approval of the Notice of Proposed Settlement to the Class, on September 12, 2016, or as soon thereafter as the parties agree and the Court can accommodate. The parties will schedule a settlement approval hearing for , 2016, or as soon thereafter as the parties agree and the Court can accommodate, and therefore shall endeavor to exchange a first draft of the Class Action Settlement and Release Agreement by September , 2016 and shall endeavor to finalize the Agreement by September 23, 2016.
12. Until the materials for the September 12, 2016, notice approval hearing are filed, the parties

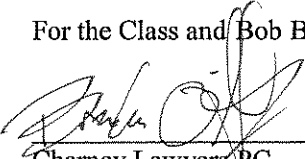
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13. This Agreement may be executed in several counterparts and all counterparts so executed shall constitute one agreement binding on all Parties hereto, notwithstanding that all the Parties are not signatories to the original or the same counterpart. Facsimile and electronic signatures shall be binding the same as an original signature.

Agreed by counsel for the parties as of ~~August 8<sup>th</sup>~~ <sup>September</sup> 8<sup>th</sup>, 2016.

For the Class and Bob Brigaitis

For ERII

  
\_\_\_\_\_  
Charney Lawyers PC  
Theodore P. Charney

\_\_\_\_\_  
Liblong Digambar, PC  
David E. Liblong

For IQT Canada Ltd., IQT Inc., JDA  
Partners, LLC, Alex Mortman and  
David Mortman

For John Fellows

\_\_\_\_\_  
Hicks Morley Hamilton Stewart Storie LLP  
Jodi Gallagher Healy

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Fasken Martineau DuMoulin LLP  
Berkley D. Sells

## PRIVILEGED AND CONFIDENTIAL SETTLEMENT COMMUNICATION

### ERII/IQT – Brigaitis Class Action Settlement Term Sheet

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1. The parties who are represented by counsel (the “parties”) in Ontario Superior Court of Justice Action No. CV-11-432919-00CP (the “Class Action”) and ERII agree to settle the Class Action in the amount, to be funded by ERII, of \$1,332,303.00 USD and the equivalent amount of U.S. currency required to generate \$50,000.00 CAD, net of exchange and transaction fees (the “Settlement Fund”). The parties agree that the settlement is entered into in order to resolve disputed claims, and that neither this Agreement, the settlement payment nor any of the terms or provisions hereof shall be construed as an acknowledgement or admission of wrongdoing or liability on the part of any Defendant or ERII.
2. The full amount of the Settlement Fund shall be payable to Class Counsel, in trust, within seven (7) business days of execution by all parties of the Class Action Settlement and Release Agreement referred to in paragraph 9 herein. The funds may be deposited into an interest-bearing trust account or GIC acceptable to ERII and Class Counsel. In the event the Court does not issue an order approving the Class Action Settlement and Release, the full amount of the Settlement Fund paid to Class Counsel, in trust, together with any interest earned following payment to Class Counsel, in trust, shall be returned to ERII within seven (7) business days of the Court’s decision declining to approve the Class Action Settlement and Release.
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5. The Class and the Ontario Ministry of Labour shall consent to an Order declaring that the Class has released ERII, IQT, Inc., IQT Canada, Ltd., JDA Partners, LLC, John Fellows, Alex Mortman, David Mortman, and their heirs, executors, administrators, estate trustees, employees, parent corporations, related and affiliated corporations, officers, directors,

shareholders, partners, servants, agents, successors, assigns and insurers (the "Releasees") from any and all claims, injuries, rights, damages, losses, demands, obligations, actions, causes of action, suits, cross-claims, matters, issues, debts, contracts, liabilities, agreements, costs and expenses, of any nature or kind whatsoever, ascertained or unascertained, suspected or unsuspected, existing or claimed to exist, including unknown claims arising in the future from the facts asserted in the Class Action or which could have been asserted (the "Released Claims").

6. For greater certainty, the Released Claims shall include the Class Action, the garnishment order issued by Justice Perell in the Class Action, the Director's Orders to Pay #39619, #39620, #39626 and #39627 issued by the Ministry of Labour, the applications for review filed with the Ontario Labour Relations Board by Alex Mortman and David Mortman (2687-11-ES and 0740-12-ES), the application issued by Robert Brigaitis in Ontario Superior Court of Justice Court File No. CV-16-550610 (the "Application"), and all subrogated claims vested in Her Majesty in right of Canada pursuant to the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1. The Released Claims shall also include any claims brought or which could be brought to recover under the ERII Policy, whether for coverage, indemnification or otherwise and including, but not limited to, claims for extra-contractual damages and claims in any way related to the Class' employment with IQT, Ltd. or the termination of their employment, including the circumstances giving rise to the Class Action. The Class shall covenant not to sue the Releasees. The Class shall assign all rights against the Releasees to ERII for the purpose of extinguishing these claims only.
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13. This Agreement may be executed in several counterparts and all counterparts so executed shall constitute one agreement binding on all Parties hereto, notwithstanding that all the Parties are not signatories to the original or the same counterpart. Facsimile and electronic signatures shall be binding the same as an original signature.

SEPTEMBER

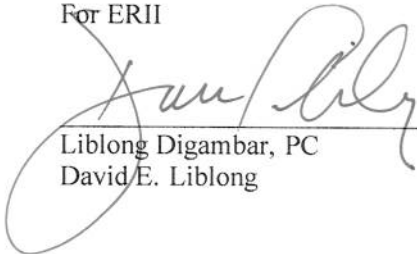
Agreed by counsel for the parties as of August 8, 2016.

For the Class and Bob Brigaitis

For ERH

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Charney Lawyers PC  
Theodore P. Charney



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Liblong Digambar, PC  
David E. Liblong

For IQT Canada Ltd., IQT Inc., JDA  
Partners, LLC, Alex Mortman and  
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For John Fellows

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Jodi Gallagher Healy

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## **PRIVILEGED AND CONFIDENTIAL SETTLEMENT COMMUNICATION**

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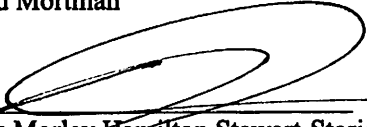
For ERII

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Charney Lawyers PC  
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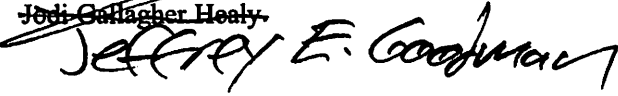
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*BDS*