

ATTACHMENT #1

ENWAVE LETTER OF GUARANTEE - MAJOR TERMS OF AGREEMENT

Terms and Conditions:

- Enwave or its contractors will complete the design work set out in Schedule A hereto (the “Work”) and the parties have agreed that the budget (the “Budget”) for this work is as set out in Schedule A, which is Six Million Six Hundred and Thirty-Six Thousand, Six Hundred Dollars (\$6,636,600). For clarity, the Budget consists of third party out of pocket expenses to be incurred by Enwave as further defined below but does not include the direct or indirect costs of any Enwave employees engaged in the Work. Enwave will use reasonable efforts to complete the Work on or before July 31, 2022. Enwave will notify the City of any anticipated or actual delay that could result in the Work not being completed on or before July 31, 2022.
- The City may from time to time request that Enwave provide additional information and/or perform additional design work in respect of Block 4 (the “Additional Work”). Following receipt of a request from the City for Additional Work, Enwave will prepare and deliver to the City a budget (an “Additional Budget”) and work schedule (the “Schedule”) for such Additional Work. If City of Toronto approves the Additional Budget and Schedule for any Additional Work (which approval will be sufficiently evidenced by e-mail from City of Toronto), then the approved Additional Budget and Schedule for such Additional Work will be deemed to form part of this letter agreement. Following approval, Enwave shall perform such Additional Work subject to the applicable Additional Budget for such Additional Work and use reasonable efforts to complete such Additional Work in accordance with the applicable Schedule for such Additional Work.
- Upon the earlier to occur of:
 - City Council voting against the commencement of construction for Block 4;
 - the parties agreeing to change the location of the Plant to the basement of Block 1; or
 - June 30, 2023, if:
 - City Council has considered but not voted on the commencement of the construction of Block 4; or
 - City Council has not considered and voted on the commencement of construction of Block 4,

(each, a “Reimbursement Event”, and collectively the “Reimbursement Events”), City of Toronto (or its successor) shall be required to reimburse Enwave for all third party costs incurred by Enwave in connection with completing, or causing its contractors to complete, the Work and any Additional Work, if applicable, subject to the Cap. Such third party costs shall include, but shall not be limited to, the cost of materials,

third party labour costs, disbursements and applicable taxes incurred by Enwave in connection with the Work and any Additional Work, if applicable. In any event, the aggregate amount to be reimbursed by City of Toronto in respect of the Work shall not exceed the Budget and the aggregate amount to be reimbursed by City of Toronto in respect of any Additional Work shall not exceed the applicable Additional Budget for such Additional Work (collectively, the “Cap”). For certainty, if on or before June 30, 2023, City Council approves the awarding of the construction contract enabling the commencement of construction of Block 4, then this letter agreement shall be terminated, rendered null and void, and the City shall not be required to reimburse Enwave for any of the costs incurred by Enwave relating to the Work or Additional Work.

- Enwave shall, within 90 days of the occurrence of a Reimbursement Event, deliver to the City a statement setting forth its calculation of the amounts to be reimbursed by the City to Enwave in accordance with Section 3 hereof subject to the Cap. Such statement shall be accompanied by reasonable supporting evidence, including without limitation, invoices. Upon receipt of such statement with the reasonable supporting evidence, the City shall reimburse Enwave for the amount set forth in such statement within 30 days of the delivery thereof, and the payment may be remitted by the City or the City. Upon receipt of such payment by Enwave, City of Toronto, and their respective successors and assigns (collectively, the “City Entities”), shall be released from and against any and all costs, damages, actions, proceedings, demands and/or claims whatsoever which Enwave has, or may hereafter have, against the City Entities, by reason of, or in connection with amounts owing under this letter agreement in respect of the Work and the Additional Work (if applicable).

Schedule A: Scope of Work and Budget

Guarantee related to design development and construction documents for the district energy plant and geothermal boreholes to be located in Block 4:

Budget: \$1,215,000 (excluding HST)

Guarantee related to the tender and construction of the geothermal boreholes (to be completed prior to the construction of the building):

Budget: \$5,421,600 (excluding HST)