

CEBA LOAN AGREEMENT TERMS AND CONDITIONS

<u>CEBA Loan Amount</u> \$60,000 (CAD) (the “CEBA Loan Amount” and together with the principal outstanding, applicable interest, costs, and any expenses incurred in connection therewith and provided for hereunder being, collectively, the “CEBA Loan”)	<u>Interest Rate:</u> 0% per annum during Initial Term 5% per annum during the Extended Term, if applicable
<u>Initial Term</u> From the day of advance of the CEBA Loan to December 31, 2022	<u>Extended Term</u> From January 1, 2023 to December 31, 2025

Background

Having submitted the Borrower Application and Attestation Form pursuant to the CEBA Program, the Borrower acknowledges and agrees that that all terms and conditions set forth in this CEBA Loan Agreement Terms and Conditions will apply to the CEBA Loan, if approved, and effective immediately when the CEBA Loan is advanced by the Credit Union to the Borrower under the CEBA Program without any further action, consent or acknowledgment from/by the Borrower and without the Borrower having provided an original signature.

Definitions

In this Agreement the capitalized terms, “CEBA Loan Amount”, “CEBA Loan”, “Interest Rate”, “Initial Term”, and “Extended Term” are as indicated above. Other capitalized terms (not otherwise defined in this Agreement) mean:

“**Borrower**” means the recipient of the CEBA Loan under this Agreement, sometimes also referred to as “You” and “Your” and “Yours”.

“**Credit Union**” means Innovation Credit Union Limited and its successors and assigns.

“**CEBA Program**” means the Canada Emergency Business Account Program.

1. TERM LOAN

- 1.1 Principal Amount of the CEBA Loan.** The CEBA Loan Amount will be \$60,000(CAD), available in one advance. The CEBA Loan will not revolve. The CEBA Loan cannot be re-borrowed.
- 1.2 Deposit of Loan Proceeds.** Once the CEBA Loan application is approved, the CEBA Loan will be deposited in full into the account identified by the Borrower during the CEBA Loan application as its primary chequing/business account at the Credit Union or such other account as may be determined by the Credit Union. The Credit Union is not able to advance the CEBA Loan until all requirements of the CEBA Program and any other approval required by the Government of Canada have been met.

2. TERM, INTEREST, AND REPYAMENT

- 2.1 Initial Term is Interest Free.** Until December 31, 2022, the CEBA Loan is interest free. This means that, during the Initial Term, (i) the interest rate payable on the CEBA Loan is zero (0%) percent per annum, (ii) the Borrower will not be required to repay any portion of the CEBA Loan, and (iii) no interest shall accrue.
- 2.2 Repayment Incentive.** As provided for in the CEBA Program, if, on or before December 31, 2022, the Borrower repays at least sixty-six (66%) percent of the CEBA Loan Amount and has not committed an Event of Default, then the remaining thirty three (33%) percent of the CEBA Loan Amount will be forgiven. In such circumstances, this thirty three (33%) percent (or less as the case may be) outstanding CEBA Loan Amount will be cancelled and the Borrower will not have to repay it.
- 2.3 Inability to Repay During Initial Term.** If less than sixty six (66%) percent of the CEBA Loan Amount is repaid on or before December 31, 2022, the CEBA Loan will automatically extend starting on January 1, 2023 for an additional term, maturing on December 31, 2025, with an interest rate of five (5%) percent per annum and payable monthly. The Borrower agrees to this automatic extension in accordance with the terms and conditions set forth herein and acknowledges that the automatic extension will occur without any further action, consent or acknowledgment from/by the Borrower and without the Borrower having provided an original signature.
- 2.4 Extended Term Interest Rate and Payments.** During the Extended Term, if applicable, the Borrower will be required to pay interest on the outstanding CEBA Loan Amount, at the fixed rate of five (5%) percent per annum, calculated daily, compounded and payable monthly, on the last day of each month, not in advance, and the first such interest payment being due on January 31, 2023 (or such other date as may be agreed in writing by the Credit Union).
- 2.5 Maturity Date.** By December 31, 2025, the Borrower will be required to repay the entire balance, if any, of the CEBA Loan in full. Any amount of the CEBA Loan that is not so repaid will bear interest at the fixed rate of five (5%) percent per annum, calculated daily, compounded monthly, and payable on demand. Prior to December 31, 2025, there is no requirement to repay principal amounts as long as no Event of Default has occurred; interest will however be payable as described above until payment in full of the CEBA Loan Amount.

- 2.6 How Interest is Calculated and Payable.** The Credit Union calculates interest on the basis of a 365-day year. Interest is charged on February 29 in a leap year. Interest will continue to be payable by the Borrower both before and after maturity, default on this Agreement, and/or a judgment is rendered against the Borrower.

3. PREPAYMENT, COSTS & EXPENSES

- 3.1 Prepayment.** At any time during either the Initial Term or the Extended Term, the Borrower may prepay all or any portion of the CEBA Loan Amount, without penalty. **Any repayments that the Borrower makes cannot be re-borrowed. This includes repayments made at any time, including repayments made prior to December 31, 2022.**
- 3.2 Cost & Expenses.** In the event of recovery, the Borrower will pay the Credit Union all of its reasonable costs and expenses (including the fees and charges of internal and external legal counsel, on a solicitor client basis and notarial fees), relating to enforcing the CEBA Loan and such costs and expenses shall constitute a debt payable by the Borrower to the Credit Union.

4. BORROWER'S COVENANTS

- 4.1 Purpose and Use of CEBA Loan.** The Borrower acknowledges and agrees that the CEBA Loan shall only be used to fund non-refundable operating expenses (i.e. payroll, rent, utilities, insurance, property tax and regularly scheduled debt service payments) and may not be used to fund payments of expenses such as repayment or refinancing of existing indebtedness (including other indebtedness to the Credit Union), payments of dividends, distributions, or increases in management compensation. Furthermore, the CEBA Loan may not be used for any illegal or illicit purpose and the Borrower may not repay any amount of the CEBA Loan using funds that were received or derived from any illegal or illicit activity.
- 4.2 Positive Covenants.** In addition to all of its obligations in this Agreement the Borrower will: (i) pay all amounts outstanding to the Credit Union when due or demanded; (ii) maintain the Borrower's existence as a corporation, partnership or sole proprietorship, as the case may be; and (iii) pay all applicable taxes when due, and (iv) continue to carry on the business now being carried on by the Borrower.
- 4.3 Negative Covenants.** In addition to all of its obligations in this Agreement the Borrower will not: (i) apply for any support under the CEBA Program at any other financial institution; (ii) sell, lease, assign, or otherwise dispose of all or substantially all of its assets; or, if applicable and without the Credit Union's prior written consent, (iii) merge or amalgamate with any other entity or permit any change of ownership or change its capital structure.
- 4.4 Representations and Warranties.** The Borrower represents and warrants that all information provided to the Credit Union during the application process for the CEBA Loan, in the Borrower Application and Attestation Form, and in this Agreement, is accurate and complete. The Borrower further represents and warrants that: (i) it is a legal entity or business duly registered or qualified to carry on business in Canada, and duly authorized to apply for and receive the CEBA Loan and enter into this Agreement; (ii) it has taken all action required to allow the representative to make the application for and on behalf of the Borrower; (iii) it is in compliance with all applicable laws, including laws relating to financial crimes (including anti-money laundering and anti-bribery and corruption laws) and sanction measures; and (iv) it is not engaged in any illegal or illicit activity. The Borrower understands and agrees that the Credit Union and the Government of Canada are relying on these representations and warranties in extending the CEBA Loan to the Borrower.
- 4.5 Continuation and Survival of Representations and Warranties.** The Borrower undertakes to ensure that each of the representations, warranties and continuing covenants set out in this Agreement shall be complied with and remain true and correct at all times.
- 4.6 Insurance.** The Borrower agrees to maintain property insurance including coverage for loss or damage caused by fire and other risks that are customarily maintained by other businesses in the Province of Saskatchewan carrying on similar business as the Borrower.
- 4.7 Notice of Default.** The Borrower agrees to immediately notify the Credit Union, without delay, of any Event of Default or of any event which, following a notice period or expiry of a time period, may constitute an Event of Default.
- 4.8 Third Party Control.** The Borrower acknowledges and agrees that no other entity or third-party will exercise any control over the CEBA Loan.
- 4.9 Authority to Bind.** Notwithstanding any resolution previously provided to the Credit Union to the contrary, the undersigned confirms that (i) they have reviewed this Agreement and agrees to be bound by its terms, (ii) the undersigned, on behalf of the Borrower, has the ability and authority to be bound by the terms of this Agreement, and (iii) the undersigned's acceptance of this Agreement is binding between the Borrower and the Credit Union.

5. DEFAULT

- 5.1 Events of Default.** The Credit Union may (a) require the Borrower to repay the CEBA Loan and/or (b) withhold any amount collected or received and apply it to any portion of the CEBA Loan, without further notice or demand, upon the occurrence of any one or more of the following events of default ("**Event of Default**"): (i) the Borrower defaults in paying any amount when due hereunder; (ii) the Borrower defaults under any other loan it has with the Credit Union; (iii) the Borrower fails to comply with any of the provisions of this Agreement; (iv) the Borrower makes any false or misleading representation to the Credit Union, including without limitation, in any application for the CEBA Loan or the information certified to the Credit Union as set out in Schedule "1" attached hereto; (v) the Borrower commits an act of bankruptcy or becomes insolvent; (vi) a receiver, interim receiver, or trustee is appointed for the Borrower's business or any part of its property, (vii) the Borrower avails itself of a law governing its bankruptcy, restructuring or reorganization, dissolution, winding-up,

arrangement, or a third party initiates proceedings towards the Borrower under said law; or (viii) it is determined that the Borrower did not satisfy all of the requirements for the CEBA Program at the time the CEBA Loan was established.

6. INFORMATION, DISCLOSURE AND AUDIT

- 6.1 Further Disclosure.** The Credit Union or the Government of Canada, and its representatives, mandataries, and/or agents may require the Borrower to provide additional information and documentation reasonably required in connection with the CEBA Loan or the CEBA Program, including without limitation, notices and directions for repayment of the CEBA Loan, information respecting the Borrower's use of the CEBA Loan proceeds, its business affairs, financial information, identification information, "know -your-customer" information (including in respect of directors, officers and signatories of the Borrower), and information required by law or in connection with general compliance activities.
- 6.2 Inspection.** At all times, the Borrower will give the Credit Union's representatives, mandataries, and/or agents the right to visit and access the Borrower's establishment(s), the right to examine its books of accounts and other records, and take excerpts therefrom or make copies thereof and to disclose same as may be required by the Government of Canada and its representatives, mandataries, and/or agents, in connection with the CEBA Program.
- 6.3 Expedited Process.** Information provided to the Credit Union in connection with the CEBA Program is for the purpose of making funding available on an urgent basis, and the Credit Union will not be held responsible for any misuse or unauthorized access to the information, nor for any actions of the Government of Canada or its agencies in connection with the CEBA Program, including any changes to or cancellation of the CEBA Program.
- 6.4 Audit.** The Borrower acknowledges and agrees that an audit may be conducted by the Government of Canada or its representatives, mandataries, and/or agents to ascertain the veracity of this attestation and the eligibility of the Borrower under the CEBA Program.
- 6.5 Surveys.** The Borrower agrees to participate in, and accurately complete in a timely manner, surveys respecting the CEBA Program as requested by the Government of Canada or its representatives, mandataries and/or agents.

7. MISCELLANEOUS

- 7.1 Current, Updated, Further Information, and Further Assurances.** The Borrower will promptly notify the Credit Union in writing of any changes in its contact information, including email address, telephone number and address. The Borrower will promptly provide, or cause to be provided, to the Credit Union any and all other information, document and/or additional supporting information, at any time, as the Credit Union may require. The Borrower agrees to from time to time promptly execute such other and further instruments and documents as are or may become necessary or desirable to effectuate the intent of this Agreement or as may be required by the Credit Union.
- 7.2 Joint and Several.** You are jointly and severally (which means individually and collectively) liable to the Credit Union for the CEBA Loan with each person who is liable for the CEBA Loan.
- 7.3 Non-Waiver.** Any failure by the Credit Union to object to or take action with respect to a breach of this Agreement or upon the occurrence of an Event of Default shall not constitute a waiver of the Credit Union's right to take action at a later date based on that breach of Event of Default. No course of conduct by the Credit Union will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement or the Credit Union's rights thereunder, which can only be amended with the express written consent of the Credit Union.
- 7.4 Other Agreements.** This Agreement applies only to the CEBA Loan. This Agreement is in addition to, and not in substitution for and does not constitute novation for, as applicable, any other account, loan, credit facility, credit agreement, promissory note, or other similar document the Borrower has signed with the Credit Union.
- 7.5 Records.** The Credit Union will keep records evidencing the transactions performed relative to the CEBA Loan, with these records to provide evidence as to the indebtedness of the Borrower towards the Credit Union.
- 7.6 Payments.** Unless specific directions are received from the Borrower advising that a payment received by the Credit Union is intended for the repayment of the CEBA Loan, the Credit Union has the right to deem that such payment is to be applied to repay any other outstanding loan the Borrower has with the Credit Union. The Credit Union may apply payments received to any part of the Loan as the Credit Union sees fit. In addition to the Account, the Credit Union may debit any account the Borrower maintains with the Credit Union for any amount owed by the Borrower under this Agreement. The exercise by the Credit Union of its right to set-off, granted hereunder or available at law, shall constitute an acknowledgement of the Borrower's indebtedness and liability hereunder.
- 7.7 Modification, Waiver, Consent.** The Borrower acknowledges that the terms and requirements of the underlying CEBA Program may change, and the Credit Union may therefore be required to change the CEBA Loan. the Credit Union will notify the Borrower of any required changes to this Agreement. If the Borrower's agreement to a change is required by law, regulation or otherwise, the Borrower will be deemed to have agreed to such change. Save for which, any other modification or waiver of any provision of this Agreement, or any consent to any departure by the Borrower, shall not be effective in any event unless the same is in writing and signed by the Credit Union, and then such modification, waiver or consent shall be effective only in the specific instance and for the specific purpose given.
- 7.8 Fees.** Other than as set forth in Section 3.2 hereof in the event of enforcement, no fees are payable by the Borrower to the Credit Union in connection with the CEBA Loan. Note that a nominal servicing fee is paid by Export Development Corporation to the Credit Union.

- 7.9 Who is bound by this Agreement.** This Agreement shall be binding on and enure to the benefit of the Credit Union and its successors and assigns and shall also be binding on the Borrower and, as applicable, the Borrower's heirs, successors and personal representatives - including executors and administrators. The Borrower must obtain the Credit Union's written consent to assign this Agreement to another person. the Credit Union may assign this Agreement at any time, without notice to the Borrower and without the Borrower's consent.
- 7.10 Sharing of Information.** The Credit Union may share information about the Borrower, including, without limitation, financial information about the Borrower, together with information about the CEBA Loan, with Export Development Canada and the Government of Canada or its agents for administration and governance of the CEBA Loan and for determination of qualification for CEBA Loan forgiveness. Moreover, in addition to any rights that the Credit Union may have regarding the collection and disclosure of your information, the Borrower authorizes the Credit Union to obtain information about the Borrower from, and disclose information about the Borrower to other lenders, credit reporting or credit rating agencies, credit bureaus and any supplier, agent or other party that performs services for the Borrower or on the Credit Union's behalf.
- 7.11 Tax & Accounting Implications.** The Borrower is solely responsible for any tax, accounting, or other financial consequences resulting from this CEBA Loan and the Borrower acknowledges and agrees that it has retained and received any and all such advice from its own independent, certified professional advisors, prior to executing this Agreement.
- 7.12 Governing Law.** This agreement shall be governed by and in accordance with the laws of the Province of Saskatchewan. If any provision of this Agreement is prohibited by or is invalid or unenforceable under any law so applicable hereto, such provision shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.¹
- 7.13 Method of Communications.** The Borrower authorizes the Credit Union to transmit any communication related to this Agreement or the CEBA Loan electronically to the email address provided in support of the CEBA Loan application or to the email address already on record in the Borrower's membership file. For the mutual protection of the Borrower and the Credit Union, we may record all telephone calls that relate to the use of or include instructions for using Electronic Banking Services. The Borrower also acknowledges that the Credit Union may communicate with You by ordinary, uninsured mail or other means, including hand delivery or facsimile transmission. Mailed information is deemed to be received by You five days after mailing. Delivered information is deemed to be received when delivered or left at your address. Messages sent by facsimile are deemed to be received when the Credit Union receives a fax confirmation.
- 7.14 Acknowledgement.** You acknowledge that: (i) the CEBA Loan is made in accordance with the CEBA Program and is being instituted and administered by the Credit Union at the request of and on behalf of Export Development Canada, on behalf of Her Majesty in Right of Canada, and (ii) you have certified to the Credit Union that the information set out in Schedule "1" attached hereto, as required by the Government of Canada is accurate and correct.
- 7.15 Borrower Bound by CEBA Loan Agreement Terms and Conditions by Submission of Application.** By submitting the application for the CEBA Loan to the Credit Union, the Borrower agrees to be bound by the terms and conditions set forth in these CEBA Loan Agreement Terms and Conditions, if approved, and that such terms and conditions will govern the CEBA Loan and will become effective immediately when the CEBA Loan is advanced by the Credit Union to the Borrower; if applicable, without any further action, consent or acknowledgment from/by the Borrower and without the Borrower having provided an original signature.

SCHEDULE "1" - BORROWER ATTESTATION

Unless otherwise defined below, capitalized terms shall have the meaning ascribed thereto in the CEBA Loan Agreement Terms and Conditions to which this Schedule "1" is attached.

Your authorized representative has certified to the Credit Union, for and on your behalf, that:

1. Your authorized representative has the ability and authority to bind you.
2. You were a Canadian operating business in operation as of March 1, 2020.
3. You have a federal tax registration.
4. You have submitted to the Credit Union your correct Canada Revenue Agency Business Number (BN) (15 digits), as reported at the top of your 2019 T4 Summary of Remuneration Paid (T4SUM).
5. The total employment income paid by you in the 2019 calendar year was between Cdn.\$20,000 and Cdn.\$1,500,000.
6. You have submitted to the Credit Union the correct employment income reported by you on all employee T4 slips for 2019.

Note: Total employment income can be found in Box 14 of your 2019 T4SUM. For the limited number of those who also pay employees tax-exempt employment income under the Indian Act, please also add such employment income for 2019, as reported in Box 71 of all your employee T4 slips for 2019.

7. You can demonstrate the above information when requested upon audit by the Government of Canada or any of its agents.
8. Per the requirements of the CEBA Program, as set out by the Government of Canada, you acknowledge that the funds from this Loan shall only be used by you to pay your non-deferrable operating expenses including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation.
9. You have an active business chequing/operating account with the Credit Union, which is your primary financial institution. This account was opened on or prior to March 1, 2020 and you were not in arrears on existing borrowing facilities, if applicable, with the Credit Union by 90 days or more as at March 1, 2020.
10. You have not previously used the CEBA Program and will not apply for support under the CEBA Program at any other financial institution.
11. You agree to participate in post-funding surveys conducted by the Government of Canada or any of its agents.
12. You understand that applying for support under the CEBA Program at more than one financial institution may result in ineligibility under the CEBA Program, default under the facility in respect of which this attestation is being provided, prosecution or other enforcement measures available at law or otherwise.
13. You acknowledge your intention to continue to operate your business or to resume operations.
14. Per the requirements of the CEBA Program, as set out by the Government of Canada, you confirm that: a. you are not a government organization or body, or an entity owned by a government organization or body; b. you are not a union, charitable, religious or fraternal organization or entity owned by such an organization or if you are, you are a registered organization that has filed your T2 return or T3010 return and that generates a portion of your revenue from the sales of goods or services; c. you are not an entity owned by any Federal Member of Parliament or Senator; and d. you do not promote violence, incite hatred or discriminate on the basis of sex, gender identity or expression, sexual orientation, colour, race, ethnic or national origin, religion, age or mental or physical disability, contrary to applicable laws.
15. You acknowledge that the Credit Union will rely upon the accuracy of this attestation in making loans and advances to you pursuant to the CEBA Program and acknowledge and agree that an audit may be conducted by the Government of Canada or any of its agents to ascertain the veracity of this attestation and your eligibility under the CEBA Program.
16. For the purposes of verifying your eligibility for the CEBA Program, you hereby authorize Export Development Canada, as your representative with the Canada Revenue Agency, to access any of your required payroll information.