

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

TARONIS FUELS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 22-11121 (BLS)

(Jointly Administered)

Re: Docket Nos. 832 & 844

Hearing Date: August 14, 2024 at 10:00 a.m. (ET)

Objection Deadline: August 7, 2024 at 4:00 p.m. (ET)

**NOTICE OF (I) INTERIM APPROVAL OF
DISCLOSURES; (II) HEARING TO CONSIDER CONFIRMATION
OF THE COMBINED PLAN AND DISCLOSURE STATEMENT;
(III) DEADLINE FOR FILING OBJECTIONS TO CONFIRMATION OF
THE COMBINED PLAN AND DISCLOSURE STATEMENT; AND (IV) DEADLINE
FOR VOTING ON THE COMBINED PLAN AND DISCLOSURE STATEMENT**

IMPORTANT INFORMATION FOR ALL HOLDERS OF CLAIMS:

THE COMBINED PLAN AND DISCLOSURE STATEMENT PROVIDES THAT ALL HOLDERS OF CLAIMS WHO VOTE TO ACCEPT OR REJECT THE COMBINED PLAN AND DISCLOSURE STATEMENT AND DO NOT OPT-OUT OF THE RELEASES ARE DEEMED TO RELEASE THE RELEASED PARTIES (DEFINED IN ARTICLE IV.A. OF THE COMBINED PLAN AND DISCLOSURE STATEMENT).

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On November 11, 2022 (the “Petition Date”), each of the above-captioned Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their business and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

¹ The Debtors in these chapter 11 cases, along with the last four digits (if any) of each Debtor’s federal tax identification number include: Taronis Fuels, Inc. (7454), Taronis Sub IV LLC (6662), Taronis Sub III LLC (5826), Taronis Sub V LLC (8686), MagneGas Real Estate Holdings, LLC (7412), MagneGas IP, LLC (0988), MagneGas Production, LLC (7727), Taronis Sub I LLC (4205), Taronis-TAS, LLC (2356), Taronis-TAH, LLC (3542), and Taronis Sub II LLC (9673). The location of the Debtors’ service address in these chapter 11 cases is c/o Aurora Management Partners (Attn: Tim Turek and David Baker) 112 South Tryon St., Suite 1770, Charlotte, NC 28284.

THE COMBINED PLAN AND DISCLOSURE STATEMENT

2. On June 24, 2024, the Debtors filed the *Amended Combined Joint Chapter 11 Plan of Liquidation and Disclosure Statement of Taronis Fuels, Inc., and its Debtor Affiliates* [Docket No. 832] (the disclosure statement portion thereof, the “Disclosure Statement” and the chapter 11 plan portion thereof, the “Plan,” including all exhibits thereto and as further amended, supplemented or otherwise modified from time to time, and collectively, the “Combined Plan and Disclosure Statement”).²

3. The following chart summarizes the treatment provided by the Combined Plan and Disclosure Statement to each class of Claims and Interests:

| Class³ | Estimated Allowed Amount of Claims | Status | Entitled to Vote | Estimated Recovery to Holders of Allowed Claims |
|--|---|-----------------|-------------------------|--|
| Class 1 – Miscellaneous Secured Claims | \$0 | Unimpaired | No | 100% |
| Class 2 – Non-Tax Priority Claims | \$280,660 | Unimpaired | No | 100% |
| Class 3 - General Unsecured Claims | \$18,439,964 | Impaired | Yes | 9.2% |
| Class 4 – Section 510(b) Claims | \$0 | Deemed Impaired | No | 0% |
| Class 5 – Intercompany Claims | \$0 | Deemed Impaired | No | 0% |
| Class 6 – Existing Equity | N/A | Deemed Impaired | No | 0% |

4. Certain Holders of Claims and Interests are not entitled to vote on the Combined Plan and Disclosure Statement. As a result, such parties did not receive any ballots or other related solicitation materials to vote on the Combined Plan and Disclosure Statement. The Holders of Claims in Class 1 (Secured Claims) and Class 2 (Non-Tax Priority Claims) are Unimpaired and presumed to have accepted the Combined Plan and Disclosure Statement pursuant to section 1126(f) of the Bankruptcy Code. To preserve Estate and Liquidating Trust resources, and because no distribution to Holders of Claims in Class 4 (510(b) Claims), Class 5 (Intercompany

² Capitalized terms not defined herein shall have the same meanings ascribed to them in the Combined Plan and Disclosure Statement.

³ To the extent any information in this chart is inconsistent with the information in the Combined Plan and Disclosure Statement, the Combined Plan and Disclosure Statement shall control.

Claims), or Class 6 (Existing Equity) is anticipated, the Debtors have determined (a) not to solicit votes from Classes 4, 5, and 6, (b) to deem Classes 4, 5, and 6 to reject the Combined Plan and Disclosure Statement, and (c) seek confirmation pursuant to section 1129(b) of the Bankruptcy Code. Pursuant to the Combined Plan and Disclosure Statement, the Liquidating Trustee, in its sole discretion, may establish the Existing Equity Interests Record Date should there be a Distribution to Holders of Allowed Existing Equity Interests.

INTERIM APPROVAL OF DISCLOSURE STATEMENT

5. By Order dated June 27, 2024 (the “Solicitation Procedures Order”), the Bankruptcy Court approved, on an interim basis, the disclosures (the “Disclosures”) in the Combined Plan and Disclosure Statement as containing adequate information within the meaning of section 1125 of Bankruptcy Code. The Solicitation Procedures Order expressly reserves all parties’ rights to raise objections to the adequacy of information in the Disclosures and the Combined Plan and Disclosure Statement.

6. Pursuant to the Solicitation Procedures Order, the Bankruptcy Court established **August 7, 2024 at 4:00 p.m. (ET)** (the “Voting Deadline”) as the deadline by which ballots accepting or rejecting the Combined Plan and Disclosure Statement must be received. To be counted, your original ballot must actually be **received** on or before the Voting Deadline by the Solicitation Agent either via the Solicitation Agent’s online portal at <https://www.donlinrecano.com/Clients/tfi/Index> or at the following address:

| <u>IF BY FIRST CLASS MAIL TO:</u> | <u>IF BY OVERNIGHT COURIER OR HAND DELIVERY TO:</u> |
|---|--|
| DONLIN, RECANO & COMPANY, INC. RE: TARONIS FUELS, INC., ET AL. ATTN: VOTING DEPARTMENT P.O. BOX 2053 NEW YORK, NY 10272-2042 | DONLIN, RECANO & COMPANY, INC. C/O EQUINITI ATTN: VOTING DEPARTMENT 48 WALL STREET, 22ND FLOOR NEW YORK, NY 10005 |

THE COMBINED HEARING

7. On **August 14, 2024, at 10:00 a.m. (ET)**, or as soon thereafter as counsel may be heard, a hearing will be held before Judge Brendan L. Shannon in the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 6th Floor, Courtroom 1, Wilmington, DE 19801 to consider final approval of the Disclosures and confirmation of the Plan, as the same may be amended or modified (the “Combined Hearing”).

8. The Combined Hearing may be adjourned from time to time. If the Combined Hearing is adjourned, the Debtors will file a notice of adjournment on the docket and serve it by email if available, otherwise by first class or overnight mail, on the parties who have requested notice pursuant to Bankruptcy Rule 2002 and Local Rule 2002-1(b) and on any parties that have filed objections to approval of the Disclosures or confirmation of the Plan. The Combined Plan and Disclosure Statement may be modified in accordance with the Bankruptcy Code, the Federal

Rules of Bankruptcy Procedure, and other applicable law, without further notice to creditors or other parties in interest, prior to or as a result of the Combined Hearing.

EXCULPATION, RELEASES, AND INJUNCTION

9. Article XI of the Combined Plan and Disclosure Statement contains the exculpation, releases, and injunction provisions set forth below:

ARTICLE XI OF THE COMBINED PLAN AND DISCLOSURE STATEMENT PROVIDES, IN RELEVANT PART, AS FOLLOWS:

XI. Exculpation, Injunctions, and Releases

A. Injunction

All injunctions or stays provided for in the Chapter 11 Cases under Bankruptcy Code sections 105 or 362, or otherwise, and in existence on the Confirmation Date shall remain in full force and effect until the later of (a) the Effective Date, or (b) the date indicated in the order providing for such injunction or stay. Notwithstanding the foregoing, nothing herein shall be otherwise deemed to modify, limit, amend, or supersede any injunctions or stays granted in the Sale Orders.

Except as otherwise provided in the Combined Plan and Disclosure Statement or to the extent necessary to enforce the terms and conditions of the Combined Plan and Disclosure Statement, the Confirmation Order, or a separate order of the Bankruptcy Court, all entities who have held, hold, or may hold Claims against or Interests in the Debtors shall be permanently enjoined from taking any of the following actions against any of the Debtors' Assets, including property that is to be distributed under the terms of the Combined Plan and Disclosure Statement (including Liquidating Trust Assets), on account of any such Claims or Interests: (a) commencing or continuing, in any manner or in any place, any action or other proceeding; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any lien or encumbrance; (d) asserting a right of setoff, other than any rights of setoff that were exercised prior to the Petition Date; and (e) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Combined Plan and Disclosure Statement; *provided, however*, that such Entities shall not be precluded from exercising their rights pursuant to and consistent with the terms of the Combined Plan and Disclosure Statement or the Confirmation Order; *provided, further*, that the foregoing shall not apply to any acts, omissions, claims, Causes of Action, or other obligations expressly set forth in and preserved by the Combined Plan and Disclosure Statement or any defenses thereto. Notwithstanding the foregoing, nothing herein shall be otherwise deemed to modify, limit, amend or supersede any injunctions or stays granted in the Sale Orders.

Notwithstanding any language to the contrary in the Combined Plan and Disclosure Statement and/or Confirmation Order, no provision shall (i) preclude the SEC from

enforcing its police or regulatory powers; or (ii) enjoin, limit, impair, or delay the SEC from commencing or continuing any claims, causes of action, proceedings, or investigations against any non-Debtor person or non-Debtor entity in any forum. For the avoidance of doubt, the SEC's General Unsecured Claim will be paid in accordance with the Combined Plan and Disclosure Statement.

B. Exculpation

EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE COMBINED PLAN AND DISCLOSURE STATEMENT, EFFECTIVE AS OF THE EFFECTIVE DATE, THE EXCULPATED PARTIES SHALL NOT HAVE NOR INCUR ANY LIABILITY TO ANY HOLDER OF A CLAIM OR INTEREST OR ANY OF THEIR RELATED PERSONS FOR ANY POSTPETITION ACT OR OMISSION IN CONNECTION WITH, RELATED TO, OR ARISING OUT OF THE CHAPTER 11 CASES, THE COMBINED PLAN AND DISCLOSURE STATEMENT, THE PURSUIT OF CONFIRMATION, THE SOLICITATION OF VOTES ON THE PLAN, THE CONFIRMATION OF THE COMBINED PLAN AND DISCLOSURE STATEMENT, THE CONSUMMATION OF THE COMBINED PLAN AND DISCLOSURE STATEMENT, THE ADMINISTRATION OF THE COMBINED PLAN AND DISCLOSURE STATEMENT, THE PROPERTY TO BE LIQUIDATED AND/OR DISTRIBUTED UNDER THE COMBINED PLAN AND DISCLOSURE STATEMENT, OR ANY POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE LIQUIDATION OF THE DEBTORS, INCLUDING SPECIFICALLY THE PURSUIT AND ENTRY OF THE SALE ORDERS, EXCEPT FOR THEIR WILLFUL MISCONDUCT OR GROSS NEGLIGENCE AS SUBSEQUENTLY DETERMINED BY A FINAL ORDER OF A COURT OF COMPETENT JURISDICTION, AND IN ALL RESPECTS SHALL BE ENTITLED TO RELY REASONABLY UPON THE ADVICE OF COUNSEL WITH RESPECT TO THEIR DUTIES AND RESPONSIBILITIES UNDER THE COMBINED PLAN AND DISCLOSURE STATEMENT.

THE FOREGOING PARAGRAPH SHALL APPLY TO ATTORNEYS AND LAWYERS TO THE GREATEST EXTENT PERMISSIBLE UNDER APPLICABLE BAR RULES AND CASE LAW BUT SHALL NOT BE DEEMED TO RELEASE, AFFECT, OR LIMIT ANY OF THE RIGHTS AND OBLIGATIONS OF THE EXCULPATED PARTIES FROM, OR EXCULPATE THE EXCULPATED PARTIES WITH RESPECT TO, ANY OF THE EXCULPATED PARTIES' OBLIGATIONS OR COVENANTS ARISING PURSUANT TO THIS COMBINED PLAN AND DISCLOSURE STATEMENT OR THE CONFIRMATION ORDER.

C. Releases and Limitation of Liability

ON THE EFFECTIVE DATE, THE RELEASED PARTIES SHALL BE FULLY RELEASED BY THE RELEASING PARTIES FROM ANY AND ALL LIABILITIES OF THE DEBTORS AND ALL CLAIMS OR CAUSES OF ACTION WHICH COULD BE PURSUED BY OR ON BEHALF OF THE DEBTORS, THEIR ESTATES, OR THE LIQUIDATING TRUSTEE PURSUANT TO THIS COMBINED PLAN AND DISCLOSURE STATEMENT.

Except as expressly stated herein, this Combined Plan and Disclosure Statement does not otherwise limit or release any other current or former member of the Board or Officers of the Debtors not included in the Released Parties (the “Potential Defendants”). For the avoidance of doubt, all cross claims, counterclaims, defenses, and offsets of the Potential Defendants discussed in this provision remain and are not waived by the Potential Defendants.

UNDER THE COMBINED PLAN AND DISCLOSURE STATEMENT “RELEASED PARTIES” MEANS, COLLECTIVELY, AND IN EACH CASE, IN THEIR RESPECTIVE CAPACITIES AS SUCH, (I) THE DEBTORS; (II) THE DEBTORS’ AFFILIATES AND SUBSIDIARIES AS OF THE PETITION DATE; (III) ALL OF THE DEBTORS’ OFFICERS, DIRECTORS, MANAGERS, PRINCIPALS, MEMBERS, EMPLOYEES, AND AGENTS, THAT SERVED ON OR AFTER THE PETITION DATE; (IV) ALL CURRENT AND FORMER PROFESSIONALS OF THE DEBTORS (BUT ONLY TO THE EXTENT THAT SUCH PROFESSIONAL WAS EMPLOYED BY THE DEBTORS ON OR AFTER JUNE 4, 2021), INCLUDING BUT NOT LIMITED TO FINANCIAL ADVISORS, PARTNERS, ATTORNEYS, ACCOUNTANTS (EXCEPT FOR ACCOUNTANTS WHO PROVIDED AUDIT SERVICES TO THE DEBTORS), INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, AND OTHER PROFESSIONALS, EACH IN THEIR CAPACITY AS SUCH; AND (V) EACH RELEASING PARTY. HOWEVER, TO THE EXTENT A RELEASED PARTY OR A PARTY RELATED TO A RELEASED PARTY OPTS OUT OF BEING A RELEASING PARTY SUCH RELEASED PARTY OR RELATED PARTY, AS APPLICABLE, SHALL NOT BE A RELEASED PARTY.

UNDER THE COMBINED PLAN AND DISCLOSURE STATEMENT “RELEASING PARTIES” MEANS, COLLECTIVELY, AND IN EACH CASE, IN THEIR RESPECTIVE CAPACITIES AS SUCH: (A) ALL HOLDERS OF CLAIMS WHO VOTE TO ACCEPT THE COMBINED PLAN AND DISCLOSURE STATEMENT AND DO NOT OPT OUT OF THE RELEASES GRANTED TO RELEASED PARTIES IN THE COMBINED PLAN AND DISCLOSURE STATEMENT; (B) ALL HOLDERS OF CLAIMS THAT VOTE TO REJECT THE COMBINED PLAN AND DISCLOSURE STATEMENT AND WHO DO NOT OPT OUT OF THE RELEASES GRANTED TO RELEASED PARTIES IN THE COMBINED PLAN AND DISCLOSURE STATEMENT; AND (C) WITH RESPECT TO EACH ENTITY IN CLAUSE (A) AND (B), EACH SUCH ENTITY’S CURRENT AND FORMER AFFILIATES, SUBSIDIARIES, OFFICERS, DIRECTORS, MANAGERS, PRINCIPALS, MEMBERS, EMPLOYEES, AGENTS, ADVISORY BOARD MEMBERS, FINANCIAL ADVISORS, PARTNERS, ATTORNEYS, ACCOUNTANTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, AND OTHER PROFESSIONALS, EACH IN THEIR CAPACITY AS SUCH AND TO THE FULLEST EXTENT THEY WOULD BE OBLIGATED TO RELEASE THEIR CLAIMS UNDER THE PRINCIPLES OF AGENCY IF SO DIRECTED BY THE RELEASING PARTY TO WHOM THEY RELATE. FOR THE AVOIDANCE OF DOUBT, THE RELEASING PARTIES SHALL NOT INCLUDE (I) ANY HOLDERS OF INTERESTS IN THEIR CAPACITY AS SUCH AND (II) FORMER CHIEF EXECUTIVE OFFICER OF TARONIS TECHNOLOGIES, SCOTT MAHONEY.

**DEADLINE FOR OBJECTIONS TO FINAL APPROVAL
OF THE DISCLOSURES OR CONFIRMATION OF THE PLAN**

10. Objections, if any, to final approval of the Disclosures or confirmation of the Plan, including any supporting memoranda, must be in writing, be filed with the Clerk of the Court, United States Bankruptcy Court, District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, DE 19801 together with proof of service **on or before August 7, 2024, at 4:00 p.m. (Eastern Time)** (the “Objection Deadline”), and shall (a) state the name and address of the objecting party and the amount of its claim or the nature of its interest in the Debtors’ chapter 11 cases; (b) state with particularity the provision or provisions of the Combined Plan and Disclosure Statement objected to and for any objection asserted, the legal and factual basis for such objections; and (c) be served on the following parties: (a) counsel for the Debtors, Potter Anderson Corroon LLP, 1313 N. Market Street, 6th Floor, Wilmington, DE 19801 (Attn: Jeremy W. Ryan, email: jryan@potteranderson.com) and (b) Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 (Attn: Linda Casey, email: Linda.Casey@usdoj.gov).

COPIES OF THE COMBINED PLAN AND DISCLOSURE STATEMENT

11. PURSUANT TO THE SOLICITATION PROCEDURES ORDER, YOU MAY NOT HAVE RECEIVED A COPY OF THE COMBINED PLAN AND DISCLOSURE STATEMENT. If you wish to receive copies of the Combined Plan and Disclosure Statement, they will be provided, as quickly as practicable, upon request to Donlin Recano & Company, Inc. (the “Solicitation Agent”) by writing to Donlin, Recano & Company, Inc., c/o Equiniti, Re: Taronis Fuels, Inc., et al, Attn: Voting Department, 48 Wall Street, 22nd Floor, New York, NY 10005. Copies of the Combined Plan and Disclosure Statement are also available for free by visiting the Debtors’ case website at (<https://www.donlinrecano.com/Clients/tfi/Index>) or telephoning the Solicitation Agent at 1-866-703-9066 (US & Canada toll free). In addition, copies of the Combined Plan and Disclosure Statement are on file with the Clerk of the Bankruptcy Court for the District of Delaware and may be reviewed during the regular hours of the Bankruptcy Court or online through the Bankruptcy Court’s internet website at <http://www.deb.uscourts.gov>.

12. IF YOU HAVE ANY QUESTIONS REGARDING YOUR CLAIM OR INTEREST OR THE VOTING PROCEDURES, OR IF YOU NEED A BALLOT OR ADDITIONAL COPIES OF THE COMBINED PLAN AND DISCLOSURE STATEMENT OR OTHER ENCLOSED MATERIALS, PLEASE CONTACT THE SOLICITATION AGENT AS SET FORTH ABOVE. **YOUR RIGHTS MAY BE AFFECTED UPON APPROVAL AND CONFIRMATION OF THE COMBINED PLAN AND DISCLOSURE STATEMENT. YOU ARE URGED TO REVIEW A COPY OF THE COMBINED PLAN AND DISCLOSURE STATEMENT WHICH MAY BE OBTAINED BY ONE OF THE METHODS DESCRIBED HEREIN.**

Dated: June 28, 2024
Wilmington, Delaware

Respectfully submitted,

/s/ Katelin A. Morales

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