

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	Subordination and Intercreditor Agreement		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Energex Lender L.P.		06/21/2011	LIMITED PARTNERSHIP: DELAWARE
RECEIVING PARTY DATA			
Name:	Keltic Financial Partners II, L.P.		
Street Address:	580 White Plains Road		
Internal Address:	Suite 610		
City:	Tarrytown		
State/Country:	NEW YORK		
Postal Code:	10591		
Entity Type:	LIMITED PARTNERSHIP: DELAWARE		
PROPERTY NUMBERS Total: 2			
Property Type	Number	Word Mark	
Registration Number:	1797465	STOVE CHOW	
Registration Number:	1814323	ENERGEX	
CORRESPONDENCE DATA			
Fax Number:	7172601641		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	717-232-8000		
Email:	trademarks@mwn.com		
Correspondent Name:	Sue Heberlig		
Address Line 1:	100 Pine Street		
Address Line 4:	Harrisburg, PENNSYLVANIA 17108		
ATTORNEY DOCKET NUMBER:	356/27998-0001		
NAME OF SUBMITTER:	Sue Heberlig		

OP \$65.00 1797465

Signature:	/SueHeb/
Date:	03/25/2013
<p>Total Attachments: 19</p> <p>source=A3292221#page1.tif source=A3292221#page2.tif source=A3292221#page3.tif source=A3292221#page4.tif source=A3292221#page5.tif source=A3292221#page6.tif source=A3292221#page7.tif source=A3292221#page8.tif source=A3292221#page9.tif source=A3292221#page10.tif source=A3292221#page11.tif source=A3292221#page12.tif source=A3292221#page13.tif source=A3292221#page14.tif source=A3292221#page15.tif source=A3292221#page16.tif source=A3292221#page17.tif source=A3292221#page18.tif source=A3292221#page19.tif</p>	

SUBORDINATION AND INTERCREDITOR AGREEMENT

This Subordination and Intercreditor Agreement (the "**Agreement**") is made this 21st day of June, 2011, among Energex Lender, L.P., a Delaware limited partnership and ELB Capital Management, LLC, a Pennsylvania limited liability company (collectively the "**Energex Lenders**") and Element Management, L.P. a Delaware limited liability partnership ("**Element**") and each of the Energex Lenders and Element being, individually a "**Subordinated Creditor**" and collectively "**Subordinated Creditors**"; and Keltic Financial Partners II, LP, a Delaware limited partnership ("**Senior Lender**").

BACKGROUND

Energex, Inc., Energex American, Inc. and Energex Properties, Ltd. (each a "**Borrower**" and collectively as "**Borrowers**") have entered or are entering into financing arrangements with Senior Lender pursuant to the terms of a revolving loan agreement, guaranteed by Energex Corporation and Granules Combustibles Energex Inc. / Energex Pellet Fuel Inc. (each a "**Guarantor**" and together with the Borrowers, collectively the "**Companies**" and individually a "**Company**").

It is a condition precedent to the Senior Lender making available such financing arrangements to the Borrowers that each Subordinated Creditor execute and deliver this Agreement to Senior Lender.

NOW, THEREFORE, in order to induce Senior Lender to make such financing arrangements available to the Borrowers, and in consideration therefor, and in consideration of the mutual covenants set forth herein, the parties hereto hereby agree as follows:

1. DEFINITIONS.

1.1 **Generally.** Each of the following capitalized terms have the following meanings when used in this Agreement:

(a) "**Fixed Asset Collateral**" means any now owned or hereafter acquired real property, equipment and fixtures of any Company.

(b) "**Satisfaction Date**" means the indefeasible payment in full of the Senior Debt and termination of the Senior Loan Documents including any letters of credit that may have been issued pursuant thereto.

(c) "**Senior Collateral**" means all of the present and future inventory, investment property, instruments, chattel paper, documents, letter-of-credit rights, accounts, deposit accounts, commercial tort claims and general intangibles of each Company, wherever located, and the products and proceeds thereof, *excluding* all equipment and fixtures of any Company.

(d) "**Senior Debt**" means any and all indebtedness, liabilities and obligations of each Company to Senior Lender, whether now existing or hereafter arising and whether absolute or contingent.

(e) "Senior Loan Documents" means the Revolving Loan Agreement, between the Borrowers and Senior Lender, each Security Agreement between each Company and Senior Lender, each Guaranty of Payment and Performance, executed by each Guarantor, all dated on or about June 21, 2011, and all and all other documents, agreements, instruments and/or certificates relating thereto, as each may be amended, amended and restated, or replaced from time to time.

(f) "Subordinated Debt" means any and all indebtedness, liabilities and obligations of each Company to a Subordinated Creditor, whether now existing or hereafter arising and whether absolute or contingent.

(g) "Subordinated Debt Documents" means with respect to each Subordinated Creditor the documents identified on the Schedule hereto for such Subordinated Creditor and all other documents, agreements, instruments and/or certificates relating thereto.

1.2 Interpretation Clause (Québec). For purposes of any assets, liabilities or entities located in the Province of Québec and for all other purposes pursuant to which the interpretation or construction of this Agreement may be subject to the laws of the Province of Québec or a court or tribunal exercising jurisdiction in the Province of Québec, (a) "personal property" shall be deemed to include "movable property", (b) "real property" shall be deemed to include "immovable property", (c) "tangible property" shall be deemed to include "corporeal property", (d) "intangible property" or "intangibles" shall be deemed to include "incorporeal property", (e) "security interest", "mortgage" and "lien" shall be deemed to include a "hypothec", "prior claim" and a resolatory clause, (f) all references to filing, registering or recording under the UCC shall be deemed to include publication under the *Civil Code of Québec*, (g) all references to "financing statement" shall include a registration form under the Register of Personal and Movable Real Rights, (h) all references to "perfection" of or "perfected" liens or security interest shall be deemed to include a reference to an "opposable" or "set up" lien or security interest as against third parties, and (i) "state" shall be deemed to include "province".

1.3 Other Definitions. Capitalized terms not otherwise defined in this Agreement shall have the meanings assigned to such terms in the Revolving Loan Agreement.

2. CONSENT. Each Subordinated Creditor hereby consents to and approves of the execution, delivery and performance by each Company of the Senior Loan Documents and the consummation of the transactions contemplated thereby, notwithstanding anything to the contrary contained in any of the agreements, instruments and documents executed in connection with any of the Subordinated Debt.

3. SUBORDINATION.

3.1 Subordination of Payment. The payment of any and all of the principal amount of, interest on and any fees, including management or monitoring fees, costs and expenses on or constituting the Subordinated Debt is hereby expressly subordinated and made junior to the payment of the principal amount, all interest, all liquidated damages, fees, costs,

expenses and any other amounts due on the Senior Debt, on the terms set forth in this Agreement.

3.2 Payments. (a) Anything in any other agreement, instrument or document executed and delivered in connection with the Subordinated Debt to the contrary notwithstanding, each Company shall not make, and each Subordinated Creditor shall not receive, accept or retain, any direct or indirect payment, or prepayment on account, or any reduction (whether by way of loan, set-off or otherwise) in respect of the principal of, premium on, or interest on management or other fees payable under the Subordinated Debt until the Satisfaction Date; provided, however, that so long as at the time of and after giving effect to any such payment, no Event of Default or Default has occurred under the Senior Loan Documents, or would occur as a result thereof, each Company may make, and each Subordinated Creditor may accept, payments of interest accruing at a rate not exceeding the applicable rate under the Subordinated Debt Documents or monitoring fees payable pursuant to the Subordinated Debt Documents accruing at a rate of no more than \$32,000 per month (each a "Permitted Payment"), except during the month of July 2011. Any Permitted Payment satisfying the foregoing conditions may include both amounts accrued and unpaid for prior periods and current amounts that are then due and payable, including, without limitation, amounts that accrued before the date of this Agreement .

(b) Nothing set forth herein shall be deemed to prohibit the capitalization or accrual of interest with respect to the Subordinated Debt.

3.3 Subordination of Lien. Notwithstanding the date, manner or order of creation, attachment or perfection of those security interests and liens in favor of any Subordinated Creditor now or hereafter existing in the Senior Collateral including, without limitation, those hypothecs more fully described in the Schedule attached hereto (the "**Subordinated Creditors' Security**"), and notwithstanding any provisions of the Uniform Commercial Code, the *Civil Code of Québec* or other applicable law or of any agreement(s) granting any such security interests, hypothecs or liens to any Subordinated Creditor and Senior Lender, the security interests, hypothecs, and liens held by each Subordinated Creditor in the Senior Collateral shall be, in all respects, subject to and subordinate to the security interests, hypothecs and liens of Senior Lender in the Senior Collateral to the full extent of the Senior Debt secured thereby. Each Subordinated Creditor cedes, give and grants to and in favor of the Senior Lender complete priority of rank on all Senior Collateral over and ahead of any and all security interests, hypothecs or liens on the Senior Collateral securing the Subordinated Debt including the Subordinated Creditor's Security. Each Subordinated Creditor will indicate in any financing statement filed (whether before or after the date hereof) covering in whole or part the Senior Collateral that its security interests, hypothecs and liens in any Senior Collateral are subordinated to the security interests and liens of Senior Lender in the Senior Collateral or shall take such other action as may be required under applicable law to reflect in any public record or register the foregoing subordination. Each Subordinated Creditor further agrees to sign such further documents as may be necessary to give full effect to its agreement herein and hereby authorises the Senior Lender and its representatives to execute all such documents and to do such things as may be required in order to register the cession of rank provided for herein.

3.4 Default/Remedies. In the event of (a) any insolvency, bankruptcy, receivership, custodianship, liquidation, reorganization, readjustment of debt, arrangement, composition, assignment for the benefit of creditors, or other similar proceeding relative to any Company or its creditors, as such, or its property, or (b) any proceeding of any Company for voluntary liquidation, dissolution, winding down or bankruptcy proceedings (collectively, an "**Insolvency Event**"), then and in any such event:

(i) All of the Senior Debt shall first be paid in full before any payment or distribution of any character, whether in cash, securities, obligations or other property, shall be made in respect of the Subordinated Debt, except from the proceeds of the Fixed Asset Collateral;

(ii) Any payment or distribution of any character (except from the proceeds of the Fixed Asset Collateral), which would otherwise (but for the terms hereof) be payable or deliverable in respect of the Subordinated Debt (including any payment or distribution of any other indebtedness of any Company being subordinated to the Subordinated Debt), shall be paid or delivered directly to Senior Lender, until the Satisfaction Date, and Subordinated Creditor irrevocably authorizes, empowers and directs all receivers, custodians, trustees, liquidators, conservators and others having authority in the property and premises of Subordinated Creditor to effect all such payments and deliveries; and

(iii) Notwithstanding any statute, including, without limitation, the United States Bankruptcy Code (the "**Bankruptcy Code**"), the *Bankruptcy and Insolvency Act* (Canada) and *Companies' Creditors Arrangement Act* (Canada), any rule of law or bankruptcy procedures to the contrary, the right of Senior Lender hereunder to have all of the Senior Debt paid and satisfied in full prior to the payment of any of the Subordinated Debt shall include, without limitation, the right of Senior Lender to be paid in full all interest accruing on the Senior Debt due to it after the filing of any petition by or against any Company in connection with any bankruptcy or similar proceeding or any other proceeding referred to in this paragraph, hereof, prior to the payment of any amounts in respect to the Subordinated Debt, including, without limitation, any interest due to each Subordinated Creditor accruing after such date.

3.5 Power of Attorney. In the event of any Insolvency Event involving any Company prior to the Satisfaction Date, Senior Lender is hereby appointed as the attorney-in-fact for each Subordinated Creditor with respect to the Subordinated Debt to take the following actions if Senior Lender chooses to do so and if such Subordinated Creditor has failed to take any such actions at least fifteen (15) days in advance of any applicable bar date: (a) demand, sue for, collect and receive any and all such cash or other assets, file any claim, proof of claim or similar instrument, and institute such other proceedings which Senior Lender may in its sole and absolute discretion deem necessary, advisable or appropriate to have the Subordinated Debt claim allowed in such Insolvency Event, to collect the Subordinated Debt, and to enforce the terms of this Agreement (provided, however, the proceeds of any Fixed Asset Collateral may be retained by Subordinated Creditors), and (b) vote for each Subordinated Creditor with respect to the Subordinated Debt.

3.6 Payments in Trust. If, notwithstanding the provisions of this Agreement, any payment or distribution of any character (whether in cash, securities, or other property) or

any security shall be received by any Subordinated Creditor in contravention of the terms of this Agreement, such payment, distribution or security shall not be commingled with any asset of any Subordinated Creditor, shall be held in trust for the benefit of, and shall be paid over or delivered and transferred to Senior Lender, or its representative, for application to the payment of all Senior Debt remaining unpaid, until the Satisfaction Date.

3.7 Transfer/Assignment of Senior Debt. This Agreement, without further reference, shall pass to and may be relied on and enforced by any transferee or subsequent holder of any Senior Debt. In the event of any sale, assignment, disposition or other transfer of the Subordinated Debt, each Subordinated Creditor shall cause the transferee thereof to execute and deliver to Senior Lender an agreement (substantially identical with this Agreement or otherwise in form and substance satisfactory to Senior Lender) providing for the continued subordination and for the continued effectiveness of all of the rights of Senior Lender arising under this Agreement.

4. CONTINUED EFFECTIVENESS OF THIS AGREEMENT. The terms of this Agreement and the rights of Senior Lender and the obligations of each Subordinated Creditor arising hereunder, shall not be affected, modified or impaired in any manner or to any extent by:

(a) any amendment, modification or termination of or supplement to the Senior Loan Documents or any other agreement, instrument or document executed or delivered pursuant thereto;

(b) the validity or enforceability of any of the Senior Loan Documents;

(c) the release, sale, exchange or surrender, in whole or in part, of any collateral security, now or hereafter existing, for any of the Senior Debt or any other indebtedness, liability or obligation of any Company to Senior Lender, now existing or hereafter arising;

(d) any exercise or failure to exercise any right, power or remedy under or in respect of the Senior Debt or any of such instruments and documents referred to in clause (a) above or arising at law; or

(e) any waiver, consent, release, indulgence, extension, renewal, modifications, delay or other action, inaction or omission in respect of the Senior Debt or any of the agreements instruments or documents executed and delivered in respect of any collateral security for the Senior Debt or any other indebtedness, liability or obligation of any Company to Senior Lender, now existing or hereafter arising, all whether or not any Subordinated Creditor shall have had notice or knowledge of any of the foregoing and whether or not any Subordinated Creditor shall have consented thereto.

5. RESTRICTIONS; RIGHTS AND REMEDIES; WAIVER OF CLAIMS.

5.1 Restrictions. Prior to the Satisfaction Date and notwithstanding anything contained in any of the Subordinated Debt Documents to the contrary, Subordinated Creditor shall not, without the prior written consent of Senior Lender, do any of the following:

(a) amend, modify or supplement or agree to any amendment, modification or supplement of, or to, any of the Subordinated Debt Documents in any manner, the effect of which is to (i) increase the amount of the Subordinated Debt, (ii) increase the interest rate or fees payable under the Subordinated Debt, (iii) accelerate the dates upon which payments of principal or interest on the Subordinated Debt are due, (iv) change or add any event of default or any covenant with respect to the Subordinated Debt, if the resulting event of default or covenant would be more restrictive on any Company; (v) change or amend any other term of the Subordinated Debt Documents if such change or amendment would result in a Default or an Event of Default under the Senior Loan Documents, or (vi) change or add any terms of any warrant, option or other equity right affecting to the current, future or contingent payment of money by any Company (including but not limited to amending, adding or advancing any put, redemption or purchase price provisions or triggers), if such changes would be materially (individually or in the aggregate) more burdensome to any Company or materially (individually or in the aggregate) adverse to Senior Lender;

(b) exercise or seek to exercise any rights or remedies with respect to any Senior Collateral, or **solely in the case of any Subordinated Creditor, with respect to any Fixed Asset Collateral**, or in either case, institute any action or proceeding with respect to any such rights or remedies, including without limitation, any action of foreclosure; provided, however, that

(ii) Upon the first to occur of (A) acceleration of the Senior Debt, or (B) commencement of an Insolvency Event, each Subordinated Creditor may, upon ten (10) business days prior written notice to Senior Lender, accelerate the Subordinated Debt and commence legal proceedings to (x) obtain a judgment for the Subordinated Debt payable to it, so long as each Subordinated Creditor will not seek to enforce such judgment and will not lien, levy upon or execute against any Senior Collateral, until the Satisfaction Date, and will cause any such lien which as a result of the judgment attaches to the Senior Collateral by operation of law or otherwise to be immediately subordinated to the senior rights of Senior Lender and (y) commence a proceeding to foreclose its security interest or mortgage in the Fixed Asset Collateral. During the 120-day period following the receipt of such notice by the Senior Lender, each Subordinated Creditor shall permit Senior Lender to enter upon and use, free of any rent or charge, any Fixed Asset Collateral for the purpose of finishing the manufacture of, selling in place or removing the Senior Collateral. Such 120-day period shall be extended for the time period that Senior Lender is prohibited from taking any such action because of any injunction, restraining order or stay;

(c) contest, protest or object to any foreclosure proceeding, or action brought by Senior Lender or any other exercise by Senior Lender of any rights or remedies under the Senior Loan Documents or applicable law; or

(d) obtain any additional security interest in or liens upon any of any Company's existing or hereafter personal property (excluding Equipment and Fixtures) including, without limitation, the Senior Collateral without Senior Lender's prior written consent. In the event that any Subordinated Creditor shall, despite the provisions of this paragraph, obtain any such additional security interest or lien, then without any further action

any such security interest or lien shall be deemed assigned to Senior Lender as collateral security for the Senior Debt and the termination of the Commitment as provided in the Senior Loan Documents.

5.2 Senior Lender's Rights and Remedies. Senior Lender shall have the exclusive right to enforce its rights and exercise remedies with respect to the Senior Collateral and Senior Lender shall not be required to marshal any Senior Collateral. In exercising its rights and remedies with respect to the Senior Collateral, Senior Lender may enforce the provisions of the Senior Loan Documents and exercise its remedies thereunder, all in such order and in such manner as it may determine in the exercise of its sole business judgment. Such exercise and enforcement shall include, without limitation, the rights to sell or otherwise dispose of Senior Collateral, to incur expenses in connection with such sale or disposition and to exercise all the rights and remedies of a secured lender under the Uniform Commercial Code of any applicable jurisdiction or the *Civil Code of Québec*, as applicable.

5.3 Right to Release. Senior Lender's rights with respect to the Senior Collateral include the right to release any or all of the Senior Collateral from the security interest and lien of any Senior Loan Documents or the Subordinated Debt Documents in connection with the sale of such Senior Collateral. If Senior Lender shall determine, in connection with any sale of Senior Collateral, that the release of such security interest and lien of any Subordinated Debt Document on such Senior Collateral in connection with such sale is necessary or advisable, Subordinated Creditors shall execute such release documents and instruments and shall take such further actions as Senior Lender shall request. Each Subordinated Creditor hereby irrevocably constitutes and appoints Senior Lender and any officer of Senior Lender, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Subordinated Creditor and in the name of such Subordinated Creditor or in Senior Lender's own name, from time to time in Senior Lender's discretion, for the purpose of carrying out the terms of this paragraph, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this paragraph, including, without limitation, any financing statements, endorsements, assignments or other instruments of transfer or release.

5.4 Waiver of Claims. To the maximum extent permitted by law, each Subordinated Creditor waives any claim it might have against Senior Lender with respect to, or arising out of, any action or failure to act or any error of judgment, negligence, or mistake or oversight whatsoever on the part of Senior Lender, or its directors, officers, employees or agents with respect to any exercise of Senior Lender's rights or remedies under the Senior Loan Documents or any transaction relating to the Senior Collateral. Neither Senior Lender, nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Senior Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Senior Collateral upon the request of any Company or each Subordinated Creditor or any other Person or to take any other action whatsoever with regard to the Senior Collateral or any part thereof.

5.5 Purchase Right. At any time that an Event of Default or Default has occurred under the Senior Loan Documents, Subordinated Creditors shall have the right, upon five (5) business days prior notice to Senior Lender, to purchase from Senior Lender all of Senior

Lender's right, title and interest in and to the Senior Loan Documents without **RECOURSE, WARRANTY OR REPRESENTATION OF ANY KIND**, for a purchase price equal to the outstanding amount of the Senior Debt on such date (which shall include, for this purpose, all principal, interest, fees, and all costs and expenses payable to Senior Lender under the Senior Loan Documents, including any fees that would be payable by the Borrowers in the event of a prepayment or termination of the Senior Debt). Senior Lender shall execute all documents prepared by Subordinated Creditors in form and content reasonably satisfactory to Senior Lender, and take all actions reasonably requested by Subordinated Creditors, to evidence or give effect to such purchase. The foregoing purchase right shall not operate so as to prohibit Senior Lender from selling, or impair in any respect Senior Lender's right to sell, the Senior Debt to any other party, at any time, but any such purchaser of the Senior Debt will take subject to the terms of this Agreement, including this Section 5.5.

6. PROVISIONS APPLICABLE AFTER BANKRUPTCY.

(a) This Agreement shall continue in full force and effect after the filing of any petition ("**Petition**") by or against any Company under the Bankruptcy Code, the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada) and all converted or succeeding cases in respect thereof. All references herein to each Company shall be deemed to apply to each Company as debtor-in-possession and to a trustee for such Company. The Senior Debt shall continue to be treated as Senior Debt and the provisions of this Agreement shall continue to govern the relative rights and priorities of Senior Lender and the Subordinated Creditors even if all or part of the Senior Debt or the liens and security interests securing the Senior Debt are subordinated, set aside, avoided or disallowed in connection with any Insolvency Event and this Agreement shall be reinstated if at any time any payment of any of the Senior Debt is rescinded or must otherwise be returned by any holder of Senior Debt or any representative of such holder.

(b) Senior Lender and each Subordinated Creditor agrees not to initiate or prosecute or encourage any other Person to initiate or prosecute any claim, action or other proceeding challenging the enforceability of the Senior Debt or the Subordinated Debt, as applicable, or any liens and security interests securing the Senior Debt or the Subordinated Debt, as applicable.

(c) Each Subordinated Creditor agrees that it shall not propose or enter into any debtor-in-possession financing that benefits from a lien or security interest that is equal to or prior in right to the lien or security interest of Senior Lender in any of the assets of any Company, whether arising pre-Petition or post-Petition, and whether the financing of Senior Lender is pre-Petition or post-Petition.

(d) Each Subordinated Creditor agrees that it will not vote for any plan of arrangement or propose a plan of arrangement which provides for other than payment in full of the Senior Debt at the time of the effective date of such plan of arrangement.

(e) Each Subordinated Creditor shall not contest (or support any other Person contesting) (i) any request by Senior Lender for adequate protection or (ii) any objection by

Senior Lender to any motion, relief, action or proceeding based on Senior Lender claiming a lack of adequate protection.

(f) If any Company shall become subject to a proceeding under the Bankruptcy Code, the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada) and if Senior Lender shall desire to permit the use of cash collateral or to provide post-Petition financing to any Company under the Bankruptcy Code, the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada) each Subordinated Creditor agrees as follows: (i) adequate notice to such Subordinated Creditor shall be deemed to have been provided for such consent or post-Petition financing if such Subordinated Creditor receives notice thereof two (2) Business Days (or such shorter notice as is given to Senior Lender) prior to the earlier of (a) any hearing on a request to approve such post-Petition financing or (b) the date of entry of an order approving same, and (ii) no objection will be raised by any Subordinated Creditor to any such use of cash collateral or such post-Petition financing from Senior Lender (and such Subordinated Creditor shall be deemed to have consented thereto) and each Subordinated Creditor will not request adequate protection or any other relief in connection therewith, except as expressly agreed upon in writing by Senior Lender.

(g) Each Subordinated Creditor shall not seek relief from the automatic stay or any other stay in any federal or state bankruptcy, insolvency or liquidation proceeding in respect of the Senior Collateral.

(h) Each Subordinated Creditor agrees that it will not raise any objection or oppose a sale or other disposition of any Senior Collateral free and clear of its liens or other claims under Section 363 of the Code if Senior Lender has consented to such sale or disposition of such Senior Collateral. Each Subordinated Creditor will be deemed to have consented under Section 363 of the Bankruptcy Code or its equivalent under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada), to any such sale or other disposition supported by Senior Lender and to have released its liens in such Senior Collateral, provided that (i) such Subordinated Creditor's lien attaches to the proceeds of such sale or disposition with the same priority and validity as the liens held on the Senior Collateral disposed of in such sale or disposition, and (ii) each Subordinated Creditor will not be deemed to have waived any right to bid in connection with such sale or disposition, and will retain its right to credit bid on the Senior Collateral in any such sale or disposition in accordance with Section 363 of the Code.

7. GENERAL PROVISIONS.

7.1 Successors and Assigns. This Agreement is entered into for the benefit of the parties hereto and their successors and permitted assigns. It shall be binding upon and shall inure to the benefit of the parties, their successors and assigns. Senior Lender shall have the right, without the necessity of any further consent or authorization by each Subordinated Creditor, to sell, assign, securitize or grant participation in all, or a portion of, Senior Lender's interest in the Senior Loan Documents, to other financial institutions of Senior Lender's choice and on such terms as are acceptable to Senior Lender in its sole discretion.

7.2 **Subrogation.** No payment or distribution to Senior Lender pursuant to the provisions of this Agreement shall entitle any Subordinated Creditor to exercise any rights of subrogation in respect thereof prior to the Satisfaction Date. After the Satisfaction Date, and provided that no payments are voidable, such Subordinated Creditor shall be subrogated to the rights of Senior Lender to receive distributions applicable to Senior Debt to the extent that distributions otherwise payable to Subordinated Creditor have been applied to the payment of Senior Debt. A distribution made under this Agreement to Senior Lender, which otherwise would have been made to a Subordinated Creditor, is not, as between such Subordinated Creditor and any Company, a payment by such Company on the Subordinated Debt.

7.3 **Reinstatement.** The obligations of each Subordinated Creditor under this Agreement shall continue to be effective, or be reinstated, as the case may be, if at any time any payment in respect of any Senior Debt is rescinded or must otherwise be restored or returned by Senior Lender by reason of any bankruptcy, reorganization, arrangement, composition or similar proceeding or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Company or any substantial part of any Company's property, or otherwise, all as though such payment had not been made.

7.4 **Notice.** Wherever this Agreement provides for notice to any party (except as expressly provided to the contrary), it shall be given by messenger, facsimile, certified U.S. mail with return receipt requested, or nationally recognized overnight courier with receipt requested, effective when received or receipt rejected by the party to whom addressed, and shall be addressed as follows, or to such other address as the party affected may hereafter designate:

If to Senior Lender: Keltic Financial Partners II, LP
580 White Plains Road, Suite 610
Tarrytown, New York 10591
Attn: John P. Reilly, President and CEO
Fax: (914) 921-1154

With a copy to: Hodgson Russ LLP
Attn: Victoria J. Saxon
140 Pearl Street, Suite 100
Buffalo, New York 14202

If to either Energex Lender:
2929 Arch Street, Suite 675
Philadelphia, Pennsylvania 19104-2867
Attn: Eric L. Blum

If to Element: Three Radnor Corp. Ctr., Suite 410
100 Matsonford Road
Radnor, Pennsylvania 19087
Attn: Michael DeRosa

With a copy to: Goodwin Procter LLP
Exchange Place
Boston, Massachusetts 02109
Attn: Mark H. Burnett, Esq.

7.5 **Conflicts of Terms.** In the event of any conflict between any term, covenant or condition of this Agreement and any term, covenant of the Subordinated Debt Documents, or any document executed in connection therewith or the indebtedness evidenced thereby, the provisions of this Agreement shall control and govern.

7.6 **Further Assurances.** Each Subordinated Creditor and each Company, at their own expense and at any time from time to time, upon the written request of Senior Lender will promptly and duly execute and deliver such further instruments and documents and take such further actions as Senior Lender reasonably may request for the purposes of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted.

7.7 **Expenses.** Each Company will pay or reimburse Senior Lender, upon demand, for all its costs and expenses in connection with the enforcement or preservation of any rights under this Agreement, including, without limitation, fees and disbursements of counsel to Senior Lender. Each Company will pay, indemnify, and hold Senior Lender harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions (whether sounding in contract, tort or on any other ground), judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of, or in any other way arising out of or relating to this Agreement or any action taken or omitted to be taken by any Senior Lender with respect to any of the foregoing.

7.8 **Legend.** Each Subordinated Creditor and each Company will cause each note or instrument evidencing the Subordinated Debt to bear upon its face a legend referring to this Agreement and indicating that such note or instrument is subordinated as provided herein.

7.9 **Entire Agreement; Amendments.** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. This Agreement may not be amended or modified orally but may be amended or modified only in writing, signed by all parties hereto. No amendment or waiver of provision of this Agreement shall in any event be effective unless it is in writing, making specific reference to this Agreement and signed by the party against whom such waiver is sought to be enforced.

7.10 **No Third-Party Beneficiaries.** Notwithstanding anything contained herein to the contrary, no provision of this Agreement is intended to benefit any party other than

Keltic and the Subordinated Creditors, nor shall any such provision be enforceable by any other party.

7.11 Termination. This Agreement shall terminate on the Satisfaction Date.

7.12 Counterparts; Facsimile. This Agreement may be executed in any number of counterparts (each of which may be transmitted via facsimile or pdf), each of which when so executed and delivered or transmitted shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

7.13 Choice of English Language. It is the express wish of the parties that this document and any related documents be drawn upon English. *Les parties aux présentes ont expressément demandé que ce document et tous les documents s'y rattachant soient rédigés en anglais]*

8. GOVERNING LAW; CONSENT TO JURISDICTION.

(A) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK; PROVIDED, HOWEVER, THAT IF ANY OF THE SENIOR COLLATERAL SHALL BE LOCATED IN ANY JURISDICTION OTHER THAN NEW YORK, THE LAWS OF SUCH JURISDICTION SHALL GOVERN THE METHOD, MANNER AND PROCEDURE FOR FORECLOSURE OF SENIOR LENDER'S LIEN UPON SUCH COLLATERAL AND THE ENFORCEMENT OF SENIOR LENDER'S OTHER REMEDIES IN RESPECT OF SUCH COLLATERAL TO THE EXTENT THAT THE LAWS OF SUCH JURISDICTION ARE DIFFERENT FROM OR INCONSISTENT WITH THE LAWS OF NEW YORK.

(B) AS PART OF THE CONSIDERATION FOR NEW VALUE RECEIVED, AND REGARDLESS OF ANY PRESENT OR FUTURE DOMICILE OR PRINCIPAL PLACE OF BUSINESS OF ANY SUBORDINATED CREDITOR OR SENIOR LENDER, EACH SUBORDINATED CREDITOR HEREBY CONSENTS AND AGREES THAT ANY FEDERAL OR STATE COURT LOCATED IN ANY COUNTY IN NEW YORK STATE, SHALL HAVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN SUCH SUBORDINATED CREDITOR AND SENIOR LENDER PERTAINING TO THIS AGREEMENT OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS AGREEMENT; PROVIDED, HOWEVER, SENIOR LENDER MAY, AT ITS OPTION, COMMENCE ANY ACTION, SUIT OR PROCEEDING IN ANY OTHER APPROPRIATE FORUM OR JURISDICTION TO OBTAIN POSSESSION OF OR FORECLOSE UPON ANY SENIOR COLLATERAL, TO OBTAIN EQUITABLE RELIEF OR TO ENFORCE ANY JUDGMENT OR ORDER OBTAINED BY SENIOR LENDER AGAINST ANY SUBORDINATED CREDITOR OR WITH RESPECT TO ANY SENIOR COLLATERAL, TO ENFORCE ANY OTHER RIGHT OR REMEDY UNDER THIS AGREEMENT OR TO OBTAIN ANY OTHER RELIEF DEEMED APPROPRIATE BY SENIOR LENDER. EACH SUBORDINATED CREDITOR EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH SUBORDINATED CREDITOR

HEREBY WAIVES ANY OBJECTION WHICH SUCH SUBORDINATED CREDITOR MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. EACH SUBORDINATED CREDITOR REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS CONSENT TO JURISDICTION PROVISION WITH ITS LEGAL COUNSEL, AND HAS MADE THIS WAIVER KNOWINGLY AND VOLUNTARILY.

[Signatures on Next Page]

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the day and year first above written.

ENERGEX LENDER, L.P

By: Its General Partner, Energex Lender GP, LLC

By: Joseph A. Breen Jr.
Name: Joseph A. Breen Jr.
Title: CFO

ELB CAPITAL MANAGEMENT, LLC

By: Joseph A. Breen Jr.
Name: Joseph A. Breen Jr.
Title: CFO

ELEMENT MANAGEMENT, L.P.

By: Element II G.P. LLC,
its general partner

By: _____
Name:
Title:

Subordination And Intercreditor Agreement Signature Page

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the day and year first above written.

ENERGEX LENDER, L.P

By: Its General Partner, Energex Lender GP, LLC

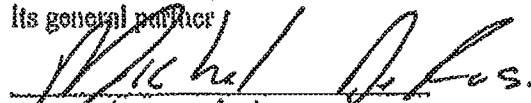
By: _____
Name: John B. Burrows, Jr.
Title: President and Chief Executive Officer

ELB CAPITAL MANAGEMENT, LLC

By: _____
Name:
Title:

ELEMENT MANAGEMENT, L.P.

By: Element II G.P. LLC,
Its general partner

By: 
Name: MICHAEL DE ROSA
Title: Managing MEMBER

Subordination And Intercreditor Agreement Signature Page

KELTIC FINANCIAL PARTNERS II, LP

By: Keltic Financial Services, LLC,

its general partner¹

By: John P. Reilly

Name: John P. Reilly

Title: President and Chief Executive Officer

Subordination And Intercreditor Agreement Keltic Signature Page

TRADEMARK

REEL: 004989 FRAME: 0474

COMPANIES' AGREEMENT

The undersigned, each Company, mentioned in the foregoing Intercreditor and Subordination Agreement, hereby acknowledges receipt of a copy thereof and consents to the terms thereof. Each Company shall make no payment of principal of or interest on the Subordinated Debt, other than as expressly permitted under Section 2.2 of the Intercreditor and Subordination Agreement. Each Company further acknowledges that it is bound by in all respects by the terms of the foregoing Intercreditor and Subordination Agreement, but not entitled to any benefit thereunder.

Dated as of June 21, 2011

ENERGEX, INC.

By John E. Burrows, Jr.
Name: John E. Burrows, Jr.
Title: President and Chief Executive Officer

ENERGEX AMERICAN, INC.

By John E. Burrows, Jr.
Name: John E. Burrows, Jr.
Title: President and Chief Executive Officer

ENERGEX PROPERTIES, LTD.

By John E. Burrows, Jr.
Name: John E. Burrows, Jr.
Title: President and Chief Executive Officer

ENERGEX CORPORATION

By John E. Burrows, Jr.
Name: John E. Burrows, Jr.
Title: President and Chief Executive Officer

ENERGEX PELLET FUEL INC.
/GRANULES COMBUSTIBLES
ENERGEX INC.

By John E. Burrows, Jr.
Name: John E. Burrows, Jr.
Title: President and Chief Executive Officer

Subordination And Intercreditor Agreement Signature Page

TRADEMARK

REEL: 004989 FRAME: 0475

SCHEDULE OF SUBORDINATED DEBT DOCUMENTS

[List all documents in effect evidencing or related to the Subordinated Indebtedness]

ENERGEX LENDERS

Loan and Security Agreement, dated as of August 1, 2008 by and among Energex Pellet Fuel Inc./Granules Combustibles Energex Inc., each of Energex Corporation, Energex American, Inc., Energex, Inc., and Energex Properties, Ltd., and Energex Lender, L.P, as amended by that certain Sixth Amendment and Waiver to Loan Agreement, dated June 21, 2011, that certain Fifth Amendment and Waiver to Loan Agreement, dated January 27, 2011, that certain Fourth Amendment and Waiver to Loan Agreement, dated December 9, 2010, that certain Third Amendment and Waiver to Loan Agreement, dated January 22, 2010, that certain Second Amendment and Waiver to Loan Agreement, dated December 23, 2009, and that certain First Amendment and Waiver to Loan Agreement, dated November 9, 2009

Amended and Restated Term Note, in the principal amount of \$7,500,000 payable by Energex Pellet Fuel Inc./Granules Combustibles Energex Inc. to Energex Lender, L.P.

Conventional hypothec without delivery granted by Energex Pellet Fuel Inc./Granules Combustibles Energex Inc. in favour of Energex Lender, L.P. in the amount of \$14,000,000 with interest thereon at the rate of 25% per annum and registered at the Register of Personal and Movable Real Rights on August 1, 2008 under the number 08-0450911-0002.

Amended and Restated Equity Monitoring Services Agreement, dated as of June 21, 2011, by and among ELB Capital Management, LLC, Element Management, L.P. and Energex Corporation, a Delaware

Guaranty and Suretyship, dated August 1, 2008, by Energex Corporation and Energex American, Inc., Energex Properties, Ltd. and Energex, Inc. ("Energex Subsidiaries") in favor of Energex Lender, L.P.

Security Agreement, dated August 1, 2008, by Energex Corporation and Energex Subsidiaries in favor of Energex Lender, L.P.

Pledge Agreement, dated August 1, 2008, by Energex Corporation and Energex, Inc. in favor of Energex Lender, L.P.

Open-End Mortgage and Security Agreement with respect to Mifflintown, PA real property granted by Energex American, Inc. in favor of Energex Lender, L.P., dated August 1, 2008, as filed with Juanita County, PA

Amended and Restated Investor Rights Agreement, dated August 1, 2008, among Energex Corporation, Energex Investment, L.P., Energex Lender, L.P., DFJ Element, L.P., DFJ Element Clean Energy Fund, L.P., DFJ Element Intrafund, L.P., and JABE LLC

TRADEMARK

REEL: 004989 FRAME: 0476

Intellectual Property Security Agreement, dated August 1, 2008, by and among Energex Pellet Fuel Inc./ Granules Combustibles Energex Inc., Energex Corporation, Energex Subsidiaries and Energex Lender, L.P.

ELEMENT

Amended and Restated Equity Monitoring Services Agreement, dated as of June 21, 2011, by and among ELB Capital Management, LLC, Element Management, L.P. and Energex Corporation, a Delaware