



## **SUSTAINCO INC. ANNOUNCES CORPORATE AND FINANCIAL RESTRUCTURING**

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**TSX VENTURE EXCHANGE: SMS**

**FOR IMMEDIATE RELEASE**

**Toronto, Ontario** – December 12, 2013 – SustainCo Inc. (the “Company” or “SustainCo”) (TSXV:SMS) announces its corporate and debt restructuring plans in anticipation of the Company’s determination to focus on building out its existing SustainCo Solutions and Services and Clean Energy Development groups.

### **Corporate Restructuring and Recapitalization**

As part of its plan to concentrate its focus on its existing SustainCo Solutions and Services and Clean Energy Development groups, the Company has undertaken a number of steps to reposition and recapitalize the Company in an effort to execute on its strategic plan, which include:

1 – The completion of the sale of all of the issued and outstanding shares of Urban Mechanical Contracting Ltd. (“Urban Mechanical”). The sale of the Company’s Urban Mechanical Contracting division will provide the Company with \$3 million in cash and will allow the Company to concentrate its efforts on its sustainable infrastructure solutions.

2 – Finalized the terms of a proposed debt issuance along with a consolidation of the Company’s pre-existing debt of \$4,688,000, which includes \$500,000 of debt assumed from Urban Mechanical. The Company is proposing to convert all of its existing indebtedness into the Secured Note Offering (as hereinafter defined) discussed below.

3 – Finalized the terms of a proposed non-brokered private placement of common shares (the “Common Shares”) of the Company (the “Private Placement”). The proceeds of the Private Placement, together with the proceeds of the Secured Note Offering, are intended to provide the Company with sufficient working capital to operate and execute on its strategic focus and acquisition strategy.

The strategic disposition of Urban and the financial restructuring of the Company are expected to allow SustainCo to more fully concentrate its efforts in higher growth areas with a recurrent revenue model. Specifically the Company intends to focus on two core strategic areas:

**Solutions and Services** – The Company will continue to develop this group focusing on energy and efficiency retrofits, mechanical controls solutions and operation maintenance services. The Company’s goal is to become a leader in providing energy alternatives and to be the driver of leading edge solutions, including thermal energy, LED lighting and advanced resource management and performance monitoring technologies.

**Clean Energy Developments** – Through the Company’s wholly-owned subsidiary, CleanEnergy Developments Corp., SustainCo will continue to engage in the design and development of large-scale alternative energy solutions, including waste to energy, biomass generation, as well as district



thermal energy projects. The Company will then pass on the development and long term servicing of these projects to its Solutions and Services group.

The Company will also continue to strive to be a thought leader on sustainability issues in the real estate asset management sector, investing in and developing technologies and solutions to support its two core groups.

“With SustainCo’s focused strategy concentrating on higher growth areas and recurrent servicing and maintenance opportunities we are moving SustainCo to become one of the leading growth stories in the design, development, and servicing of alternative energy and sustainable solutions,” commented Emlyn David, CEO of SustainCo.

### **Sale of Urban Mechanical and Special Meeting of Shareholders**

The Company reports that it has completed the previously announced sale of 100% of the issued and outstanding shares of Urban Mechanical, to Urban Holdings Inc. for an aggregate purchase price of CAD \$3,000,000 (the “Urban Sale”).

At the Company’s special meeting of shareholders held on December 10, 2013 (the “Meeting”), the Company’s shareholders approved the Urban Sale, as a special resolution of the shareholders, with over 87% of the votes cast. Shareholders also approved, by ordinary resolution, the revocation of By-Law No. 1 and the adoption of By-Laws Nos. 2 and 3 of the Company. This ordinary resolution was approved by 87% of the votes cast at the Meeting. 74.63% of the shareholders of the Company were present at the meeting in person or by proxy.

### **Equity and Debt Restructuring**

#### **Private Placement – Equity**

The Company announces that it intends to complete a non-brokered private placement of Common Shares at a price of \$0.07 per Common Share for gross proceeds to SustainCo of up to \$900,000 (the “Private Placement”). Proceeds of the Private Placement are intended to be used for targeted acquisitions and general working capital purposes.

Closing of the Private Placement is subject to the receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange (the “Exchange”). The Common Shares to be issued in connection with the Private Placement will be subject to a hold period expiring four months and one day from the date of issuance.

As at the date hereof there are 29,440,217 issued and outstanding Common Shares. The Company has outstanding options to purchase an aggregate of 2,570,440 Common Shares, outstanding warrants to purchase an aggregate of 7,322,492 Common Shares, and outstanding agent options to purchase an aggregate of 1,363,118 Common Shares (assuming warrants obtained from exercising of the agent options are also exercised).



### **Additional Indebtedness and Consolidation of Pre-Existing Debt**

SustainCo announces today that it has finalized the terms of its proposed issuance of additional indebtedness and that it intends to consolidate its pre-existing debt (the "Pre-Existing Debt") in an aggregate amount of \$4,688,000, which existing indebtedness includes \$500,000 of debt assumed by the Company from Urban Mechanical as part of the terms and conditions of the Urban Sale. SustainCo intends to convert all Pre-Existing Debt into a secured term note unit (a "Unit") offering (the "Secured Note Offering"), as previously announced May 28, 2013. Each Unit to be issued pursuant to the Secured Note Offering shall be comprised of: (i) one CAD \$1,000.00 principal amount secured term note (each, a "Term Note") of the Company; and (ii) one hundred (100) common share purchase warrants (each common share purchase warrant, a "Warrant") of the Company. The Term Notes will bear interest at a rate of 12% per annum and will have a maturity date that is five (5) years following the closing of the Secured Note Offering (the "Closing"), with a redemption feature exercisable by the Company after a period of 24 months following the Closing. Each Warrant, initially intended to be exercisable for a period of 24 months following the Closing at an exercise price of \$1.00 per Common Share, will now be exercisable for a period of 36 months following the Closing at an exercise price of \$0.25 per Common Share, subject to adjustment in certain events. Following the Debt Consolidation Closing, the Corporation intends to apply to list the Term Notes with the Canadian National Stock Exchange.

In connection with the Secured Note Offering, SustainCo has agreed to pay a finder's fee equal to six per cent (6%) of any and all proceeds received by SustainCo as a result of a finder's referral, and will issue that number of Warrants as is equal to six per cent (6%) of the total number of Units sold by the Company as a result of a finder's referrals.

Closing of the Secured Note Offering is subject to receipt of all necessary regulatory approvals, including the approval of the Exchange. The securities issued in connection with the Secured Note Offering will be subject to a hold period expiring four months and one day following the Closing.

Proceeds of the Secured Note Offering are intended to be used for general working capital purposes and targeted acquisitions in furtherance of the Company's business strategy.

### **About SustainCo**

SustainCo is a leading provider of sustainable infrastructure solutions and services. SustainCo solutions and services offer long-term customer value and environmental sustainability through a broad offering including alternative energy solutions, energy efficiency, innovative facility technology solutions, and facility maintenance services to customers in the multi-residential and ICI "industrial commercial and institutional" sectors across Canada. SustainCo focuses on both new build and retrofit markets.

The securities being offered have not, nor will they be, registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This press release does not constitute an offer for sale of securities in the United States.



*Certain statements in this press release are forward-looking statements. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable by the Company at the time of preparation, may prove to be incorrect. Forward-looking statements, specifically those concerning future performance, the completion of the Private Placement, consolidation of indebtedness and the Secured Note Offering and other statements that are not historical fact, are subject to certain risks and uncertainties, and actual results may differ materially from the Company's plans and expectations. These plans, expectations, risks and uncertainties are detailed herein and from time to time in the filings made by the Company with the Exchange and securities regulators. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Trading in the securities of the Company should be considered highly speculative. All forward-looking information contained in this news release is expressly qualified in its entirety by this cautionary statement.*

***Neither the Exchange, nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.***

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