

September 2018



Report to Stakeholders



We at North Shore Power Group are a municipal green energy developer headquartered in Blind River, Ontario, on Lake Huron's North Channel.

2018 First Half Highlights

In January of 2018 we were pleased to report that Plasco had paid us the full interest due for 2017 in the amount of \$781,815 thus maintaining the Promissory Note in good standing. This brought our total recovery on Plasco to date to \$1.797 million.

In May we were pleased to report that we had begun the final phase of construction on the final two 500 kW fixed ground mount solar projects at the Industrial Park. Completed during the second quarter of 2018, this brought our total project generating capacity to 4.34 mW of which 83% are in our local area.

2018 First Half Highlights

In June we were pleased to report that we had completed the construction of the final two 500 kW fixed ground mount solar projects at the Industrial Park. These projects were subsequently granted Commercial Operation status by the IESO on July 20th.

This completes the project execution of all of our contracted solar projects and all projects are under firm contract with the IESO.

With 200 acres of solar projects at the Industrial park and 69 more at various homes and buildings around Blind River, we have a lot to be proud of.

In August we posted our 2017 Audited Financial Statements on our web site.

We are pleased to highlight:

A growth in retained cash from \$1,194,931 to \$2,446,920.

Net earnings of \$569,934, up from \$474,471 in the prior year.

In addition, we have instituted a formal policy of allocating our defined surplus cash into a Balloon Reserve account in order to plan for our long term obligations.

What has North Shore Power Group accomplished?

Power Project Portfolio

1. 124 Built Projects, 4.34 mW installed capacity
2. 13 External-Client, Long-Term Operation & Maintenance Contracts
 - a) 10 Solar Plants
 - b) 3 Waterpower Plants

Total Project Count	Projects per Type	Solar Project Location or Type (for Privacy)	Total kW AC	Micro FIT or FIT	Roof or Gnd	NSPG Role	Capacity as % of Portfolio
1	1	Blind River Fire Hall	10	MF		REquipment Lessor	0.2%
2	1	Blind River Golf Course - Maintenance Building	10	MF		REquipment Lessor	0.2%
3	1	Blind River Public Library	10	MF		REquipment Lessor	0.2%
4	1	Blind River Marina	10	MF		REquipment Lessor	0.2%
5	1	Blind River Seniors Cultural Centre	10	MF		REquipment Lessor	0.2%
6	1	Blind River Sewage Treatment Plant	10	MF		REquipment Lessor	0.2%
7	1	Blind River Tennis Courts	7	MF		REquipment Lessor	0.2%
8	1	Blind River Town Hall	10	MF		REquipment Lessor	0.2%
9	1	Blind River Water Treatment Plant	10	MF		REquipment Lessor	0.2%
10	1	Blind River Community Centre	150	F		REquipment Lessor	3.5%
11	1	Blind River GTEC	106	F		GEquipment Lessor	2.5%
12	1	Blind River Landfill	10	MF		GEquipment Lessor	0.2%
24	12	Blind River & MFN Residential	68	MF		GEquipment Lessor	1.6%
68	44	Blind River & MFN Residential	281	MF		REquipment Lessor	6.5%
99	31	Rainy River District	310	MF		GProject Owner	7.1%
109	10	Sudbury-Maintoulin Region	100	MF		GProject Owner	2.3%
117	8	London-Waterloo Region	80	MF		GProject Owner	1.8%
118	1	Blind River North Shore Health Network	400	F		R51% Project Partner	9.2%
119	1	Blind River Fixed 200 Project	500	F		G51% Project Partner	11.5%
120	1	Blind River Fixed 300 Project	500	F		G51% Project Partner	11.5%
121	1	Blind River Fixed 400 Project	500	F		G51% Project Partner	11.5%
122	1	Blind River Fixed 100 Project	500	F		G51% Project Partner, 2018 Q2 Completion	11.5%
123	1	Blind River Tracker Project	500	F		G51% Project Partner, 2018 Q2 Completion	11.5%
124	1	Delta Project	250	F		GEquipment Lessor	5.8%
			4,341				
	74	Total Blind River Area Projects	3,601				83.0%

Aerial Video Review

- Shows entire development at Industrial Park
- To watch the video, please go to:
<http://www.northshorepowergroup.com/built-projects-and-operations/>

Business Expansion

Waterpower Operating and Maintenance contract for the Scarfe and Chiblow Generating Stations on the upper Blind River as well as the Blind River G.S. on the lower Blind River.

Completed significant machinery upgrades at Chiblow G.S. in 2018 second quarter.

Monthly Station Report for Blind River G. S. sent to Town.

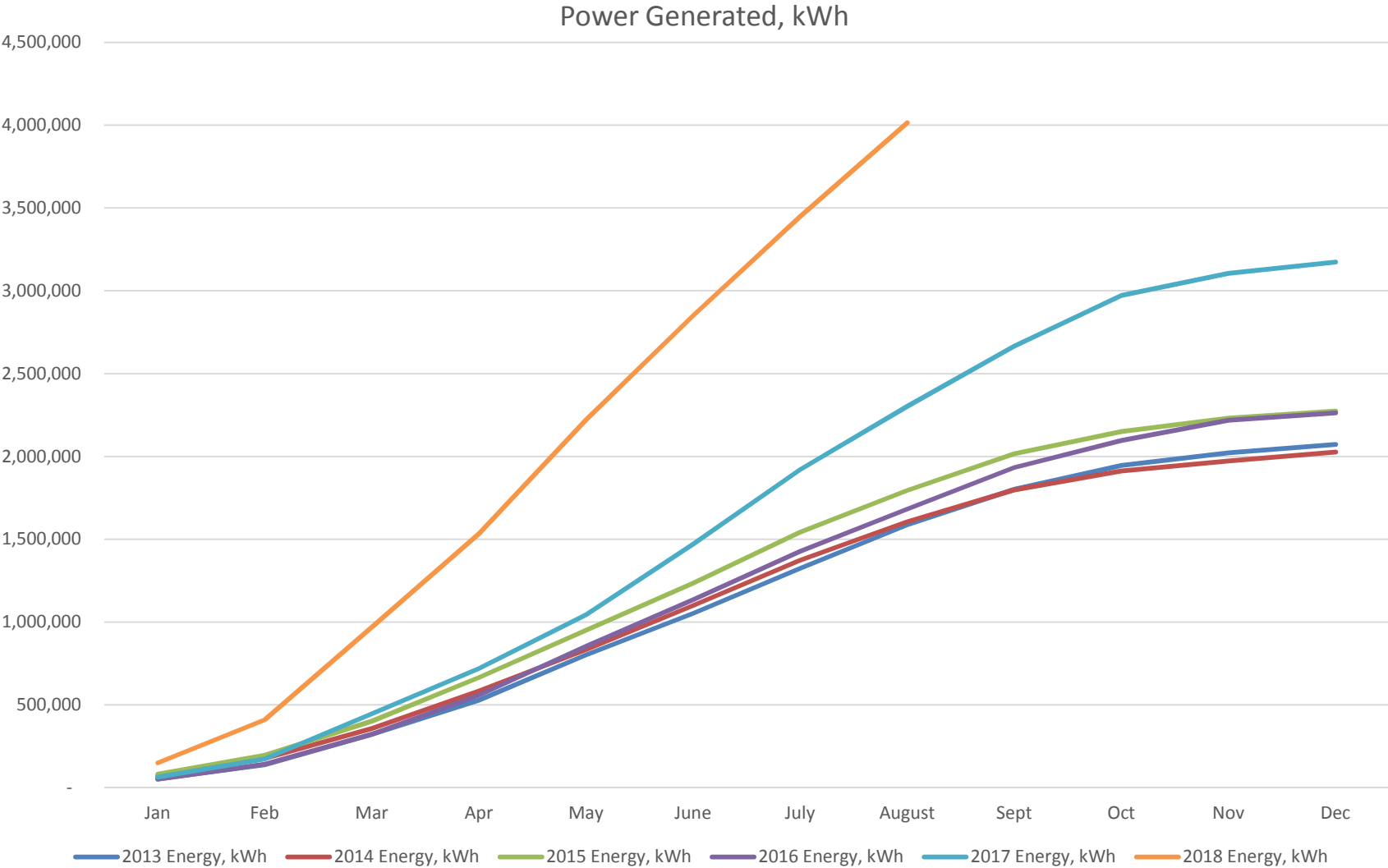
Equipment upgrades completed at this station also, with more planned.

NSPG is currently constructing our first Net Metering project at the Huron Pines Golf and Country Club. This system will help offset some of the cost of purchased electricity for the course.

NSPG is currently constructing our first off-grid power system to power the new west end Entrance Sign for the Town of Blind River. We expect that, as the cost of off-grid solar power approaches grid parity, there will be a growing demand for this expertise.

Growth in Generating Assets

Power production for 2013 to 2016 averaged approximately 2.2 million kilowatt-hours. In 2017 our production exceeded 3,000,000 kilowatt-hours with new project additions and in 2018 we are tracking to record-setting power generation with the completion all contracted projects.





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September 17, 2018

North Shore Power Group Inc.
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Blind River, Ontario P0R 1B0

Dear Mr. Lowry,

You have requested an update of the business of Plasco and expectation regarding payment of interest at the end of this year on the debt owed to NSPG.

I am pleased to confirm that the commercialization of the Plasco Gasification and Plasma Refining System is proceeding as planned. Plasco expects to finalize delivery contracts during the first half of 2019. Response has been and continues to be encouraging.

Plasco fully expects to meet interest obligations on Senior Secured Debt on time at the end of this year.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "R. Bryden".

Roderick M. Bryden



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www.plascotechnologies.com

Summary of 2018 First Half

- NSPG has now completed an aggressive growth phase
- Incorporated in 2007, project financed in 2010, and by 2018 we have a portfolio of 124 projects across Ontario with an installed capacity of 4.34 mW of which 83% are in the Blind River area.
- Going forward:
 - Target annual after tax net income is \$750K per year
 - Continue to build strong, competent team to take the company into the future
 - Diversifying into new business lines
 - Continue to build NSPG into a long term profitable utility for the Town and save up for the 2037 balloon payment