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Schedule "A"

Settlement Agreement

Caspar Koch

Securities Act, RSBC 1996, c. 418

- ¶ 1 The following settlement of issues has been reached between Caspar Koch (Koch) and the Executive Director.

Agreed Statement of Facts

- ¶ 2 As the basis for the undertakings and orders referred to in this settlement, Koch acknowledges the following facts as correct:
1. AccelRate Power Systems Inc. (the Company), formerly Key Capital Group Inc., was incorporated in British Columbia on October 25, 1989, and has its head office in Vancouver, British Columbia.
 2. From May 17, 1997 to the present, the Company's securities have been continuously listed and posted for trading on the Vancouver Stock Exchange, the Canadian Venture Exchange, and the TSX Venture Exchange.
 3. Koch was a director of the Company from September 1, 1990 to the present.
 4. On or about November 15, 1999, a share certificate for 958,933 shares of the Company, registered in the name of 870 Holdings Ltd., a company owned by Koch's son, Reimar P.M. Koch, was deposited into one of Koch's brokerage accounts, which caused him to become a control person of the Company, as defined in section 1 of the *Securities Act*, RSBC 1996, c. 418.
 5. After becoming a control person, Koch made 26 sales in the securities of the Company, without filing a Form 45-102F3, Notice of Intention to Distribute Securities and Accompanying Declaration under Section 2.8 of Multilateral Instrument 45-102 Resale of Securities, as required by section 136 of the *Securities Rules*, BC Reg. 194/97.

Mitigating Factors

- ¶ 3 The Executive Director has taken into account the following facts as factors mitigating the sanctions which would otherwise have applied in the public interest:

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1. Koch represents and the Executive Director accepts that prohibiting him from acting as a director and officer of the Company could have a negative impact on the Company's business.

Undertaking

¶ 4 Koch undertakes to:

1. pay to the British Columbia Securities Commission the sum of \$15,000, \$5,000 of which represents the cost of the investigation; and
2. not say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

Order

¶ 5 Koch consents to an order by the Executive Director (the Order) that:

1. under section 161(1)(c) of the Act, any or all of the exemptions described in sections 44 to 47, 74, 75, 98 or 99 of the Act do not apply to Koch until the later of:
 - (a) two years from the date of the Order; and
 - (b) the date Koch successfully completes a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers,except that Koch may rely on the exemption in section 45(2)(7) of the Act to trade in one account through a registered dealer; and
2. under section 161(1)(d) of the Act, Koch resign any position he holds as a director or officer of a reporting issuer, other than the Company, and is prohibited from becoming or acting as a director or officer of a reporting issuer, other than the Company, until the later of:
 - (a) two years from the date of the Order; and
 - (b) the date Koch successfully completes a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers.

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Waiver

¶ 6 Koch waives any right he may have, under the Act or otherwise, to a hearing, hearing and review, judicial review or appeal related to, in connection with, or incidental to this settlement.

¶ 7 January 5, 2004

“Caspar Koch”)
Caspar Koch)
)
“Terrence E. King”)
Witness Signature)
Terrence E. King)
Witness Name (please print))
1300 – 1111 West Hastings Street)
Vancouver, B.C. V6E 4M3)
Address)
Barrister & Solicitor)
Occupation)

¶ 8 January 7, 2004

“Stephen J. Wilson”

¶ 9 Stephen J. Wilson
Executive Director