



ONEnergy Inc. Announces Proposed Acquisition of OZZ Electric Inc.

TORONTO, December 21, 2016 - ONEnergy Inc. ("ONEnergy" or the "Company") (TSXV: OEG) is pleased to announce that today it has entered into a letter of intent ("LOI") with OZZ Electric Inc. ("OZZ"), which contemplates an acquisition of all of the common shares of OZZ in exchange for the issuance of common shares of a successor corporation to ONEnergy, as described below (the "Transaction"). Completion of the Transaction would result in a reverse takeover and change of business of the Company under the policies of the TSX Venture Exchange (the "Exchange").

As required under the policies of the Exchange, the Transaction will be subject to the approval of the Company's shareholders and the Exchange. It is expected that the combined entity, after completion of the Transaction, will qualify as a Tier 1 Industrial Issuer pursuant to the requirements of the Exchange.

The LOI will be followed by the negotiation of a definitive agreement (the "Definitive Agreement") setting forth the detailed terms of the Transaction and containing the terms and conditions set out in the LOI and such other terms and conditions as are customary for transactions of the nature and magnitude contemplated in the LOI.

About OZZ Electric

OZZ is a diversified electrical contracting and energy services firm with a core competency in large-scale industrial, commercial & institutional ("ICI") and residential projects. OZZ was founded in 1991 and is a private corporation existing under the laws of Ontario and carries on business in Ontario, Alberta and Newfoundland. On a fully diluted basis, OZZ is 75% beneficially owned and controlled by Steven Muzzo, the Executive Chairman and Chief Executive Officer of OZZ. The following financial information of OZZ is derived from its audited financial statements for the fiscal year ending December 31, 2015 which were prepared under Accounting Standards for Private Enterprises ("ASPE"). OZZ had total assets and liabilities of approximately \$122.2 million and \$85.9 million, respectively as at December 31, 2015. OZZ's revenue, EBITDA and net income for the fiscal year ending December 31, 2015 was \$205.8 million, \$16.4 million and \$5.7 million respectively. OZZ is in the process of converting its audited financial statements from ASPE to International Financial Reporting Standards ("IFRS").

As a full-service electrical contractor specializing in large-scale, complex projects and high-profile design work, OZZ serves a number of sectors and markets including residential (high-rise), commercial (office, retail), industrial (manufacturing, distribution), institutional (hospitals, schools), infrastructure (transit), and specialty (data, communications, automation, grid). OZZ also specializes in the engineering, procurement and construction of PV solar systems, and the design and construction of energy reduction services for the multi-residential and ICI markets. OZZ currently has an employee base that ranges between 800 and 1,000 employees, and since 2006 has successfully completed over 500 projects.

Proposed Transaction

As part of the Transaction, it is currently contemplated that ONEnergy will transfer, to a newly incorporated subsidiary ("Newco"), its business, including all of its assets and liabilities other than its loss carryforward tax attributes and the rights and obligations in respect of the litigation with certain of its former directors and officers (the "Spin Out Business") in order to allow for the efficient combination of Newco and OZZ, while preserving any benefits of the tax attributes and litigation for the current ONEnergy shareholders. Newco will issue common shares to ONEnergy in exchange for the transfer of the Spin Out Business, and ONEnergy will distribute the common shares of Newco to the current shareholders of ONEnergy as a return of capital, dividend or a combination of the two. It is anticipated that as part of the Transaction, Newco, which will hold the Spin Out Business, will complete a new listing application with the Exchange and will become a reporting issuer. ONEnergy will continue to hold only its loss carryforward tax attributes and the rights and obligations in respect of the litigation with certain of its former directors and officers and will be delisted from the Exchange. It is anticipated that the Transaction will proceed through a share exchange by way of a plan of arrangement, amalgamation or other similar form of transaction and a change of business of ONEnergy into that of Newco and then the business of OZZ, with the corporate name of the resulting public entity (the "Resulting Issuer") being changed to "OZZ Energy and Infrastructure Inc." or such other name acceptable to OZZ and the applicable regulatory authorities. The Transaction, if and when it is completed, will result in the shareholders

of OZZ holding a majority of the outstanding common shares of the Resulting Issuer. Following the Transaction, the current shareholders of ONEnergy will hold both ONEnergy common shares and Resulting Issuer common shares.

Specifically, the LOI contemplates that the Resulting Issuer will issue an aggregate of 150.0 million common shares to the shareholders of OZZ at a deemed price of \$0.50 per Resulting Issuer share, resulting in an implied common equity purchase price of \$75.0 million. As a result, at closing of the Transaction, and prior to completion of the Proposed Financing, the Resulting Issuer will own 100% of the shares of OZZ, at which time there will be 174.0 million common shares of the Resulting Issuer issued and outstanding of which the current shareholders of OZZ will hold an aggregate of 150.0 million shares, representing 86.2%, and the current shareholders of ONEnergy will hold an aggregate of 24.0 million common shares, representing approximately 13.8%. The LOI also contemplates that the board of directors of the Resulting Issuer will be comprised of nominees of OZZ and that Steven Muzzo of OZZ will become the Chief Executive Officer of the Resulting Issuer. Steven Muzzo, indirectly owns and controls OZZ through CSE Utility Management Inc. ("CSE"), which is a private corporation existing under the laws of Ontario and carries on business in Ontario.

The Transaction constitutes an Arm's Length Transaction, as defined under the Exchange rules.

"OZZ Electric's strong reputation and deep rooted customer relationships have become the foundation of their electrical contracting, PV solar and energy efficiency product offering. They will be an excellent fit with ONEnergy, making for a more diversified combined entity, which will broaden our geographic reach as we expand the business into select markets. This transformative transaction, under the proven leadership of Steven Muzzo, will add significant value for our shareholders", said Stephen Letwin, Chairman of ONEnergy.

"Access to the public market via ONEnergy, will allow OZZ to expedite both its North American growth strategy and desire to develop, engineer, construct and own renewable energy assets in both new construction and retrofit markets", said Steven Muzzo, Executive Chairman and Chief Executive Officer of OZZ.

Proposed Financing

Prior to or concurrently with completion of the Transaction, and subject to Exchange approval, OZZ expects to complete a private placement financing of subscription receipts (the "Proposed Financing"). The net proceeds from the Proposed Financing are expected to be used to buy-out certain minority shareholders and investors in OZZ, and provide additional capital to support growth going forward. Additional information regarding the Proposed Financing will be provided in due course.

Conditions to Closing the Transaction

Completion of the Transaction will be subject to several conditions, including, the negotiation and execution of the Definitive Agreement, which will include customary prohibitions on material changes to the business and operations of the parties, the completion of the Proposed Financing, the receipt of all regulatory, corporate and third party approvals, including the approval of the shareholders of the Company, and other conditions precedent customary for a transaction of this nature.

Trading in the common shares of ONEnergy is currently halted and is expected to remain halted pending additional information relating to the Transaction being provided to the Exchange. ONEnergy will be completing a management information circular for the annual and special meeting of shareholders ("Shareholders' Meeting") to consider the Transaction. The Shareholders' Meeting is expected to be held in May 2017.

GMP Securities L.P. is acting as financial advisor to ONEnergy and has been engaged to provide a fairness opinion to the board of ONEnergy, that is anticipated to be provided in due course for inclusion in the management information circular.

ONEnergy

Material information about ONEnergy can be found on SEDAR under the Company's issuer profile at www.sedar.com. ONEnergy's corporate website may be found at www.onenergyinc.com.

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Completion of the Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this news release. Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Non-GAAP Measure

EBITDA is a non-GAAP measure, and does not have a standardized meaning under ASPE or IFRS, and therefore may not be comparable to similar measures presented by other issuers. For the purposes of this press release, EBITDA constitutes earnings before interest, taxes, depreciation, amortization and non-recurring losses.

Notice on forward-looking statements

This news release includes certain "forward-looking statements" under applicable Canadian securities legislation that are not historical facts. The words "expect", "believe", "anticipate", "will", "contemplate", "intend", "estimate", "forecast", "budget" and similar expressions identify forward-looking statements. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but are not limited to, statements regarding the Transaction, the Proposed Financing and the business and operations of the Company, OZZ and information regarding the management, business and operations of the Resulting Issuer. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; delay or failure to receive board, shareholder or regulatory approvals for the Transaction; an inability to complete the Proposed Financing; ONEnergy or OZZ management's ability to manage and to operate the business, and the equity markets generally; those additional risks set out in the Company's public documents filed on SEDAR at www.sedar.com; and other matters discussed in this news release. Although the Company believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release,

and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act"), or under any state securities laws, and may not be offered or sold, directly or indirectly, or delivered within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the 1933 Act) absent registration or an applicable exemption from the registration requirements. This news release does not constitute an offer to sell or a solicitation to buy such securities in the United States.