CONDITIONAL GRANT AGREEMENT

THIS AGREEMENT is effective January 11, 2021 (the "Effective Date").

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO as represented by the Minister of Economic Development, Job Creation and Trade
(hereinafter referred to as "Ontario")

-AND-

CEM SPECIALTIES INC.
(hereinafter referred to as the "Recipient")

RECITALS:

1. The Recipient intends to implement the Project, as defined below.

2. Ontario has established the Ontario Together Fund (**"OTF"**) to support Ontario's response to the COVID-19 pandemic.

3. Ontario has agreed to provide a Grant to the Recipient on the terms more particularly described in this Agreement in order to assist the Recipient with the financing of the Project and the delivery of goods or services in response to the COVID-19 pandemic.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual promises and covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is expressly acknowledged by the parties, Ontario and the Recipient agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions. The following terms shall have the meanings ascribed to them below unless there is something in the context inconsistent therewith:

"Active Employee" means an employee of the Recipient who is actively employed and actively paid. For greater certainty, (i) a person on layoff is not considered to be "actively employed" and does not qualify as an "Active Employee" for the purposes of the Agreement, and
(ii) an employee on a voluntary leave of absence, including parental leave, shall continue to be considered an "Active Employee" but his/her replacement during such absence shall not be considered as an additional Active Employee.

"Actual Investment" means the dollar amount of the actual and verifiable expenditures made by the Recipient on account of the Project Investment Commitment as at the date such calculation is to be made.

"Affiliate" means any Person who, directly or indirectly, or through one or more intermediaries, Controls or is Controlled by or is under common Control with the Recipient.

"Agreement" means this agreement, including all of the Schedules hereto, and all amendments made hereto in accordance with the provisions hereof.

"Applicable Laws" means any law, statute, by-law, ordinance, decree, requirement, directive, order, judgment, license, permit, code or regulation having the force of law, and any applicable determination, interpretation, ruling, order or decree, of any governmental authority or arbitrator, which is legally binding at such time.

"Arm's Length" and similar phrases have the meaning attributed thereto for the purposes of the *Income Tax Act* (Canada) and **"Non-Arm's Length"** shall have the opposite meaning.

"Business Plan" means the business plan prepared by the Recipient and approved by Ontario on October 5, 2020 and supporting material submitted to Ontario in support of a request for the Grant.

"Clawback" means the Investment Target Clawback.

"Closure" means, subject to Force Majeure, a Permanent Cessation. In addition, a Closure will be deemed to have occurred where any one or more of the following occurs:

(a) The Recipient makes an announcement regarding the closure of the Project Facility; or

(b) Notices of termination of employment are given to 80% or greater of the Active Employees of the Recipient at the Project Facility.

"Control" has the same meaning as that term is defined in the *Business Corporations Act* (Ontario).

"**CPA Canada**" means the Chartered Professional Accountants of Canada and any successor institute.

"Deemed Abandonment" means the failure to complete the Project on or before the Project Completion Date.

"Disbursement" means any payment of funds by Ontario to the Recipient on account of the Grant and includes the Holdback.

"Effective Date" means the date first set out herein.

“Eligible Project Expenditures” means the dollar amount of the actual and verifiable expenditures made by the Recipient on account of the Eligible Project Expenditures Categories incurred and paid from the Project Start Date up to and including the Project Completion Date, or such other date as required under the Agreement.

“Eligible Project Expenditures Categories” means the categories of eligible expenditures related to the Project set out in Schedule “B”.

“Eligible Project Expenditures Table” means the Eligible Project Expenditures table substantially in the form contained in Schedule “C”.

“Event of Default” means the occurrence of any one or more of the events listed in section 10.1.

“Final Certificate and Report” means a final certificate substantially in the form of Schedule “E”, including all required attachments.

“Financial Statements” means the annual financial statements signed by a senior officer consisting of a statement of income, balance sheet, and statement of cash flow for a Fiscal Year, together with the notes thereto, all prepared in accordance with GAAP.

“Force Majeure” has the meaning set out in section 11.13.

“**GAAP**” means Canadian generally accepted accounting principles as adopted by CPA Canada applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles and includes International Financial Reporting Standards to the extent the same is adopted by CPA Canada and is in effect on the relevant date.

“Government Assistance” has the meaning set out in section 5.4(c).

“Grant” means a conditional grant in the total amount of up to $2,000,000, as such amount may be reduced in accordance with the terms of this Agreement.

“Hazardous Substance” means any pollutant, contaminant or substance that when released to the natural environment is likely to cause, at some immediate or future time, material harm or degradation to the natural environment or a material risk to human health and without restricting the generality of the foregoing, Hazardous Substance includes any pollutant, contaminant, waste, hazardous waste or dangerous good as defined by Applicable Laws for the protection of the natural environment or human health.

“Holdback” has the meaning set out in section 5.1

“**HST**” means tax imposed under Part IX of the *Excise Tax Act* (Canada) and any similar value-added or multi-staged tax imposed by any jurisdiction.

“Indemnified Parties” means Her Majesty the Queen in right of Ontario, Her Ministers, agents, appointees and employees.

“Independent Auditor’s Report” means the independent auditor’s report substantially in the form of Schedule “E-1”.

"Intellectual Property" means any intellectual, industrial or other proprietary right of any type in any form protected or protectable under the laws of Canada, any foreign country, or any political subdivision of any country, including, without limitation, any intellectual, industrial or proprietary rights protected or protectable by legislation, by common law or at equity.

"Investment Target Clawback" has the meaning set out in section 4.1.

"Material Adverse Effect" means a material adverse effect on the business, assets, operations or financial condition of the Recipient.

"Ontario Support" means the actual amount of monies advanced by Ontario to the Recipient on account of the Grant.

"Permanent Cessation" means a cessation of production, research or manufacturing activities which is not a Temporary Cessation at the Project Facility.

"Person" includes an individual, partnership, whether general, limited or undeclared, corporation, limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

"Project" has the meaning set out in summary in Schedule "A" and in greater detail in Schedule "A-1".

"Project Completion Date" means March 31, 2021.

"Project Facility" means the project facility located at 1100 Dearness Dr, London, ON N6E 1N9.

"Project Financing" means the financing for the Project as more particularly set out in Schedule "A-1".

"Project Investment Commitment" means the minimum expenditures of $4,000,000 on account of Eligible Project Expenditures.

"Project Investment Commitment Budget" means the Project investment commitment budget set out in Schedule "B-1".

"Project Start Date" means March 15, 2020.

"Project Status Report" means the report substantially in the form of Schedule "C".

"Related Parties" includes any shareholder, director, officer or employee of the Recipient or any individual related by blood, adoption or marriage to any such person or any other Person not dealing at Arm's Length with any such person.

"Request for Disbursement" means the senior officer's certificate substantially in the form of Schedule "D".

“Temporary Cessation” means, subject to Force Majeure, a temporary cessation of production, not exceeding six consecutive weeks resulting from damage or destruction, model or major product changeovers or other temporary cessations resulting from activities consistent with usual and customary manufacturing practices in the industry.

“Term” means the term of the Agreement which shall commence on the Effective Date and shall expire on the 90th day following the Project Completion Date, unless terminated earlier in accordance with the provisions of the Agreement.

1.2 Currency. Any reference to currency is to Canadian currency and any amount advanced, paid or calculated is to be advanced, paid or calculated in Canadian currency.

1.3 Auditors. Other than audits conducted under section 6.6, all references to auditors in the Agreement are to independent third party external licensed public accountants.

1.4 Conflict. In the event of a conflict between any provision in the Schedules to the Agreement and the body of the Agreement, the provisions of the body of the Agreement shall prevail.

1.5 Schedules. All references to Schedules refer to Schedules of the Agreement which are part of and form an integral part of the Agreement. The schedules of the Agreement are:

Schedule “A”	Table of Summary Project Information
Schedule “A-1”	Project Description, Milestones, Deliverables, Timelines and Project Related Definitions
Schedule “B”	Eligible Project Expenditures Categories
Schedule “B-1”	Project Investment Commitment Budget
Schedule “C”	Project Status Report
Schedule “D”	Request for Disbursement
Schedule “E”	Final Certificate and Report
Schedule “E-1”	Independent Auditor’s Report

1.6 Reference to Statute or Regulation. Any reference to a statute is to such statute and to the regulations made pursuant to such statute as such statute and regulations may at any time be amended or modified and in effect and to any statute or regulations that may be passed that have the effect of supplanting or superseding such statute or regulations, unless provided otherwise within the Agreement.

1.7 Singular/Plural and Gender Terms. Each definition in the Agreement using a singular capitalized term or other word or phrase within the Agreement shall also apply to the plural form and such term, word or phrase and *vice versa*. All references to the masculine gender shall include reference to the feminine or neuter gender and *vice versa* in each case as the context may permit or require.

1.8 Sections and Other Headings. The section and other headings contained in the Agreement are for reference purposes only and shall not affect the meaning or interpretation of the Agreement.

1.9 Recitals. The recitals to the Agreement do not form part of the Agreement.

ARTICLE 2 –THE PROJECT

2.1 Completion of Project. The Recipient shall complete the Project on or before the Project Completion Date in accordance with the Project description, milestones and deliverables, timelines and Project Investment Commitment Budget, all as more particularly set out in Schedules “A-1” and “B-1”.

2.2 Project Investment. The Recipient agrees to invest in the Project a minimum amount equal to the Project Investment Commitment from the Project Start Date up to and including the Project Completion Date.

2.3 Project Financing. The Recipient agrees that financing for completion of the Project has been arranged as described in Schedule “A-1”. Any overruns or Project Financing deficiencies are to be the responsibility of Recipient. In the event that the expected Project Financing becomes unavailable, the Recipient shall provide the funding from internal or other resources acceptable to Ontario.

ARTICLE 3 – CONDITIONAL GRANT

3.1 Grant. Subject to and in accordance with the terms and conditions of the Agreement, and in reliance on the representations and warranties in Article 7, Ontario agrees to provide the Grant to the Recipient to assist the Recipient to finance Eligible Project Expenditures. The Recipient’s account must reside in a Canadian financial institution and be in the name of the Recipient.

3.2 Use of Funds. All Grant funds, including any interest earned thereon, shall be used by the Recipient solely for the payment of Eligible Project Expenditures.

ARTICLE 4 - MANDATORY REPAYMENT OF GRANT

4.1 Investment Target Clawback. If the Project Investment Commitment is not achieved on or before the Project Completion Date, the Recipient shall repay a cash amount to Ontario in accordance with the following formula:

$$Investment\ Target\ Clawback = Ontario\ Support - (\frac{Actual\ Investment}{Project\ Investment\ Commitment} * \$Grant)$$

^^when calculating the Investment Target Clawback at the Project Completion Date, the Ontario Support shall be deemed to include any earned but unpaid portion of the Holdback

The Investment Target Clawback shall be calculated as at the earlier of (i) an Event of Default; and (ii) the Project Completion Date. The Recipient shall repay the Investment Target Clawback, if any, within 20 days of notification in writing from Ontario. Notwithstanding any other provision of the Agreement, if the Recipient does not deliver to Ontario the Independent Auditor’s Report and the Final Certificate and Report within the required time, then the Investment Target Clawback amount shall be deemed to be an amount equal to the Ontario Support, which amount shall be immediately due and payable.

For greater certainty, should an Investment Target Clawback calculation result in a negative amount, such amount shall be deemed to be zero.

ARTICLE 5 - TERMS AND CONDITIONS OF DISBURSEMENTS

5.1 Disbursement Amounts. Subject to the provisions of the Agreement, the Grant is to be paid upon execution of the Agreement by both parties and receipt by Ontario of the items listed in section 5.2, with a holdback of up to $800,000 ("Holdback") which shall be released upon satisfaction of the conditions contained in section 5.3. For the avoidance of doubt, the Holdback shall be reduced by the amount of the Clawback, if any, and if the Holdback is less than the Clawback, the Recipient shall pay to Ontario the difference between the Clawback and the Holdback.

5.2 Disbursement Conditions. The Recipient shall complete the following conditions precedent to the satisfaction of Ontario prior to the disbursement of any amount of the Grant (with the release of the Holdback being subject to the additional requirements contained in section 5.3 below):

(a) Insurance. The Recipient shall provide Ontario with a valid certificate of insurance evidencing the insurance coverage that the Recipient:

(i) is required to maintain pursuant to section 8.8; and

(ii) has maintained from the Project Start Date to the Effective Date, at its own expense, with insurers having a secure A.M. Best rating of B + or greater, or the equivalent, all the necessary and appropriate insurance that a prudent person carrying out a project similar to the Project would maintain, including commercial general liability insurance on an occurrence basis for third party bodily injury, personal injury and property damage, to an inclusive limit of not less than two million dollars ($2,000,000) per occurrence.

(b) Project Financing. The Recipient shall provide Ontario with evidence that Project Financing, other than the Grant, obtained or to be obtained by the Recipient as described in Schedule "A-1", has been confirmed.

(c) Compliance Checks. Ontario will have received evidence satisfactory to it that the Recipient is in compliance with any requirements of the Ministry of Labour, Training and Skills Development, the Ministry of the Environment, Conservation and Parks, the Ministry of Finance, and under the *Accessibility for Ontarians with Disabilities Act*.

5.3 Condition to Release of Holdback. Ontario will disburse to the Recipient an amount of up to the Holdback upon the Recipient's completion of the conditions precedent set out below to the satisfaction of Ontario:

(a) The Recipient shall provide Ontario with a Request for Disbursement certifying, amongst other things that Eligible Project Expenditures in the amount of at least $2,400,000 have been incurred and paid in respect of the amount of the Grant disbursed to the Recipient on execution of the Agreement.

(b) If the Recipient submits a Request for Disbursement in respect of Eligible Project Expenditures incurred and paid to Non-Arm's Length suppliers, the Recipient shall provide the Project Status Report together with a certificate of the external auditor of the Recipient confirming that the transaction was on terms that are fair and reasonable to the Recipient and that are no less favourable to the Recipient than those that could be obtained in a comparable transaction from an Arm's Length supplier.

Provided however, that an auditor's certificate shall not be required for Eligible Project Expenditures which have been incurred and paid by the Recipient and submitted to Non-Arm's Length suppliers where invoices can be produced supporting the transaction at no increased cost.

(c) The Recipient shall provide Ontario with invoices from suppliers and proof of payment if requested by Ontario.

(d) The Recipient shall have provided Ontario with the reports and other items required under Article 6.

(e) Inspection. Ontario shall have had the opportunity to physically inspect the Project Facility.

(f) Attainment of Milestones, Deliverables and Timelines. The Recipient has satisfactorily performed and attained, in the opinion of Ontario, acting reasonably, the milestones, deliverables and timelines set out in Schedule "A-1" as of the date of the Request for Disbursement.

5.4 Conditions to the Grant.

(a) Any Disbursement to be made by Ontario pursuant to the Agreement is subject to there being an appropriation by the Legislative Assembly for the Fiscal Year in which the Disbursement is to be made. If Ontario does not receive the necessary appropriation, Ontario shall not be obligated to make any such payment. As a consequence, Ontario may terminate the Agreement immediately upon giving notice to the Recipient and may demand repayment of any portion of the Grant that has not been used or committed by the Recipient to defray Eligible Project Expenditures.

(b) The total Grant received by the Recipient cannot exceed 50.00% of total Eligible Project Expenditures, up to the maximum amount of the Grant.

(c) The Recipient acknowledges that it is not the intention of Ontario for the Recipient to receive assistance from any level of government ("Government Assistance") which is, either individually or collectively, in excess of the total amount of Eligible Project Expenditures listed in Schedule "B-1" hereto. Accordingly, if Ontario determines that the Recipient has received Government Assistance in excess of the total amount of Eligible Project Expenditures ("Excess Amount"), then the Recipient shall repay to Ontario, within 20 days of being notified by Ontario, an amount equal to the Excess Amount. For clarity, in no event shall the Recipient be required to pay to Ontario any amount under this section 5.4(c) in excess of the Ontario Support together with the costs of collection pursuant to section 10.6 and interest pursuant to section 10.7.

(d) If under any agreement between the Recipient and Her Majesty the Queen in right of Ontario, any fees, levies or taxes or other amounts are owed to Her Majesty the Queen in right of Ontario or her agencies, including the Minister of Finance, the Recipient hereby authorizes Ontario to pay any or all of these amounts on behalf of the Recipient out of the amount of the Grant. Ontario will notify the Recipient prior to implementing any set-off of funds.

(e) Without restricting the applicability of other remedies or provisions of this Agreement, Ontario shall be entitled, in its sole and unfettered discretion, to refuse to make any Disbursements or any further Disbursements, if:

(i) an Event of Default has occurred and is continuing;

(ii) an event which would otherwise be an Event of Default but for the giving of notice and the passage of time to remedy the Event of Default has occurred and is continuing;

(iii) the occurrence of an Event of Default reasonably appears to be imminent; or

(iv) the Disbursement will result in the occurrence of an Event of Default.

ARTICLE 6 - REPORTING AND MONITORING

6.1 Project Status Report. The Recipient shall provide Ontario with a Project Status Report: within 90 days of the Project Completion Date.

6.2 Independent Auditor's Report. Within 90 days of the Project Completion Date or as required by section 10.3, the Recipient shall provide Ontario an Independent Auditor's Report certifying the total Eligible Project Expenditures that have been incurred and paid by the Recipient from the Project Start Date up to and including the Project Completion Date.

6.3 Final Certificate and Report. Within 90 days of the Project Completion Date or as required by section 10.3, the Recipient shall provide Ontario with a Final Certificate and Report signed by a senior officer of the Recipient together with such other information as may be requested by Ontario.

6.4 Confirmation of Actual Investment. On or before March 31, 2021, the Recipient shall provide evidence satisfactory to Ontario that the Recipient has achieved the Actual Investment.

6.5 Other Reports. The Recipient shall promptly furnish to Ontario such other reports and information as Ontario may reasonably require.

6.6 Review and Audit.

(a) The Recipient shall permit persons designated by Ontario to visit and inspect the Project Facility at Ontario's expense, to examine and copy the Recipient's books and financial records, and to discuss its affairs, finances and accounts all at such reasonable times as may be requested by Ontario.

(b) Ontario's right of inspection includes the right to perform a full or partial audit at any time, including at the Project Completion Date, for purposes including confirming:

(i) that Eligible Project Expenditures have been incurred and paid by the Recipient from the Project Start Date up to and including the Project Completion Date;

(ii) the Eligible Project Expenditures Table of the Recipient with respect to total Project expenditures.

(c) Without limiting the generality of the foregoing, the Recipient shall at Ontario's request meet with Ontario or its duly authorized agent at least annually to review the progress of the Project and to review the Recipient's compliance with the terms and conditions of the Agreement. As may be requested by Ontario, invoices from suppliers and proof of payment may also be required.

(d) For greater certainty, Ontario's rights under this Article are in addition to any rights provided to the Auditor General pursuant to section 9.1 of the *Auditor General Act* (Ontario).

ARTICLE 7 -REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties. The Recipient represents and warrants to and in favour of Ontario that:

(a) The Recipient has furnished to Ontario copies of its most recent Financial Statements and such Financial Statements are correct and complete and fairly present the financial position of the Recipient as of the date indicated therein and the results of its operation and the changes in its financial position for the years then ended in accordance with GAAP. Since the date of its last Financial Statements, there has been no material change in the financial condition of the Recipient other than changes in the ordinary course of business.

(b) The Recipient is a corporation incorporated under the laws of the Province of Ontario and has the corporate power and authority to carry on its business as presently carried on, to hold property, and to enter into the Agreement. The execution, delivery and performance of the Agreement have been or will be duly and validly authorized by all necessary corporate action of the Recipient, and when executed and delivered will constitute legal, valid and binding obligations of the Recipient enforceable in accordance with its respective terms.

(c) The Recipient has established and shall maintain administrative practices and governance procedures to provide for the prudent and effective management of the Grant.

(d) The Project Financing, Project budget and estimates of expenditures are accurately set out in Schedules "A-1" and "B-1".

(e) With respect to the information and documentation, including forecasts, submitted to Ontario in support of the Business Plan, that:

(i) the forecasts were based upon the judgment of directors and officers of the Recipient, who considered the most likely set of future conditions in their opinion at that time and their impact upon the Recipient;

(ii) the information used in preparing the Business Plan substantially reflects the plans of the Recipient;

(iii) the assumptions relied upon in preparing the forecasts are appropriate and reasonable in the opinion of directors and officers of the Recipient;

(iv) adequate support documentation outlining methods and procedures used in preparing the forecasts is available from the Recipient;

(v) all statements and documentation provided to Ontario in support of the Business Plan are true and correct; and

(vi) the Recipient confirms the Recipient's consent to release the Recipient's taxpayer information to the Ministry of Finance for the purpose of verifying compliance with all statutes administered by the Ministry of Finance and for the purposes of administering the OTF.

The Recipient recognizes that Ontario has relied upon the truth, authenticity and accuracy of the information and documentation contained in the Business Plan in authorizing the Grant.

(f) The proceeds of the Grant will be used by the Recipient exclusively for Eligible Project Expenditures and for no other purpose.

(g) There are no charges or criminal convictions under the *Criminal Code* (Canada) outstanding against the Recipient.

(h) There are no actions, suits or proceedings pending or, to the knowledge of the Recipient, threatened which would reasonably be expected to have a Material Adverse Effect on the Project or the ability of the Recipient to perform its obligations under the Agreement.

(i) There is no fact which the Recipient has not disclosed in writing to Ontario which adversely affects or, so far as the Recipient can now reasonably foresee, will adversely affect the Project or the ability of the Recipient to perform its obligations under the Agreement in each case, in any material respect.

(j) The Recipient is not in default in any material respect in connection with Canadian federal, provincial, municipal or local taxes, assessments or other imposts or penalties due and unpaid in respect of its income, business or property or for the payment of any tax instalment due in respect of its current taxation year. The Recipient has fulfilled all material requirements under the *Income Tax Act* (Canada), the *Canada Pension Plan* (Canada) and the *Employment Insurance Act* (Canada) for withholding of amounts from employees and has remitted all amounts withheld to the appropriate authorities within the prescribed times.

(k) The Recipient has not given or agreed to give any guarantees and is not contingently responsible for indebtedness or other obligations of any other Persons except as disclosed in writing to Ontario.

(l) There is nothing owing in respect of the Project Facility to any municipality or to any corporation or commission owning or operating a public utility for water, gas, electrical power or energy, steam or hot water or for the use thereof or for the machines, apparatus, meters or other things leased in respect thereof or for any work or service performed for any such corporation or commission in connection with such public utilities, except current charges.

(m) In connection with the Project Facility, the Recipient does not have any knowledge of having caused or permitted the release of any Hazardous Substance on the

Project Facility except in compliance with Applicable Laws. All Hazardous Substances have, to the knowledge of the Recipient, been used, disposed of, treated and stored by the Recipient in compliance with Applicable Laws.

(n) The Recipient has not received any notice of any construction liens currently outstanding in respect of the Project Facility.

(o) The Recipient is in compliance with all Applicable Laws.

(p) With respect to the Intellectual Property required for the Recipient to carry out its obligations under the Agreement:

  (i) The Recipient has all necessary rights to the Intellectual Property (including any necessary technology transfer and know how) ("IP Rights") required to carry out and complete the Project;

  (ii) The Recipient has not received any notice, claim or threat of any claim that it is infringing the IP Rights of third parties in respect of the Project; and

  (iii) The Recipient has not and will not dispose of, license or otherwise encumber the IP Rights referred to in subparagraph (i) in such a way that the Recipient knowingly compromises such IP Rights required to carry out and complete the Project.

(q) All orders, licences, approvals, permits, authorizations, exemptions, filings or registrations of, from or with any governmental authority that are material to the operation of the business of the Recipient have been obtained, and the Recipient has not received any notice, nor does it have any knowledge, that the Project Facility or the use thereof or any of its other operations are not in compliance with all Applicable Laws, the non-compliance with which could reasonably be expected to have a Material Adverse Effect.

(r) The business of the Recipient and all its properties and assets are covered by such policies of insurance, issued by licensed insurers, as are appropriate to such business, property and assets, in such amounts and against such risks as set out in section 8.8.

(s) The Recipient has not proposed a compromise or arrangement to its creditors generally, had any petition for a receiving order in bankruptcy filed against it, taken or consented to any proceeding to have itself declared bankrupt or wound-up or to have a receiver appointed over any of its property, had any encumbrancers or creditors take possession of any of its property, or had any execution or distress become enforceable or levied upon any of its property.

(t) The Recipient is not a party to any agreement which would be contravened by, or under which any obligation would be accelerated or default or termination would occur, as a result of the consummation of any of the transactions provided for in the Agreement. No consents or approvals are required from any Persons in connection with the execution and delivery by and the performance of the obligations of the Recipient under the Agreement, other than those consents and approvals previously obtained and delivered to Ontario.

(u) Each of the material agreements to which the Recipient is a party (including leases) is in good standing in all material respects and in full force and effect, and no breach of such agreements has occurred by the Recipient or, to its knowledge, any of the other parties to such agreements which could reasonably be expected to have a Material Adverse Effect.

(v) The Recipient has not received any notice that any part of the Project Facility has been or is in the process of being condemned, taken or expropriated by any provincial, municipal or any other competent authority and no alteration, repair, improvement or other work has been ordered or directed to be done to or performed in respect of the Project Facility by any such authority.

(w) The Recipient is in actual possession of the Project Facility and has good and marketable title or leasehold interest to its properties and assets necessary to carry out the Project.

(x) No Event of Default has occurred and is continuing, nor has any event occurred which with the giving of notice, the passage of time, or both, will result in an Event of Default.

ARTICLE 8 –AFFIRMATIVE COVENANTS

8.1 Project Completion. The Recipient shall cause the Project to be completed in accordance with the Project description, timelines, milestones and deliverables set out in Schedules "A" and "A-1" on or before the Project Completion Date. The Recipient shall immediately notify Ontario of any increase in the total cost of the Project.

8.2 Use of Proceeds. The Recipient will use the Grant solely for Eligible Project Expenditures.

8.3 Rights of Inspection and Inquiry. The Recipient shall keep and maintain all records, invoices and other documents relating to the Project and the Grant in a manner consistent with GAAP, and keep them available for review by Ontario and its agents or authorized representatives, including the Auditor General, during the Term and for a period of seven years thereafter.

8.4 Compliance with Agreements. The Recipient will perform and satisfy all covenants and obligations to be performed by it under the Agreement, and under any other agreement or undertaking now or hereafter made between it and the Province of Ontario.

8.5 Existence. The Recipient will preserve and maintain its existence, rights, powers, licences, privileges, and goodwill, and exercise any rights of renewal or extensions of any leases, licences, or any other rights which are necessary or material to the conduct of its business.

8.6 Compliance with Laws. The Recipient shall comply with all Applicable Laws which could affect the Project Facility, the Project, and the Recipient's obligations under the Agreement.

8.7 Taxes. The Recipient shall file all material tax returns and pay or cause to be paid as they become due all taxes, assessments, and governmental charges lawfully levied and imposed upon its property or upon its business, including the Project Facility, unless the same are being diligently contested in good faith and by appropriate proceedings or as to which a *bona fide* dispute may exist.

8.8 Insurance. The Recipient shall put in effect and maintain for the period during the Term, at its own expense, with insurers having a secure A.M. Best rating of B + or greater, or the equivalent, all the necessary and appropriate insurance that a prudent person carrying out a project similar to the Project would maintain, including commercial general liability insurance on an occurrence basis for third party bodily injury, personal injury and property damage, to an inclusive limit of not less than two million dollars ($2,000,000) per occurrence. The policy shall include the following:

(a) the Indemnified Parties as additional insureds with respect to liability arising in the course of performance of the Recipient's obligations under, or otherwise in connection with, the Agreement;

(b) a cross-liability clause;

(c) contractual liability coverage; and

(d) 30 day written notice of cancellation, termination or material change.

The Recipient shall provide Ontario with a copy of the certificate that confirms the required insurance coverage and, within 90 days of the renewal, any renewal replacement certificates as may be necessary. Upon the request of Ontario, the Recipient shall make available to Ontario a copy of each insurance policy.

8.9 Indemnity. The Recipient shall indemnify and hold harmless the Indemnified Parties from and against any and all liability, loss, costs, damages and expenses (including without limitation, legal, expert and consultant fees and disbursements), causes of action, actions, claims, demands, lawsuits or other proceedings, by whomever made, sustained, incurred, brought or prosecuted, in any way arising out of or in connection with the Project or otherwise in connection with the Agreement, unless solely caused by the negligence or wilful misconduct of the Indemnified Parties.

8.10 Litigation. The Recipient shall promptly provide notice to Ontario, including reasonable particulars as to be determined by Ontario, of: (a) any criminal charges filed against the Recipient and (b) each action, suit or proceeding which claims damages in excess of $500,000 against the Recipient pending, or to the knowledge of the Recipient, threatened before any court or before any tribunal, governmental department, commission or agency.

8.11 Project Expenditures. The Recipient shall promptly notify Ontario of any cost overrun or change orders that may have a Material Adverse Effect on the Project as compared with the Project Investment Commitment Budget, as set forth in Schedule "B-1", attached hereto. Ontario will not be obliged to fund any such overrun of costs and may require proof of payment prior to any further Disbursements.

8.12 Environmental. In connection with the Project Facility, the Recipient shall not knowingly cause or permit the release of any Hazardous Substance on the Project Facility, except in compliance with Applicable Laws. All Hazardous Substances shall be used, disposed of, treated and stored by the Recipient in compliance with Applicable Laws.

8.13 Notice to Ontario. The Recipient shall provide prompt notice of:

(a) any Material Adverse Effect;

(b) any Closure or proposed Closure; or

(c) any representation or warranty made by the Recipient in the Agreement or any certificate delivered to Ontario pursuant hereto that has become or may become untrue in any respect.

8.14 Procurement. The Recipient shall ensure that all contracts and subcontracts, including consultant contracts, for work and services and for the purchase of goods related to the Project are:

(a) obtained pursuant to a process that ensures best value for money; and

(b) comply with the *Broader Public Sector Accountability Act, 2010* (Ontario), including any procurement directive issued thereunder, to the extent applicable.

8.15 Reports. The Recipient shall ensure that all reports, certificates and other documents required to be delivered to Ontario pursuant to the Agreement are completed to the satisfaction of Ontario.

8.16 Operations and Supply in Ontario.

(a) During the Term, and thereafter up to the second anniversary of the Project Completion Date, the Recipient agrees to use commercially reasonable efforts to (i) maintain its currently existing operations in the Province of Ontario, and (ii) actively promote the sale of the products or services whose production is being funded under this Agreement to prospective purchasers located in the Province of Ontario.

(b) If at any time during the Term, and thereafter up to the second anniversary of the Project Completion Date, Ontario gives notice to the Recipient that it has determined:

(i) that there is a critical shortage of the products or services being funded by the Grant in the Province of Ontario; and

(ii) that such supply to the market in the Province of Ontario is necessary to protect the human life and health of Ontarians,

the Recipient covenants and agrees that it shall make commercially reasonable efforts to meet the demand from the market in the Province of Ontario at the time.

(c) If, in Ontario's reasonable opinion, the Recipient fails to comply with its obligations under section 8.16 of the Agreement, an amount equal to the aggregate amount of the Ontario Support shall immediately become due and payable by the Recipient to Ontario. Notwithstanding any other term of the Agreement, section 8.16 shall survive any termination of the Agreement.

8.17 Repairs. The Recipient shall at all times repair and keep in good order and condition all equipment and all buildings and related equipment used in, or in connection with, its Ontario operations to a reasonable standard of usage taking into account the age of such buildings and equipment and the uses to which they are put, and renew and replace all and any of the same which may become worn out, dilapidated, unserviceable or destroyed, and which are necessary for the efficient operation of the Project Facility.

8.18 Production of Device. During the Term, and thereafter up to the second anniversary of the Project Completion Date, the Recipient agrees to use best efforts to secure the ongoing manufacturing of Kontrol BioCloud device in the Province of Ontario.

ARTICLE 9 – NEGATIVE COVENANTS

9.1 The Recipient covenants and agrees that, during the Term, it shall not, without the prior written approval of Ontario:

(a) No Change of Control. permit or suffer to exist a change in Control of the Recipient.

(b) Disposition of Assets. sell, assign, transfer, lease, license, convey or otherwise dispose of any of the Project assets or all or substantially all of the assets comprising the Project Facility, except such dispositions as would be consistent with the disposition of surplus assets in the normal course of business.

(c) Transactions with Affiliates. sell property or services to, or purchase property or services from, or otherwise engage in any other transactions with, any Related Parties, except for transactions in the ordinary course of business at prices and on terms and conditions not less favourable to the Recipient than could be obtained on an Arm's Length basis from unrelated third parties.

(d) Nature of Business. materially change the nature of its business or relocate its principal operations outside of Ontario.

(e) Exports: export, or make available for sale, outside the Province of Ontario any of the Recipient's products or services whose production is being funded in whole or in part by the Grant where such export or sale is likely to result in the Recipient's inability to meet the demand for such products or services from prospective purchasers located in the Province of Ontario.

(f) Subcontracting. subcontract or assign the whole or any part of the production of the goods or provision of the services which are being funded in whole or in part by the Grant.

(g) Corporate Distributions. make any distribution or payment of any amount to or on behalf of any Related Parties, by way of salary, bonus, directors fees, management fees, dividends, loans or otherwise, and whether payments are made to such Persons in their capacities as shareholders, directors, officers, employees or creditors of the Recipient, or otherwise, or any other direct or indirect payment in respect of earnings or capital of the Recipient, except for wages and bonuses to employees of the Recipient in the ordinary course of business and at levels of compensation paid by owners of comparable businesses.

ARTICLE 10 - DEFAULT AND ENFORCEMENT

10.1 Events of Default. Each of the following is an Event of Default:

(a) failure by the Recipient to perform or comply with any covenant or other term of the Agreement required to be performed or complied with by the Recipient, including, but not limited to, the failure to perform or comply with the reporting requirements set out in Article 6;

(b) failure by the Recipient to repay any amount of the Grant when it becomes due, including failure to pay any amount of the Clawback required pursuant to Article 4;

(c) failure by the Recipient to make a Request for Disbursement in accordance with section 5.3;

(d) abandonment or Deemed Abandonment of the Project by the Recipient;

(e) if any representation or warranty made by the Recipient in the Agreement or any certificate delivered to Ontario pursuant hereto shall be or become materially untrue in any respect;

(f) if the Recipient (i) is dissolved, liquidated or wound up or makes a proposal in writing to be dissolved; (ii) admits in writing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes a proceeding seeking a judgment of bankruptcy or a receiving order or an order adjudicating or declaring it to be bankrupt or insolvent or seeking liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debt under any law including the *Companies' Creditors Arrangement Act* (Canada) or the *Bankruptcy and Insolvency Act* (Canada); (v) has a resolution passed for its winding-up, official management or liquidation; (vi) seeks or becomes subject to the appointment of an administrator, liquidator, receiver, receiver-manager, trustee or similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of a substantial or material portion of its assets or has a distress, execution, attachment, sequestration or other legal process levied or enforced on or against a substantial or material part of its assets; (viii) ceases to carry on business; or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts or events;

(g) if any bankruptcy, reorganization, arrangement or insolvency proceedings for relief under any bankruptcy or similar laws for the relief of debtors, including, without limitation, any of the proceedings or petitions described in subparagraph (f) above are instituted against the Recipient and are consented to by the Recipient or, if contested by the Recipient, are not dismissed within 30 days;

(h) Closure;

(i) default of any material obligations of the Recipient under the Agreement including a default of a term or condition, but for the giving of notice and/or the passage of time to remedy;

(j) default of a term or condition in any other agreement between the Province of Ontario and the Recipient including any Affiliate but for the giving of notice and/or the passage of time to remedy;

(k) final judgment or decree for the payment of money due is obtained or entered against the Recipient, except in respect of a judgment which (i) was the subject of a *bona fide* dispute, (ii) is not material to the financial condition, business or operations of the Recipient (and without restricting the generality of the foregoing, a judgment of $50,000 or more shall be deemed to be material), and (iii) is paid in full within 30 days after judgment;

(l) any part of the Project Financing that has become unavailable is not replaced by the Recipient within 90 days on similar terms and conditions; or

(m) occurrence of a Material Adverse Effect in the opinion of Ontario, acting reasonably.

10.2 Ontario May Waive. Ontario may, at any time, waive any Event of Default which may have occurred provided that no such waiver shall extend to, or be taken in any manner whatsoever to affect, any subsequent Event of Default or the right to remedies resulting therefrom, and that no such waiver shall be, or shall be deemed to constitute, a waiver of such Event of Default unless such waiver is explicit and in writing from Ontario.

10.3 Remedies. In addition to any other rights which Ontario may have under the Agreement, if any Event of Default shall occur and be continuing, Ontario shall have the following rights and remedies provided that it has first given written notice of the Event of Default to the Recipient and the Recipient has failed for whatever reason, subject to Force Majeure, to remedy the Event of Default within 20 days of the receipt of such notice, or such longer period of time as Ontario may consent to in writing:

(a) Ontario may, immediately, without further notice to the Recipient, without liability, penalty or costs to Ontario, terminate the Agreement;

(b) Ontario shall be relieved of all obligations to make any Disbursements or any further Disbursements to the Recipient;

(c) Ontario shall be entitled to retain the Holdback;

(d) An amount equal to the Clawback shall become immediately due and payable to Ontario; such sum shall be calculated as of the date of the specified Event of Default based upon Actual Investment as of the date of calculation as verified by an Independent Auditor's Report and/or a Final Certificate and Report, such Independent Auditor's Report and Final Certificate and Report being due within 60 days of the specified Event of Default; and

(e) Ontario may avail itself of any of its legal remedies that are available to Ontario at law or in equity and in its sole discretion, exercise any right or recourse and/or proceed by any action, suit, remedy, or proceeding against the Recipient authorized or permitted by law for the recovery of any and all amounts payable to Ontario pursuant to the Agreement, and no such remedy for the enforcement of the rights of Ontario shall be exclusive of, or dependent on, any other remedy, but any one or more of such remedies may from time to time be exercised independently or in combination, provided however that, subject to section 8.9, that in no event shall the Recipient be required to pay to Ontario any amount in excess of the Ontario Support together with the costs of collection pursuant to section 10.6 and interest pursuant to section 10.7.

Notwithstanding the foregoing, Ontario shall not be required to provide any notice or a remedy period under this section 10.3 for any Event of Default arising under section 10.1 (b), (d), (f), (g), or (h).

10.4 Additional Remedies Upon Certain Events of Default. In addition to the remedies contained in section 10.3, section 10.6 and section 10.7, upon the occurrence of an event specified in section 10.1(b), (d), (f), (g) or (h) an amount equal to the remaining Ontario Support which has not already been repaid pursuant to section 10.3 herein shall become immediately due and payable to Ontario.

10.5 Clawback and Ontario Support. Subject to section 8.9 and without derogating from Ontario's right to collect the costs of collection pursuant to section 10.6 and interest pursuant to section 10.7, the Clawback payable to Ontario shall not exceed the Ontario Support.

10.6 Costs of Collection. All reasonable costs and expenses of collection, including legal fees and professional fees associated therewith, of Ontario and its agents of all amounts owing hereunder shall be for the account of the Recipient and shall be immediately due and payable to Ontario.

10.7 Interest after Default. Interest at the rate of 5.81% per annum charged by the Province of Ontario on accounts receivable shall apply, from the date of any default notice to the Recipient, to any and all amounts in the event that that Ontario exercises any of its remedies pursuant to sections 5.4(c), 10.3 or 10.4 until payment in full. For greater certainty, during the course of any and all proceedings to collect such amounts such interest rate shall apply to and be exigible as additional damages in any award of damages made by a court of competent jurisdiction pursuant to any such action, all without the necessity of any further act or agreement or notification to the Recipient.

ARTICLE 11 - GENERAL

11.1 No Conflict of Interest. The Recipient will carry out the Project and use the Grant funds without an actual, potential, or perceived conflict of interest. A conflict of interest includes any circumstances where: (a) the Recipient or (b) any Person who has the capacity to influence the Recipient's decisions, has outside commitments, relationships, or financial interests that could, or could be seen to, interfere with the Recipient's objective, unbiased, and impartial judgment relating to the Project, the use of the proceeds of the Grant, or both. Nothing in this section shall prevent the Recipient if it so chooses from reimbursing its volunteers for their reasonable out of pocket expenses incurred in connection with the Project. The Recipient will disclose to Ontario, without delay, any situation that a reasonable Person would interpret as an actual, potential, or perceived conflict of interest and comply with any terms and conditions that Ontario may prescribe as a result of the disclosure.

11.2 Entire Agreement. The Agreement contains the entire agreement between the Recipient and Ontario and supersedes all prior agreements, obligations, statements, representations, understandings, warranties, communications and negotiations, whether oral or written, with respect to the subject matter of the Agreement.

11.3 Amendments. The Agreement may be amended, altered or modified only by written documents signed by both Ontario and the Recipient.

11.4 Survival. Section 1.1 (Definitions), Article 4 (Mandatory Repayment of Grant), sections 5.1, 5.2 and 5.3, section 5.4(c), Article 6 (Reporting and Monitoring), Article 7 (Representations and Warranties), section 8.3 (Rights of Inspection and Inquiry), section 8.9 (Indemnity), section 8.16 (Operations and Supply in Ontario), section 8.18 (Production of Device), Article 10 (Default and Enforcement), section 11.2 (Entire Agreement), section 11.4 (Survival), section 11.11 (Non-Agent), section 11.12 (Governing Law), section 11.15 (Severability), section 11.16 (No Control of Records) and section 11.17 (Disclosure of the Agreement to the Public and Third Parties), and all applicable cross-referenced provisions and Schedules shall survive any expiry, termination or cancellation of the Agreement. Without limiting the foregoing, all representations and warranties of the Recipient contained herein or in any certificate or other writing delivered in connection herewith will survive the transactions contemplated hereby and are material and have been or will be relied upon by Ontario notwithstanding any investigation made by or on behalf of Ontario. For the purpose of the foregoing, all statements contained in any certificate or other writing delivered by or on behalf of the Recipient pursuant hereto or in connection with the transactions contemplated hereby shall be deemed to be representations and warranties of the Recipient contained herein.

11.5 Waiver. No provision of the Agreement shall be deemed to be waived, and no breach excused, unless such waiver or consent excusing the breach is explicit and in writing and signed by the party to be charged with such waiver or consent. A waiver of any provision of the Agreement, or of any breach of any provision of the Agreement, is not to be deemed or construed to be a waiver of any other provision of the Agreement, or of any other breach, whether of the same or of any other provision, nor shall any delay or omission on the part of any party to the Agreement to exercise or avail itself of any right it has or may have under the Agreement, operate as a waiver of any such breach or right, nor will any waiver or failure to enforce any of the provisions of the Agreement in any way affect the validity of the Agreement or any part of it.

11.6 Materiality and Merger. All representations, warranties and covenants of the Recipient made in the Agreement, the Business Plan or in any other document, certificate, expenditure statement, or writing delivered by or on behalf of the Recipient pursuant to the provisions of the Agreement, or otherwise with respect to the Project or the Agreement and the transactions contemplated in the Agreement, are material, are deemed to have been relied upon by Ontario and survive the execution of the Agreement.

11.7 Time. Time is of the essence of the Agreement.

11.8 Assignment. [redacted]

11.9 Further Assurances. The Recipient agrees at any time and from time to time after the execution and delivery of the Agreement to perform and deliver such further acts and things as Ontario may reasonably request in order to fully effect the purpose of the Agreement and the transactions contemplated herein.

11.10 Notices. Any notice, request, demand, consent, approval, correspondence, report or other communication required pursuant to or permitted under the Agreement must be in writing and must be given by personal delivery, or transmitted by fax or e-mail, or be sent by postage prepaid mail, and addressed to the party to whom it is intended at its address as set out below or addressed as either party may later designate to the other in writing:

To Ontario:
Ministry of Economic Development, Job Creation and Trade
Business Partnerships and Programs Division
Funding Administration Branch
Program Operations Unit
10 Dundas St. E., 8^{th} Floor
Toronto, ON M7A 0B2
Attention: Manager, Program Operations Unit
Facsimile No.: (416) 212 – 8696
[redacted]

To the Recipient:
CEM Specialties Inc.
1100 Dearness Dr.
London, ON N6E 1N9
Attention: Gary Saunders, Vice President, Operations
[redacted]

Any such notice shall be deemed to be received, if personally delivered or sent by fax or other electronic message on the day it is sent and if such notice is sent by postage prepaid mail it shall be deemed to have been received on the date that is five days after the date of mailing.

11.11 Non-Agent. The Recipient and Ontario agree and declare that nothing in the Agreement shall be construed as creating a partnership, joint venture, or agency relationship between the Recipient and Ontario.

11.12 Governing Law. This Agreement and the rights of the parties hereto shall be governed in all respects by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each party irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario for any dispute, action or proceeding arising out of or in connection with the Agreement. Nothing in the Agreement affects the rights, protections and immunities of the Crown under the *Crown Liability and Proceedings Act, 2019* (Ontario).

11.13 Force Majeure. In the Agreement, “Force Majeure” includes civil commotions, acts of God, weather, fires, floods, explosions, natural catastrophes, sabotages, accidents, failures of power, riots, invasion, insurrection and any additional peril or occurrence which is, in the opinion of Ontario a Force Majeure. Upon the occurrence, if any, of an event which is a Force Majeure, the party whose performance is affected, whether Ontario or the Recipient, shall to the extent reasonably possible, minimize its adverse impact. Neither Ontario nor the Recipient shall be in breach of the Agreement, if, upon the occurrence of a Force Majeure and after delay minimization, either Ontario or the Recipient delays performance of its obligations hereunder for such reasonable period of time so as to enable the harmed party to overcome the effects of the Force Majeure; provided, however, neither Ontario nor the Recipient shall delay performance of any obligation of the Agreement such that, cumulatively, such delays will extend the Project Completion Date by more than 15 days

11.14 Counterparts. The Agreement may be signed in counterparts, and/or by facsimile or e-mail (PDF or other image format), each of which shall constitute an original and all of which, when taken together, shall constitute an original Agreement.

11.15 Severability. Any provision of the Agreement prohibited by law or otherwise ineffective will be ineffective only to the extent of such prohibition or ineffectiveness and will be severable without invalidating or otherwise affecting the remaining provisions of the Agreement.

11.16 No Control of Records. No provision of the Agreement will be construed so as to give Ontario any control whatsoever over the Recipient's records.

11.17 Disclosure of the Agreement to the Public and Third Parties.

(a) *Freedom of Information and Protection of Privacy Act.*

The Recipient acknowledges that Ontario is bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that Ontario may be required to disclose information contained in the Agreement or the entire Agreement itself pursuant to the provisions of that act.

(b) Public Disclosure. The Recipient:

(i) irrevocably consents to Ontario making all or a portion of the Agreement including but not limited to the information contained in Schedule "A" available to the public in a form Ontario deems appropriate in Ontario's sole discretion. However, such consent does not apply to the information solely contained in Schedules "A-1" and "B-1", which in the Recipient's view is commercially sensitive information; and

(ii) acknowledges, without limiting its consent under section 11.17(b)(i) in any way, that the information set forth in Schedule "A" will be made available to the public by being posted to a government website approximately 90 days after the execution of the Agreement.

11.18 Publications, Press Releases, Media Events, Communiqués. The Recipient shall:

(a) not make any announcement with respect to the Grant, the Project, or the Agreement, except as may be required by law, without the prior written approval of Ontario; and

(b) if requested by Ontario, participate in a public event announcing Ontario's funding to the Recipient in connection with the Project at the Project Facility, or other venue as may be agreed between the parties.

11.19 Economic Program. The Recipient acknowledges and agrees that the Grant provided under the Agreement is for the purpose of the administration of economic programs and/or the provision of direct or indirect support to members of the public in connection with economic policy, and as such section 16 of the *Limitations Act, 2002* (Ontario) shall apply.

11.20 Rights and Remedies Cumulative. The rights and remedies of Ontario under the Agreement are cumulative and are in addition to, and not in substitution for, any of its rights and remedies provided by law or in equity.

[Remainder of this page intentionally left blank. Signature page follows.]

The parties hereby execute the Agreement in the Province of Ontario.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO as represented by the Minister of Economic Development, Job Creation and Trade

January 19, 2021
Date of Signature

Per: /s/ "Victor Severino"

Name: Victor Severino
Title: Assistant Deputy Minister

CEM SPECIALTIES INC.

January 15, 2021
Date of Signature

Per: /s/ "Gary Saunders"

Name: Gary Saunders
Title: Vice President, Operations
I have the authority to bind the Recipient.

SCHEDULE “A”
TABLE OF SUMMARY PROJECT INFORMATION

Grant Recipient	**CEM Specialties Inc.**
Project Location	**London, Ontario**
Effective Date of Agreement	**January 11, 2021**
Project Start Date	**March 15, 2020**
Project Completion Date	**March 31, 2021**
Project Overview	**The Project is intended to scale-up the Recipient’s capacity to manufacture and commercialize the Kontrol BioCloud device.**
Maximum Amount of Grant	**$2,000,000**
Project Investment Commitment	**$4,000,000**
Total Project Investment	**$4,000,000**

SCHEDULE "A-1"
PROJECT DESCRIPTION, MILESTONES, DELIVERABLES, TIMELINES AND PROJECT RELATED DEFINITIONS

PROJECT DESCRIPTION

The Recipient has developed a COVID-19 detection device, called Kontrol BioCloud, that continuously monitors the presence of the SARS-COV-2 virus in the air. The Project is intended to scale-up the Recipient's capacity to manufacture and commercialize this device.

Milestones, Deliverables and Timelines:

Milestones	Deliverables	Timelines (date)
Supply Chain and Contract Manufacturing	Kontrol BioCloud supply chain, logistics, and contract manufacturing finalization. Kontrol has selected OES Inc. a London, Ontario based contract manufacturer. OES Inc. was engaged on September 21, 2020 for engineering, design, supply chain and manufacturing.	October 31, 2020
Regulatory Certification Secured	[redacted]	November 5, 2020
Regulatory Certification Secured	[redacted]	November 18, 2020
Initial Production Commences	[redacted]	November 30, 2020
Facility Modifications Complete	[redacted]	December 31, 2020
Project Completion*	Full production capacity of 20,000 units per month	March 31, 2021

*Project Completion milestone to include the volume of product/service to be produced/delivered by the Project Completion Date.

[redacted]

Definitions

"Project Financing" means

Source	Nature of Financing	Amount
Ontario Together Fund Grant	Grant	$2,000,000
National Research Council	Grant	$500,000
Recipient	Internal	$1,500,000
TOTAL, being the Project Investment Commitment		$4,000,000

SCHEDULE "B"
ELIGIBLE PROJECT EXPENDITURES CATEGORIES

- *This schedule contains the list of Eligible Project Expenditures Categories for the Project.*
- *In order to be eligible, the expenditure must be incurred and paid on or after the Project Start Date up to and including the Project Completion Date.*
- *Unless approved by Ontario in writing, deposits paid prior to the Project Start Date are not eligible.*
- *If Ontario determines that the Recipient has received Government Assistance in excess of the total amount of Eligible Project Expenditures ("Excess Amount"), then the Recipient shall repay to Ontario, within 20 days of being notified by Ontario, an amount equal to the Excess Amount as provided in section 5.4(c) to the Agreement.*

ELIGIBLE PROJECT EXPENDITURES

The following shall be used, where necessary, to clarify the categories and description of Eligible Project Expenditures set out in the budget sections of "Schedule B-1". They do not expand the universe of Eligible Project Expenditures.

Eligible Project Expenditures are actual expenditures to be incurred on or after the Project Start Date up to and including the Project Completion Date that are directly attributable to and necessary for the completion of the Project and are not wholly or partially for another purpose, subject to the terms and conditions of the Agreement, and subject to review and approval by Ontario.

Eligible Project Expenditures are one-time expenditures directly attributable to the development and implementation of the Project.

Eligible Project Expenditures do not include ongoing expenditures associated with regular production or operations. Labour, materials, overhead, and other expenditures for the regular production of saleable items are not eligible.

Eligible Project Expenditures are actual cash outlays, net of applicable HST, that must be documented through invoices, receipts, or Recipient records acceptable to Ontario and are subject to verification by an independent auditor. Evidence of payment must be maintained for audit purposes. Acting reasonably, Ontario's decisions as to the expenditure eligibility and valuation shall be final and determinative.

Eligible Project Expenditures Categories:

Retooling or Upgrade of Existing Equipment and Machinery

- Retooling or upgrades of equipment and machinery necessary to meet the Ontario Together Fund parameters. E.g. that will help companies produce materials needed to help Ontario's fight against COVID-19.

Purchase and Installation of Equipment and Machinery

- New equipment and machinery necessary for the successful completion of the Project.

Maintenance of a Clean Workplace

- Cleaning equipment and services to ensure the maintenance of a clean and safe work environment for employees and customers.
- Personal protective equipment and other health related equipment.

Project Facilities and Infrastructure

- Project facility modifications/upgrades, subject to Ontario's approval.

Materials

- Costs of direct materials necessary for, and specifically identified and measured as having been used for, the completion of the project.

Labour

- Labour directly related to the project are eligible (e.g. costs to set up/commission/run new equipment, technology or systems for the project).

Certifications, Permits and Fees

- Costs incurred by the applicant for certifications, permits, inspections, and other fees directly attributable to the project.

Specialized Expertise

- Costs of specialized expertise required for the project including third-party engineering services, software development, etc.

Training and Talent

- Skills training, including employer-provided training, related to the project.

Ineligible Project Expenditures:

- Preparation of funding proposal
- Executive compensation increases
- Shareholder payments.
- Costs incurred outside of Ontario. Except for purchases from suppliers located outside Ontario.
- Mergers, acquisitions and buyouts.
- Refinancing of existing business operations.
- Travel, hospitality, meal and incidental expenses.
- Rebates, credit or refund.
- Debt service costs, federal or provincial income taxes, surtaxes.
- Marketing, sales or distribution/shipping costs.

SCHEDULE "B-1"
PROJECT INVESTMENT COMMITMENT BUDGET

	Date				
	Project Start Date to 30/06/2020	**1/07/2020 to 30/09/2020**	**1/10/2020 to 31/12/2020**	**1/1/2021 to 31/03/2021**	**Total**
ELIGIBLE PROJECT EXPENDITURES					
Engineering – one-time labour	$0	[redacted]	[redacted]	[redacted]	[redacted]
Laboratory – one-time labour	$0	[redacted]	[redacted]	[redacted]	[redacted]
Canadian Standards Association and Underwriters Laboratory Certi-fication	$0	[redacted]	[redacted]	[redacted]	[redacted]
Materials – one-time	$0	[redacted]	[redacted]	[redacted]	[redacted]
TOTAL ELIGIBLE PROJECT EXPENDITURES	**$0**	**$650,000**	**$1,707,000**	**$1,643,000**	**$4,000,000**

SCHEDULE “C”
PROJECT STATUS REPORT

[*NTD: Please list the milestones and deliverables as they appear in Schedule “A-1”*]

Milestone Status Table:

Provide a Project status report with respect to the achievement of Milestones, Deliverables and Timelines for the Project as described in Schedule “A-1”.

Under the column entitled “Actual Achieved”, please outline your progress relative to each Deliverable as at the given Milestone.

Milestones **(Include date)**	**Deliverables** **(Please list the deliverables as they appear in Schedule “A-1”)**	**Actual Achieved** **(Please report on progress relative to each Deliverable)**
Project End		

Additional Comments: Explain any deviations from the contracted deliverables.

Eligible Project Expenditures Table:

	Project Investment Commitment Budget	Actual Eligible Project Expenditures	Variance (%)
ELIGIBLE PROJECT EXPENDITURES			
Retooling or upgrade of existing equipment and machinery			
Purchase and installation of equipment and machinery			
Costs attributed to the maintenance of a clean workplace			
Project facilities & infrastructure			
Labour – One time			
Materials – One time			
Specialized Expertise			
Training and Talent			
Project-related Permits and Fees			
Other Eligible Project Expenditures *[NTD: please provide detail as to what these other approved eligible Project expenditures are.]*			
TOTAL ELIGIBLE PROJECT EXPENDITURES			

Comments: Explain any variance greater than 10%

SCHEDULE “D”
REQUEST FOR DISBURSEMENT

Date: ●

Fiscal Year: ●

To:

Minister of Economic Development, Job Creation and Trade (“Ontario”)
Ontario Together Fund
Funding Administration Branch
Program Operations Unit 10 Dundas St. E., 8th Floor
Toronto, ON M7A 0B2
Attention: Manager, Program Operations Unit

From: CEM Specialties Inc. (the “Recipient”)

Re: Agreement between Ontario and the Recipient effective January 11, 2021 (the “Agreement”)

Except as otherwise defined herein, all capitalized terms shall have the meanings given to them in the Agreement.

1. I, *[insert name and title of senior officer]* of the Recipient, on behalf of the Recipient, hereby certify without personal liability as follows:

   (a) On and as of the date hereof, all representations and warranties contained in Article 7 of the Agreement are true and correct.

   (b) On and as of the date hereof, no Event of Default, whether or not Ontario has been given notice thereof, has occurred and is continuing.

   (c) On and as of the date hereof, the Recipient is in actual possession of the Project Facility.

   (d) On and as of the date hereof, the Recipient has not incurred a cost overrun for the Project for which the Recipient has not obtained additional financing to pay for any such cost.

   (e) On and as of the date hereof, the Recipient is in compliance with Applicable Laws as required pursuant to the Agreement.

   (f) On and as of the date hereof, no Material Adverse Effect has occurred.

   (g) Attached hereto is a Project Status Report, which includes an Eligible Project Expenditures Table which is true and accurate and relates to Eligible Project Expenditures on account of the Project which have been incurred and paid by the Recipient during the period commencing ● and ending ●. The Eligible Project Expenditures Table in Schedule “C” does not include any Eligible Project

Expenditures incurred and paid to Non-Arm's Length suppliers. *[Note: In the event that there are expenditures paid to Non-Arm's Length suppliers include the certificate or invoices required by section 5.3 of the Agreement.]*

(h) ***[NTD: include the following for the second Disbursement]*** I certify that Eligible Project Expenditures in the amount of $● have been incurred and paid with respect to the first Disbursement.

2. I certify that the Disbursement will be used in accordance with the Agreement.

3. I certify that the information provided herein is accurate and is being relied upon to disburse funds in respect of the Grant.

4. I certify that the attached Project Status Report is true and correct.

5. (a) The maximum Grant amount is **$●.**

   (b) Total Eligible Expenditures are **$●.**

   (c) Actual support earned is **$●** [●% x Total Eligible Project Expenditures].

   (d) The Clawback amount is **$●.**

   (e) The amount of the Grant disbursed to the Recipient on execution of the Agreement is $●.

   (f) The Recipient hereby requests a Disbursement of $●.

The undersigned has signed this certificate on this ● day of ● 202●.

Per:
[insert name and title of senior officer]

SCHEDULE "E"
FINAL CERTIFICATE AND REPORT

DATE: ●

TO:

Minister of Economic Development. Job Creation and Trade ("Ontario")
Ontario Together Fund
Program Operations Unit
10 Dundas St. E., 8th Floor
Toronto, ON M7A 0B2
Attention: Manager, Program Operations Unit

RE: **Agreement between Ontario and CEM Specialties Inc. (the "Recipient") effective January 11, 2021 (the "Agreement")**

Except as otherwise defined herein, all capitalized terms shall have the meanings given to them in the Agreement.

I, *[Insert name and title of senior officer]* of the Recipient, on behalf of the Recipient, hereby certify without personal liability as follows:

1. The Recipient has incurred and paid a minimum of $● in total Eligible Project Expenditures.

2. Attached hereto are the final Project Status Report, which is true and accurate, and the Independent Auditor's Report.

3. There has been no Closure from the Project Start Date up to and including the date of this certificate.

4. If applicable, attached hereto are detailed calculations of any Clawback in accordance with the formula set out in Article 4 of the Agreement.

5. On and as of the date hereof, all representations and warranties contained in Article 7 of the Agreement are true and correct.

6. The Recipient has not, without the prior written approval of Ontario, (i) sold, leased or otherwise transferred outside of the Province of Ontario any of the products or services whose production has been funded in whole or in part by the Grant, or (ii) entered into any commitments or agreements to do so, where any such sale, lease, or transfer would likely result in the Recipient's inability to meet the demand for such products or services from purchasers located in the Province of Ontario.

7. The total Government Assistance that the Recipient has received or is entitled to receive is in the amount of $●.

The undersigned has signed this certificate on this ● day of ●, 202●.

Per: ____________________
[insert name of senior officer]

SCHEDULE “E-1”
INDEPENDENT AUDITOR’S REPORT

TO:

Minister of Economic Development, Job Creation and Trade (“Ontario”)
Ontario Together Fund
Funding Administration Branch
Program Operations Unit
10 Dundas St. E., 8th Floor
Toronto, ON M7A 0B2
Attention: Manager, Program Operations Unit

RE: Agreement between Ontario and CEM Specialties Inc. (the “Company”) effective January 11, 2021 (the “Agreement”)

Except as otherwise defined herein, all capitalized terms shall have the meanings given to them in the Agreement.

At the request of the Company, we have undertaken a reasonable assurance engagement of the accompanying Schedules (the “Schedules”) relating to the Project for the period [*] to [*]. The Schedules have been prepared by management of the Company based on the Conditions to Release of Holdback (section 5.3) and Final Certificate and Report (section 6.3) provisions of the Agreement. The Schedules include:

- Final Project Status Report (Schedule “C”)
- Request For Disbursement (Schedule “D”)
- Final Certificate and Report (Schedule “E”)

Management’s responsibility for the Schedules
Management of the Company is responsible for the preparation of the Schedules in accordance with the Conditions to Subsequent Disbursements and Final Project Certificate and Report provisions of the Agreement, and for such internal control as management of the Company determines is necessary to enable the preparation of the Schedules that is free from material misstatement, whether due to fraud or error.

Independent practitioner’s responsibility
Our responsibility is to express a reasonable assurance opinion on the Schedules, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3000, Attestation Engagements *Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform the audit to obtain reasonable assurance about whether the Schedules is free of material misstatement.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect material misstatements, if any. The nature, timing and extent of procedures selected depends on our professional judgement, including and assessment of the risks of material misstatement of the Schedules, whether due to fraud or error, and requires obtaining audit evidence about the preparation of the Schedules in accordance with the Agreement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide for a basis of our opinion.

Independence and quality control

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion

In our opinion, the Schedules of the Company for the period from ● to ●, are prepared, in all material respects, in accordance with the Agreement.

Total Eligible Expenditures of [**insert number*] have been achieved for the period between ● and ●.

Purpose of statement and restriction on distribution and use
This report is prepared to assist the Company to comply with the financial reporting provisions of the Agreement. As a result, the report may not be suitable for another purpose. Our report is intended solely for the Company and Ontario and should not be distributed to or used by parties other than the Company and Ontario.

[Practitioner's signature]
[Date]
[Practitioner's address]