



This is the 1<sup>st</sup> affidavit  
of Douglas Mordy in this case  
and was made on December 19, 2024

No. S-240514  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
FELIX PAYMENT SYSTEMS LTD.

PETITIONER

**AFFIDAVIT**

I, **DOUGLAS MORDY**, business person, of 650-1188 West Georgia Street Vancouver, BC V6E 4A2 SWEAR THAT:

**INTRODUCTION**

1. I am the Trustee of CA Mordy Legacy Trust. I am authorized to make this affidavit on behalf of the Stalking Horse Bidders and the First Lien Lenders (defined below). Where necessary, I have reviewed the books and records maintained by the Stalking Horse Bidders and the First Lien Lenders in the ordinary course of business. As such, I have personal knowledge of the matters described in this affidavit, except where I say that my knowledge is based on the information of others, in which case I believe the same to be true.
2. This affidavit is sworn in support of the Stalking Horse Bid, described below.

## BACKGROUND

3. On November 25, 2024, Felix Payment Solutions Inc. (“**Felix**”), obtained an Order (the “**Initial Order**”) of the British Columbia Supreme Court (the “**Court**”) granting, among other things, certain protections to Felix from its creditors pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA Proceedings**”).
4. As approved by the Initial Order, Jake Boxer, CA Mordy Legacy Trust, and PEL Chartered Professional Accountants Inc. (in such capacity, collectively, the “**DIP Lender**”) agreed to act as DIP Lender and provide interim financing to Felix during the CCAA Proceedings (the “**DIP Loan**”).
5. Pursuant to the Initial Order, the DIP Lenders were granted a charge against the assets of Felix in the amount of the DIP Loan (as amended from time to time, the “**DIP Lender’s Charge**”).

## STALKING HORSE BID

6. On December 9, 2024, the Court granted an order that, among other things: (i) approved a sale and investment solicitation process (the “**SISP**”); and (ii) approved and accepted solely for the purposes of conducting the SISP, a Stalking Horse Subscription Agreement dated December 3, 2024 (the “**Stalking Horse Bid**”) between Felix, as vendor, and myself, Jake Boxer, the CA Mordy Legacy Trust and PEL Chartered Professional Accountants, as stalking horse bidders (collectively, the “**Stalking Horse Bidders**”).
7. A copy of the Stalking Horse Bid is attached as Exhibit “A” to the Second Affidavit of Andrew Cole sworn on December 3, 2024 and filed in these CCAA Proceedings.
8. The purchase price pursuant to the Stalking Horse Bid is set out in Section 3.1 of the Stalking Horse Bid (the “**Purchase Price**”) and consists of:
  - (a) all amounts outstanding and obligations payable by Felix under or in connection with the DIP Loan and secured by the DIP Lender’s Charge; plus

- (b) all amounts outstanding and obligations payable by the Felix under or in connection with the First Lien Loan Documents (defined below) and secured by the First Lien Charge (as defined in the Stalking Horse Bid); plus
- (c) the value of all other Assumed Liabilities (as defined in the Stalking Horse Bid), if any, to be satisfied by the Stalking Horse Bidder performing and/or discharging such Assumed Liabilities as and when they become due; plus
- (d) the value of the Closing Payment (as defined in the Stalking Horse Bid) to be paid by the Stalking Horse Bidder in accordance with the terms of the Stalking Horse Bid.

#### **FIRST LIEN LENDERS' INDEBTEDNESS**

- 9. To provide some certainty of the Purchase Price, the Stalking Horse Bidders have prepared this affidavit to set out the outstanding obligations outstanding under or in connection with the First Lien Loan Documents.
- 10. The “**First Lien Lenders**” are: myself, Jake Boxer, Brookridge Chartered Professional Accounts Inc. (now PEL Chartered Professional Accountants Inc.), and CA Mordy Legacy Trust.
- 11. As set out in the First Affidavit of Andrew Cole, sworn November 21, 2024 (the “**First Cole Affidavit**”) filed in these CCAA Proceedings, the “**First Lien Loan Documents**” are detailed in paragraphs 34-40 of First Cole Affidavit and are attached as exhibits to the First Cole Affidavit as follows:
  - (a) with respect to myself and the CA Mordy Legacy Trust, Exhibits “N” through “U” (the “**CA Mordy Legacy Trust First Lien Documents**”);
  - (b) with respect to Brookridge Chartered Professional Accounts Inc. (now PEL Chartered Professional Accountants Inc.), Exhibits “Y” through “CC” (the “**Brookridge Chartered Professional Accounts Inc. First Lien Documents**”); and

(c) with respect to Jake Boxer, Exhibits “E” through “L” (the “**Jake Boxer First Lien Documents**”).

12. I note that while all the First Lien Loan Documents are attached to the First Cole Affidavit, certain grids scheduled to the First Lien Loan Documents as attached to the First Cole Affidavit are not up to date. True copies of the First Lien Loan Documents with up to date grid schedules are attached as **Exhibit “A”** of this affidavit.

13. The total amount of “**First Lien Loan Indebtedness**” due and owing to the First Lien Lenders pursuant to the First Lien Loan Documents as of December 17, 2024 is summarized as follows:

<b>First Lien Lender</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
CA Mordy Legacy Trust	\$639,000.00	\$212,315.60	\$851,315.60
Brookridge Chartered Professional Accounts Inc. (now PEL Chartered Professional Accountants Inc.)	\$313,989.00	\$76,664.63	\$390,653.63
Jake Boxer	\$2,337,000.00	\$490,107.98	\$2,827,107.98
<b>TOTAL</b>	<b>\$3,289,989.00</b>	<b>\$779,088.21</b>	<b>\$4,069,077.21</b>

14. The particulars of the advances made pursuant to the CA Mordy Legacy Trust First Lien Documents are as follows:

<b>Loan / (Repayment) Date</b>	<b>Amount of Advance / (Repayment)</b>	<b>Interest</b>
2021-08-06	\$200,000.00	\$120,044.81
2023-01-10	\$ 200,000.00	\$62,148.73
2023-02-06	\$100,000.00	\$29,757.97
2023-02-09	\$75,000.00	\$22,205.20
2024-02-10	\$30,000.00	\$3,797.38
2024-02-28	\$31,000.00	\$3,680.76
2024-03-14	\$30,000.00	\$3,354.19
2024-04-01	\$15,000.00	\$1,567.39
2024-05-03	\$44,000.00	\$3,997.68
2024-07-12	\$(140,000.00)	\$(8,683.18)
2024-08-22	\$4,000.00	\$182.63
2024-09-17	\$10,000.00	\$355.58
2024-10-01	\$10,000.00	\$299.45
2024-10-22	\$40,000.00	\$863.28

<b>Loan / (Repayment) Date</b>	<b>Amount of Advance / (Repayment)</b>	<b>Interest</b>
2024-10-28	\$6,000.00	\$115.23
2024-10-29	\$134,000.00	\$2,520.49
2023-06-14	\$(50,000.00)	\$(11,733.74)
2023-06-27	\$(50,000.00)	\$(11,422.96)
2023-07-26	\$(50,000.00)	\$(10,735.30)
<b>TOTAL</b>	<b>\$639,000.00</b>	<b>\$212,315.60</b>

15. The particulars of the advances made pursuant to the Brookridge Chartered Professional Accounts Inc. First Lien Documents are as follows:

<b>Loan / (Repayment) Date</b>	<b>Amount of Advance / (Repayment)</b>	<b>Interest</b>
2022-10-07	\$200,000.00	\$71,786.60
2024-02-12	\$10,000.00	\$1,257.05
2024-02-28	\$13,000.00	\$1,543.54
2024-03-14	\$10,000.00	\$1,118.06
2024-04-01	\$5,000.00	\$522.46
2024-07-12	\$(20,000.00)	\$(1,240.45)
2024-09-05	\$15,989.00	\$645.86
2024-11-14	\$80,000.00	\$1,031.51
<b>TOTAL</b>	<b>\$313,989.00</b>	<b>\$76,664.63</b>

16. The particulars of the advances made pursuant to the Jake Boxer First Lien Documents are as follows:

<b>Loan / (Repayment) Date</b>	<b>Amount of Advance / (Repayment)</b>	<b>Interest</b>
2021-08-23	\$250,000.00	\$147,424.39
2022-05-05	\$(100,000.00)	\$(44,153.77)
2022-11-25	\$500,000.00	\$166,921.93
2022-12-29	\$300,000.00	\$94,905.95
2023-02-07	\$250,000.00	\$74,269.00
2024-02-12	\$60,000.00	\$7,542.29
2024-02-28	\$66,000.00	\$7,836.45
2024-03-14	\$60,000.00	\$6,708.39
2024-04-01	\$30,000.00	\$3,134.79
2024-04-24	\$45,000.00	\$4,260.35
2024-05-02	\$75,000.00	\$6,845.99
2024-07-12	\$(240,000.00)	\$(14,885.44)
2024-08-27	\$6,000.00	\$261.78

Loan / (Repayment) Date	Amount of Advance / (Repayment)	Interest
2024-08-29	\$150,000.00	\$6,423.00
2024-09-04	\$15,000.00	\$611.97
2024-09-11	\$150,000.00	\$5,695.96
2024-09-26	\$150,000.00	\$4,791.92
2024-10-11	\$105,000.00	\$2,725.18
2024-10-11	\$135,000	\$3,503.81
2024-11-01	\$210,000	\$3,783.97
2024-11-15	\$120,000	\$1,500.09
<b>TOTAL</b>	<b>\$2,337,000.00</b>	<b>\$490,107.98</b>

17. Interest, costs, and fees in connection with the First Lien Loan Indebtedness continue to accrue.

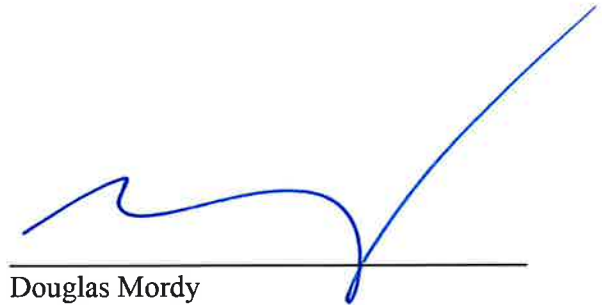
SWORN (OR AFFIRMED) BEFORE ME at )  
Vancouver, British Columbia, December 19, )  
2024. )

A Commissioner for taking affidavits for )  
British Columbia )

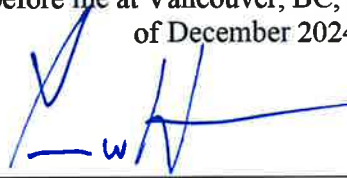


**LUCAS HODGSON**  
**BARRISTER & SOLICITOR**  
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Suite 3000, Bentall Four  
1055 Dunsmuir Street  
Vancouver, BC V7X 1K8  
TELEPHONE: 604.488.2843

Douglas Mordy



This is Exhibit "A" referred to in the  
Affidavit #1 of Douglas Mordy sworn  
before me at Vancouver, BC, this 19th day  
of December 2024

A handwritten signature in blue ink, consisting of a stylized 'V' followed by a horizontal line and a small 'w'.

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A Commissioner/Notary Public for the  
Province of British Columbia



**AMENDED AND RESTATED  
DEMAND LOAN AGREEMENT**

**THIS AMENDED AND RESTATED DEMAND LOAN AGREEMENT** (this “**Agreement**”) dated for reference March 27, 2024

**AMONG:**

**BROOKRIDGE CHARTERED PROFESSIONAL ACCOUNTANTS INC.**, a company incorporated under the laws of the Province of British Columbia and having an address at 650 – 1188 West Georgia Street, Vancouver, British Columbia, V6E 4A2

(the “**Lender**”)

**AND:**

**FELIX PAYMENT SYSTEMS LTD.**, a company incorporated under the laws of British Columbia and having its registered and records office address at 250 Howe Street, 20th Floor, Vancouver, British Columbia, V6C 3R8

(the “**Borrower**”)

**WHEREAS:**

- A. The Borrower is presently indebted to the Lender in the aggregate principal amount of \$233,000.00 (the “**Existing Principal**”) and all interest accrued thereon as of the date hereof, being \$46,649.59 (together with the Existing Principal, the “**Existing Indebtedness**”), pursuant to a series of promissory notes issued from time to time by the Borrower in favour of the Lender (collectively, the “**Historical Notes**”).
- B. The Borrower and the Lender are party to that certain demand loan agreement dated as of or about February 10, 2024 (the “**Original Loan Agreement**”, and together with Historical Notes, the “**Historical Debt Instruments**”) in respect of that certain promissory note dated as of February 10, 2024.
- C. As consideration for the March 2024 Advance (as defined below) and the ability to request Subsequent Advances (as defined below) on the terms and conditions set out herein, the Borrower and the Lender have agreed to enter into this Agreement to amend and restate the Historical Debt Instruments and to consolidate the Existing Indebtedness.
- D. The Borrower requires additional borrowings to fund its ongoing operations, and the Lender has agreed to make further advances to the Borrower in accordance with the terms and conditions hereof.

**NOW THEREFORE** the parties agree as follows:



## 1. **Definitions**

1.1 When used in this Agreement or in any amendment hereto, the defined terms shall have the meaning assigned to them herein. In this Agreement:

- (a) **"Advance"** has the meaning set out in Section 2.3;
- (b) **"Applicable Law"** means, in relation to any Person, property, transaction or event, all applicable provisions of: (a) statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations, treaties, declarations or orders of any Governmental Authority; (b) any consents or approvals of any Governmental Authority; and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority, in each case applicable to or binding upon such Person, property, transaction or event.
- (c) **"Change of Control"** means the acquisition of the Borrower by another Person by means of any transaction or series of related transactions (including any reorganization, amalgamation, arrangement, merger or consolidation or share transfer, but excluding any such transaction effected primarily for the purpose of changing the domicile of the Borrower), unless the Borrower's shareholders of record immediately prior to such transaction or series of related transactions hold, immediately after such transaction or series of related transactions, at least 65% of the voting power of the surviving or acquiring entity;
- (d) **"Conditions Precedent"** has the meaning set out in Section 6.2;
- (e) **"Event of Default"** has the meaning set out in Section 9.3;
- (f) **"Existing Indebtedness"** has the meaning set out in the recitals hereto;
- (g) **"Existing Security"** has the meaning set out in Section 6.1;
- (h) **"Governmental Authority"** means the government of Canada or of any other nation, or of any political subdivision thereof, whether state, provincial, territorial, local or municipal and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including, without limitation, the Canada Revenue Agency;
- (i) **"Grid"** has the meaning set out in Section 2.2;
- (j) **"TTA"** means the *Income Tax Act* (Canada) and regulations promulgated thereunder;

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- (k) **"Historical Debt Instruments"** has the meaning set out in the recitals hereto;
- (l) **"Legal Fees"** has the meaning set out in Section 10;
- (m) **"Loan"** has the meaning set out in Section 6.2;
- (n) **"March 2024 Advance"** has the meaning set out in Section 2.2;
- (o) **"Person"** includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government, a Governmental Authority or any department or agency thereof, and any other incorporated or unincorporated entity;
- (p) **"Security Documents"** has the meaning set out in Section 6.2;
- (q) **"SRED Claims"** means the T661 Scientific Research and Experimental Development (SR&ED) expenditures claims claimed for the Borrower's 2023 fiscal year and all subsequent years;
- (r) **"SRED Refunds"** means any federal and provincial cash refund investment tax credits received by the Borrower or its agent in connection with any SRED Claims; and
- (s) **"Subsequent Advance"** has the meaning set out in Section 2.3.

1.2 All dollar amounts in this Agreement are in Canadian dollars.

## 2. **Loan**

- 2.1 The Borrower acknowledges and confirms the Existing Indebtedness.
- 2.2 The Lender shall, on the terms and conditions of this Agreement, advance to the Borrower the amount of \$5,000.00 (the **"March 2024 Advance"**, and together with the Existing Indebtedness and any Subsequent Advances, the **"Loan"**) which shall be due immediately upon demand.
- 2.3 The Borrower may request subsequent advances (each a **"Subsequent Advance"** and collectively, the **"Subsequent Advances"** as outstanding from time to time), which such Subsequent Advance may be made by the Lender and set forth in the grid attached as Schedule "A" hereto (the **"Grid"**).
- 2.4 Any Subsequent Advance will be made solely at the discretion of the Lender and be due immediately upon demand, and the Lender is under no obligation under this Agreement or otherwise to make any Subsequent Advance to the Borrower.
- 2.5 Any Subsequent Advances and any partial prepayments of the Loan hereunder shall be recorded on the Grid, which may be so amended, supplemented, restated or otherwise modified from time to time by means of an instrument in writing signed by the Lender. Other than in cases of manifest error, the Borrower agrees that the

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entries by the Lender on the Grid of payments shall be prima facie proof of the matters so recorded. The Lender will give the undersigned written confirmation upon request of all notations made by it on the Grid, provided that the failure by the Lender to give such confirmation shall not impair the validity of any notation.

**3. Interest**

The principal amount of the Loan outstanding at any time (which, for greater certainty, includes the Existing Indebtedness, the March 2024 Advance and any Subsequent Advances), and from time to time, and any overdue interest, shall bear simple interest at 15% per annum, both before and after the maturity, default, demand and judgment, and be calculated monthly, and will be owing on demand.

**4. Purpose**

The Borrower acknowledges that the Loan is for use by the Borrower only and will be used by the Borrower only for business purposes as general working capital and for general corporate requirements.

**5. Repayment Due on Demand**

- 5.1 The Loan (including the Existing Indebtedness) and any portion outstanding thereof will be immediately repayable in full upon demand from the Lender to the Borrower.
- 5.2 The Loan and all interest accrued thereon, in whole or in part, may be repaid by the Borrower without penalty or bonus at any time after delivery of a notice of repayment to the Lender at least seven (7) days prior to the date of repayment.
- 5.3 All payments to be made by the Borrower to the Lender under this Agreement shall be made to the Lender by wire transfer, cheque, direct deposit or bank draft in immediately available funds to such accounts of the Lender as the Lender may direct from time to time.

**6. Security**

- 6.1 To secure the payment and performance of the Borrower's obligations under the Existing Indebtedness and all future indebtedness of the Borrower to the Lender, the Borrower granted certain security in favour of the Lender, including that certain general security agreement dated as of February 10, 2024 (the "**Existing Security**"). The Borrower hereby affirms and confirms the covenants and agreements contained in the Existing Security, affirms and confirms its prior pledges and grants of security on the assets of the Borrower as contemplated thereby to secure all of the Borrower's present and future indebtedness to the Lender, including, for greater certainty, the Loan, and confirms and acknowledges the Existing Security shall continue to be in full force and effect.
- 6.2 As further security for the payment, observance and performance of this Agreement, the Borrower agrees to deliver such other security as the Lender may

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require from time to time, in a form and manner satisfactory to the Lender (such other security, together with the Existing Security, the “**Security Documents**”, and each, a “**Security Document**”).

- 6.3 Each Security Document is given as additional, concurrent and collateral security to the remainder of the Security Documents and will not operate to merge, novate or discharge the Borrower’s obligations hereunder or under any of the other Security Documents. The execution and delivery of each Security Document will not in any way suspend or affect the present or future rights and remedies of the Lender in respect of the Loan or the Security Documents. No action or judgment taken by the Lender in respect of any of the Security Documents or with respect to the Loan will affect the liability of the Borrower hereunder and nothing but the actual payment in full to the Lender of the Loan will discharge the Borrower or any of the Security Documents.

## **7. Conditions Precedent**

- 7.1 As conditions precedent (the “**Conditions Precedent**”) to making the March 2024 Advance contemplated by this Agreement available to the Borrower, the Borrower shall provide to the Lender:

- (a) this Agreement duly executed and delivered, and
- (b) the authorizing resolution of all of the directors of the Borrower authorizing the entering into of this Agreement and matters ancillary thereto, in form and substance satisfactory to the Lender.

The Conditions Precedent are for the sole benefit of the Lender and may be waived by the Lender in whole or in part at any time.

- 7.2 The following Conditions Precedent shall apply to any Subsequent Advance made available to the Borrower:

- (a) the Borrower shall be in compliance with all representations, warranties and covenants contained in this Agreement;
- (b) no Event of Default shall have occurred and be continuing; and
- (c) the Security Documents shall continue in effect to create an enforceable security interest in the assets of the Borrower as provide in such Security Documents.

The Conditions Precedent are for the sole benefit of the Lender and may be waived by the Lender in whole or in part at any time.

## **8. Covenants**

- 8.1 The Borrower shall:

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- (a) pay all sums of money when due by it under this Agreement or in respect of the Existing Indebtedness;
- (b) provide the Lender with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute a an Event of Default;
- (c) deliver to the Lender at any time there is a change in corporate structure, an updated corporate organizational chart reflecting the corporate organization of the Borrower and any affiliates;
- (d) operate its business in accordance with sound business practices and in material compliance with all Applicable Laws (including those regarding ownership of Persons carrying on the type of business that it carries on), material contracts;
- (e) keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets;
- (f) file all tax returns which are filed by it from time to time, to pay or make provision for payment of all taxes (including interest and penalties) when due, and to provide adequate reserves for the payment of any tax, the payment of which is being contested;
- (g) comply in all material respects with all Applicable Laws;
- (h) comply with all terms and conditions of all insurance policies issued in respect of its assets or operations;
- (i) maintain its existence and maintain its qualification to do business in all jurisdictions where it carries on business;
- (j) keep proper books of account and records;
- (k) maintain itself in good standing and to obtain, as and when required, all permits and contracts that it requires to permit it to acquire, own, operate and maintain its business and property and perform its obligations under this Agreement and the Security Documents;
- (l) maintain, preserve and keep its property, plant and equipment in good repair, working order and condition (ordinary wear and tear excepted) and shall from time to time make all needed and proper repairs, renewals, replacements, additions and betterments thereto so that at all times the efficiency thereof shall be fully preserved and maintained;
- (m) maintain adequate records and books of account reflecting all financial transactions in conformity with generally accepted accounting principles and, when requested, upon reasonable notice and during normal business

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hours, forthwith make available for inspection by duly authorized representatives of the Lender any of its books and records and furnish the Lender with any information regarding its business affairs and financial condition;

- (n) maintain any and all tax obligations of the Borrower with all applicable Governmental Authorities current and in good standing;
- (o) make such filings as are required by or under, and deduct, pay, and/or remit all taxes, premiums, contributions, levies, fees and other amounts which the Borrower is required to deduct at source, pay and/or remit by or on behalf of the Borrower by or under, the legislation and regulations set out in Section 3.1(e) above or under any other legislation, regulations, rule or order, to any applicable authority having jurisdiction;
- (p) respond promptly and fully to any request received from a Governmental Authority and any other applicable tax authority;
- (q) immediately notify, or cause the notification of, the Lender of the receipt of any SRED Refunds and the amount thereof;
- (r) continue to disclose to the Lender all material information or facts that could materially adversely affect the eligibility of the SRED Claims;
- (s) carry on its business in a manner that is consistent with the provisions under the ITA and other applicable legislation and the regulations thereto, including, without limitations, such provisions that could bear upon or materially affect the eligibility of the SRED Claims;
- (t) prepare and file, or cause the preparation and filing of, the SRED Claims in a professional and diligent manner and in full compliance with the requirements and provisions of the ITA and other applicable legislation and the regulations thereto; and
- (u) do all acts and execute all instruments that are necessary to facilitate the filing, processing, receipt and disbursement of the SRED Refunds, including without limitation, the endorsement of any cheque or other payment instrument issued to the Borrower in respect of the SRED Refunds.

## 8.2 The Borrower shall not:

- (a) without the prior written consent of the Lender, make any acquisition or investment in respect of the shares, units or other interests of another Person or all or substantially all of the assets of another Person;
- (b) unless it has first obtained the prior written consent of the Lender, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person, or consent to or facilitate a change in the ownership of its shares;

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- (c) make any change whereby the nature of the business carried on by it would be materially altered;
- (d) (i) declare or pay any dividend, return of capital or other distribution in cash or property other than its own share capital, of, on or in respect of, any of its issued and outstanding capital, (ii) retire, redeem, retract, purchase, or otherwise acquire its own issued capital, reduce its stated capital or make any payment of any kind whatsoever to effect any of the foregoing, (iii) other than the issuance of stock options to eligible persons pursuant to any equity compensation plan currently in effect, pay any bonuses, management or similar fees unless they reflect the fair market value of services actually performed by the payees and no Event of Default has occurred and is continuing, or would result from payment;
- (e) make any payment on any debts owing to any related party;
- (f) make any payment on any subordinated debt;
- (g) create, incur, assume or permit the existence of any debt other than debt existing as of the date hereof or approved by the Lender;
- (h) do anything to adversely affect the validity of the Security Documents;
- (i) make any loans to employees or director, grant any guarantee or financial assistance, assume any contingent liability, make any investment or enter into any transactions with affiliates, except for those currently held and in amounts approved by the Lender;
- (j) enter into, or agree to enter into, any transaction that would result in, or otherwise cause or permit, a Change of Control of the Borrower;
- (k) make any capital expenditure unless such capital expenditure is reviewed and approved by the Lender, such approval not to be unreasonably withheld;
- (l) make any sale, transfer or other disposition of property other than: (i) sales of inventory in the ordinary course of business; (ii) dispositions of worn or obsolete equipment;

8.3 The covenants set forth in Sections 8.1 and 8.2 shall remain in effect and apply so long as the Borrower is indebted to the Lender.

## **9. Default**

9.1 Upon the occurrence of an Event of Default the Lender may, in its discretion and in addition to any other rights and powers held by the Lender:

- (a) declare the whole or any part of the Loan to be in default and immediately due and payable and thereupon the Loan and all other amounts owing hereunder will immediately become due and payable without presentment,



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demand, protest or notice of any kind, all of which are expressly waived by the Borrower;

- (b) demand payment of the Loan, and all other amounts owing hereunder, from the Borrower; and
- (c) exercise any or all of its remedies under this Agreement and the Security Documents.

For greater certainty, the Lender may immediately demand repayment the Loan and payment of all other amounts owing hereunder at any time notwithstanding that no Event of Default has occurred.

9.2 No remedy herein conferred on the Lender is intended to be exclusive and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise.

9.3 For the purposes of this Agreement, an “**Event of Default**” will mean any one of the following:

- (a) the Borrower fails to pay when due any principal, interest, fees or other amounts due under this Agreement;
- (b) the Borrower (i) fails to perform or observe any obligation; or (ii) breaches any provision in any material respect of this Agreement or the Security Documents;
- (c) the Borrower defaults in the payment of any obligation to any Person other than the Lender, or in the performance or observance of any agreement in respect of any such obligation where, as a result of such default, the maturity of such obligation is accelerated and all cure periods have expired;
- (d) any representation or warranty made or deemed to have been made herein or in any certificate or security provided for herein shall be false or inaccurate in any materially adverse respect;
- (e) there is, in the reasonable opinion of the Lender, a Change of Control or merger or material adverse change in, or a material adverse effect on, the financial condition, operation or ownership of the Borrower;
- (f) the Borrower is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;
- (g) any notice of intention is filed or any voluntary or involuntary case or proceeding is filed or commenced for (i) the bankruptcy, liquidation, winding-up, dissolution or suspension of general operations of the Borrower, or (ii) the composition, re-scheduling, reorganization, arrangement or readjustment of, or other relief from, or stay of proceedings

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to enforce, some or all of the debts of any of the Borrower (iii) the appointment of a trustee, receiver, receiver and manager, liquidator, administrator, custodian or other official for, all or any significant part of the assets of any of the Borrower, or (iv) the possession, foreclosure or retention, or sale or other disposition of, or other proceedings to enforce security over, all or any significant part of the assets of any of the Borrower;

- (h) any secured creditor, encumbrancer or lienor, or any trustee, receiver, receiver and manager, agent, bailiff or other similar official appointed by or acting for any secured creditor, encumbrancer or lienor, takes possession of or forecloses or retains, or sells or otherwise disposes of, or otherwise proceeds to enforce security over all or any significant part of the assets of any of the Borrower or gives notice of its intention to do any of the foregoing;
- (i) a judgment is rendered against the Borrower;
- (j) any provision of this Agreement or any Security Documents becomes invalid or unenforceable for any reason whatsoever, or the Borrower breaches, or is non-compliant with, any provision of any such document;
- (k) any governmental or regulatory approvals or licenses which are material to the business of the Borrower are revoked or suspended for any reason whatsoever; or
- (l) the Borrower defaults on any payment due to the Lender or any affiliate of the Lender, under any other agreement made between the Lender or any such affiliate and the Borrower, which default gives the Lender or such affiliate under the other agreement the right under such other agreement to accelerate the maturity of its debt thereunder, irrespective of whether or not the Lender or such affiliate actually does so.

#### **10. Legal and Other Expenses**

The Borrower shall forthwith pay on demand all of the Lender's legal fees and disbursements and taxes thereon (the "Legal Fees") for the preparation, negotiation and issue of this Agreement, the Security Documents and all other documents required hereby, the administration of the Loan (which may be performed by a third party administrator selected by the Lender but whose expenses are for the Borrower's account) and for all advances made hereunder including all searches and due diligence or cash advances. The Lender may withhold from any Subsequent Advance to pay the Legal Fees. The Borrower shall also pay the Legal Fees of the Lender in respect of the enforcement and preservation of the Lender's rights and remedies under this Agreement, the Security Documents or otherwise. The Borrower's obligations in this Section 10 shall survive the termination of this Agreement.

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**11. Representations and Warranties**

- 11.1 The Borrower hereby represents and covenants to the Lender that, as of the date hereof and as of the date of the first Advance and the dates of all subsequent Advances, as applicable:
- (a) it is a corporation duly formed and validly existing and is duly registered or qualified to carry on business in all jurisdictions where the nature of its properties, assets or business makes such registration or qualification necessary or desirable and is in good standing as a corporation under its jurisdiction of incorporation;
  - (b) the execution, delivery and performance by it of this Agreement and the Security Documents have been or will be duly authorized by all necessary actions and do not or will violate its constating documents or any Applicable Laws or agreements to which it is subject or by which it is bound and this Agreement and the Security Documents to which it is a party constitute, or will constitute, as applicable, legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their terms;
  - (c) no event has occurred hereunder which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default;
  - (d) it has filed all tax returns which were required to be filed by it, paid or made provision for payment of all taxes (including interest and penalties) which are due and payable, and provided adequate reserves for payment of any tax, the payment of which is being contested;
  - (e) it has good and marketable title to all of its properties and assets including without limitation all licenses, copyrights, trademarks and other intellectual property;
  - (f) it is in compliance in all material respects with all Applicable Laws;
  - (g) it is in material compliance with all material contracts;
  - (h) no permit is required, nor is any authorization, consent, approval or notice required under any material contract to which it is a party, in connection with its execution, delivery and performance of this Agreement or the Security Documents to which it is or will be a party or the incurrence of obligations under this Agreement or the Security Documents;
  - (i) there has been no event or circumstance that has had or could reasonably be expected to have a material adverse effect on the Borrower's business, or on the Borrower's ability to meet its obligations under this Agreement or the Security Documents;
  - (j) the net realizable value of its assets exceeds its total liabilities and the Borrower is able to meet its obligations as the same become due;

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- (k) there are no litigation proceedings, arbitration proceedings, insolvency proceedings, labour disputes, claims, actions, prosecutions or other proceedings of any kind existing, pending or, to the best of its knowledge, threatened against it, before any court or administrative agency or tribunal of any country which, separately or in the aggregate, could reasonably be expected to materially and adversely affect its financial condition, its assets or operations or its ability to perform its obligations under this Agreement, or the Security Documents;
- (l) it is in compliance with all terms and conditions of all insurance policies issued in respect its assets or operations;
- (m) it has disclosed to the Lender all material facts required to be disclosed pursuant to this Agreement;
- (n) it owns or is licensed or otherwise has the right to use all intellectual property that is necessary for the operation of its business, to its knowledge without material conflict with the rights of any other Person. If it is not the owner of any intellectual property used in its business, its right of use is not subject to termination unless the consequences of termination would not be material;
- (o) it has in full force and effect such policies of insurance in such amounts issued by insurers of recognized standing insuring its properties and operations in such a form as would be customarily held by Persons carrying on a similar business or owning similar assets;
- (p) it shall only use the proceeds of the Loan for the purposes outlined in Section 4;
- (q) all material or information submitted by the Borrower is complete and accurate in all material respects and the financial statements, certificates and other information concerning the Borrower's consolidated financial condition provided by the Borrower to the Lender represent fairly in all material respects, the consolidated financial position of the Borrower;
- (r) it has obtained and maintains (by the observance and performance of all obligations thereunder and conditions thereof) all government approvals required for it to carry on business;
- (s) it has disclosed all transactions with any of its affiliates to the Lender;
- (t) it has disclosed to the Lender an accurate corporate organizational chart indicating all of its subsidiaries, if any, and all affiliates;
- (u) the borrower is a Canadian Controlled Private Corporation as defined in the ITA;

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- (v) the Borrower has carried on its business in a manner that is consistent with the provisions under the ITA and other applicable legislation and the regulations thereto, including, without limitations, such provisions that could bear upon or materially affect the eligibility of the SRED Claims; and
- (w) save for any amounts due to any Governmental Authority which are to be paid from the proceeds of the Loan, the Borrower has deducted, paid, and/or remitted all taxes, premiums, contributions, levies, fees and other amounts which that party is required to deduct at source, pay and/or remit by or on behalf of itself or otherwise under any legislation including the ITA, *Excise Tax Act* (Canada), *Canada Pension Plan*, *Employment Insurance Act* (Canada), all applicable provincial legislation or any regulations to the foregoing or under any other legislation, rule or order, to any taxing authority having jurisdiction, and there are no liens for taxes payable by the Borrower.

## **12. Non-Assignment**

The Borrower may not assign any of its rights under this Agreement without the consent of the Lender, which consent may be unreasonably withheld. The Lender may assign its rights and obligations under this Agreement and the Security Documents upon written notice thereof to the Borrower and without the consent of the Borrower.

## **13. Criminal Rate of Interest**

In no event shall the aggregate "interest" (as defined in Section 347 (the "**Criminal Code Section**") of the *Criminal Code* (Canada)), payable to the Lender under this Loan Agreement exceed the effective annual rate of interest lawfully permitted under the Criminal Code Section. Further, if any payment, collection or demand pursuant to this Loan Agreement in respect of such "interest" is determined to be contrary to the provisions of the Criminal Code Section, such payment, collection, or demand shall be deemed to have been made by mutual mistake of the Lender and the Borrower and such "interest" shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in the receipt by the Lender of interest at a rate not in contravention of the Criminal Code Section.

## **14. Interest Act**

Each interest rate which is calculated under this Agreement on any basis other than a fully calendar year (the "deemed interest period") is, for the purposes of the *Interest Act* (Canada), equivalent to a yearly rate calculated by dividing such interest rate by the actual number of days in the deemed interest period, then multiplying such results by the actual number of days in the calendar year (365 or 366, as the case may be).

## **15. Amendment**

No amendment, waiver or modification of this Agreement or the Security Documents in whole or in part will be enforceable against the Lender unless it is in writing expressed to be a modification of this Agreement or the Security Documents, as the case may be.

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**16. Binding Effect**

This Agreement shall be binding on the Borrower and its successors and assigns and shall enure to the benefit of the Lender and its successors and assigns.

**17. Time is of the Essence**

Time is of the essence of this Agreement.

**18. Further Assurances**

The Borrower hereby covenants and agrees to execute such further and other documents and instruments and to do such further and other things as may be required by the Lender to implement and carry out the intent of this Agreement.

**19. Governing Law**

This Agreement shall be exclusively governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The courts of British Columbia shall have exclusive jurisdiction to hear and determine all disputes arising hereunder.

**20. Headings**

The headings appearing in this Agreement have been inserted for reference and as a matter of convenience and in no way define, limit or enlarge the scope or meaning of this Agreement or any provision hereof.

**21. Notices**

All notices, demands and payments required or permitted to be given hereunder shall be in writing and may be delivered personally, sent by e-mail or other electronic communication pursuant to procedures approved by the Lender, or may be forwarded by same-day or overnight courier to the addresses set forth on the first page of this Agreement or at such other address or addresses or e-mail addresses as may from time to time be notified in writing by the parties hereto. Any notice delivered or sent by e-mail or other electronic communication shall be deemed to have been given and received at the time of delivery. Any notice couriered as aforesaid shall be deemed to have been given and received on the expiration of 24 hours after it is posted.

**22. Severability**

Should any part of this Agreement be declared or held invalid for any reason, such invalidity shall not affect the validity of the remainder which shall continue in force and effect and be construed as if this Agreement had been executed without the invalid portion and it is hereby declared the intention of the parties hereto that this Agreement would have been executed without reference to any portion which may, for any reason, be hereafter declared or held invalid.

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**23. Amendment and Restatement**

This Agreement amends and restates the terms of the Historical Debt Instruments such that the Historical Debt Instruments are replaced in their entity by this Agreement.

**24. Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. Any party hereto may deliver an executed signature page to this Agreement by electronic transmission or DocuSign and such delivery will be as effective as delivery of a manually executed copy of this Agreement by such party.

***[Signature Pages Follows]***



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**BROOKRIDGE CHARTERED  
PROFESSIONAL ACCOUNTANTS  
INC., as Lender:**

By: 

Name: Douglas A. Mordy  
Title: Authorized Signatory

**FELIX PAYMENT SYSTEMS LTD, as  
Borrower:**

By: 

Name: Warren Hogg  
Title: C.T.O.

## SCHEDULE A

## GRID

[illegible]



**AMENDED AND RESTATED  
DEMAND LOAN AGREEMENT**

**THIS AMENDED AND RESTATED DEMAND LOAN AGREEMENT** (this “Agreement”) dated for reference March 27, 2024

**AMONG:**

**THE CA MORDY LEGACY TRUST**, a trust created under the laws of the Province of British Columbia and having an address at 650 – 1188 West Georgia Street, Vancouver, British Columbia, V6E 4A2

(the “**Lender**”)

**AND:**

**FELIX PAYMENT SYSTEMS LTD.**, a company incorporated under the laws of British Columbia and having its registered and records office address at 250 Howe Street, 20th Floor, Vancouver, British Columbia, V6C 3R8

(the “**Borrower**”)

**WHEREAS:**

- A. The Borrower is presently indebted to the Lender in the aggregate principal amount of \$666,000.00 (the “**Existing Principal**”) and all interest accrued thereon as of the date hereof, being \$158,576.61 (together with the Existing Principal, the “**Existing Indebtedness**”), pursuant to a series of promissory notes issued from time to time by the Borrower in favour of the Lender (collectively, the “**Historical Notes**”).
- B. The Borrower and the Lender are party to that certain demand loan agreement dated as of or about February 10, 2024 (the “**Original Loan Agreement**”, and together with Historical Notes, the “**Historical Debt Instruments**”) in respect of that certain promissory note dated as of February 10, 2024.
- C. As consideration for the March 2024 Advance (as defined below) and the ability to request Subsequent Advances (as defined below) on the terms and conditions set out herein, the Borrower and the Lender have agreed to enter into this Agreement to amend and restate the Historical Debt Instruments and to consolidate the Existing Indebtedness.
- D. The Borrower requires additional borrowings to fund its ongoing operations, and the Lender has agreed to make further advances to the Borrower in accordance with the terms and conditions hereof.

**NOW THEREFORE** the parties agree as follows:

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## 1. **Definitions**

- 1.1 When used in this Agreement or in any amendment hereto, the defined terms shall have the meaning assigned to them herein. In this Agreement:
- (a) **“Advance”** has the meaning set out in Section 2.3;
  - (b) **“Applicable Law”** means, in relation to any Person, property, transaction or event, all applicable provisions of: (a) statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations, treaties, declarations or orders of any Governmental Authority; (b) any consents or approvals of any Governmental Authority; and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority, in each case applicable to or binding upon such Person, property, transaction or event.
  - (c) **“Change of Control”** means the acquisition of the Borrower by another Person by means of any transaction or series of related transactions (including any reorganization, amalgamation, arrangement, merger or consolidation or share transfer, but excluding any such transaction effected primarily for the purpose of changing the domicile of the Borrower), unless the Borrower’s shareholders of record immediately prior to such transaction or series of related transactions hold, immediately after such transaction or series of related transactions, at least 65% of the voting power of the surviving or acquiring entity;
  - (d) **“Conditions Precedent”** has the meaning set out in Section 6.2;
  - (e) **“Event of Default”** has the meaning set out in Section 9.3;
  - (f) **“Existing Indebtedness”** has the meaning set out in the recitals hereto;
  - (g) **“Existing Security”** has the meaning set out in Section 6.1;
  - (h) **“Governmental Authority”** means the government of Canada or of any other nation, or of any political subdivision thereof, whether state, provincial, territorial, local or municipal and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including, without limitation, the Canada Revenue Agency;
  - (i) **“Grid”** has the meaning set out in Section 2.2;
  - (j) **“ITA”** means the *Income Tax Act* (Canada) and regulations promulgated thereunder;

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- (k) **"Historical Debt Instruments"** has the meaning set out in the recitals hereto;
- (l) **"Legal Fees"** has the meaning set out in Section 10;
- (m) **"Loan"** has the meaning set out in Section 6.2;
- (n) **"March 2024 Advance"** has the meaning set out in Section 2.2;
- (o) **"Person"** includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government, a Governmental Authority or any department or agency thereof, and any other incorporated or unincorporated entity;
- (p) **"Security Documents"** has the meaning set out in Section 6.2;
- (q) **"SRED Claims"** means the T661 Scientific Research and Experimental Development (SR&ED) expenditures claims claimed for the Borrower's 2023 fiscal year and all subsequent years;
- (r) **"SRED Refunds"** means any federal and provincial cash refund investment tax credits received by the Borrower or its agent in connection with any SRED Claims; and
- (s) **"Subsequent Advance"** has the meaning set out in Section 2.3.

1.2 All dollar amounts in this Agreement are in Canadian dollars.

## 2. **Loan**

- 2.1 The Borrower acknowledges and confirms the Existing Indebtedness.
- 2.2 The Lender shall, on the terms and conditions of this Agreement, advance to the Borrower the amount of \$15,000.00 (the **"March 2024 Advance"**, and together with the Existing Indebtedness and any Subsequent Advances, the **"Loan"**) which shall be due immediately upon demand.
- 2.3 The Borrower may request subsequent advances (each a **"Subsequent Advance"** and collectively, the **"Subsequent Advances"** as outstanding from time to time), which such Subsequent Advance may be made by the Lender and set forth in the grid attached as Schedule "A" hereto (the **"Grid"**).
- 2.4 Any Subsequent Advance will be made solely at the discretion of the Lender and be due immediately upon demand, and the Lender is under no obligation under this Agreement or otherwise to make any Subsequent Advance to the Borrower.
- 2.5 Any Subsequent Advances and any partial prepayments of the Loan hereunder shall be recorded on the Grid, which may be so amended, supplemented, restated or otherwise modified from time to time by means of an instrument in writing signed by the Lender. Other than in cases of manifest error, the Borrower agrees that the

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entries by the Lender on the Grid of payments shall be prima facie proof of the matters so recorded. The Lender will give the undersigned written confirmation upon request of all notations made by it on the Grid, provided that the failure by the Lender to give such confirmation shall not impair the validity of any notation.

**3. Interest**

The principal amount of the Loan outstanding at any time (which, for greater certainty, includes the Existing Indebtedness, the March 2024 Advance and any Subsequent Advances), and from time to time, and any overdue interest, shall bear simple interest at 15% per annum, both before and after the maturity, default, demand and judgment, and be calculated monthly, and will be owing on demand.

**4. Purpose**

The Borrower acknowledges that the Loan is for use by the Borrower only and will be used by the Borrower only for business purposes as general working capital and for general corporate requirements.

**5. Repayment Due on Demand**

- 5.1 The Loan (including the Existing Indebtedness) and any portion outstanding thereof will be immediately repayable in full upon demand from the Lender to the Borrower.
- 5.2 The Loan and all interest accrued thereon, in whole or in part, may be repaid by the Borrower without penalty or bonus at any time after delivery of a notice of repayment to the Lender at least seven (7) days prior to the date of repayment.
- 5.3 All payments to be made by the Borrower to the Lender under this Agreement shall be made to the Lender by wire transfer, cheque, direct deposit or bank draft in immediately available funds to such accounts of the Lender as the Lender may direct from time to time.

**6. Security**

- 6.1 To secure the payment and performance of the Borrower's obligations under the Existing Indebtedness and all future indebtedness of the Borrower to the Lender, the Borrower granted certain security in favour of the Lender, including that certain general security agreement dated as of February 10, 2024 (the "Existing Security"). The Borrower hereby affirms and confirms the covenants and agreements contained in the Existing Security, affirms and confirms its prior pledges and grants of security on the assets of the Borrower as contemplated thereby to secure all of the Borrower's present and future indebtedness to the Lender, including, for greater certainty, the Loan, and confirms and acknowledges the Existing Security shall continue to be in full force and effect.
- 6.2 As further security for the payment, observance and performance of this Agreement, the Borrower agrees to deliver such other security as the Lender may



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require from time to time, in a form and manner satisfactory to the Lender (such other security, together with the Existing Security, the “**Security Documents**”, and each, a “**Security Document**”).

- 6.3 Each Security Document is given as additional, concurrent and collateral security to the remainder of the Security Documents and will not operate to merge, novate or discharge the Borrower's obligations hereunder or under any of the other Security Documents. The execution and delivery of each Security Document will not in any way suspend or affect the present or future rights and remedies of the Lender in respect of the Loan or the Security Documents. No action or judgment taken by the Lender in respect of any of the Security Documents or with respect to the Loan will affect the liability of the Borrower hereunder and nothing but the actual payment in full to the Lender of the Loan will discharge the Borrower or any of the Security Documents.

## **7. Conditions Precedent**

- 7.1 As conditions precedent (the “**Conditions Precedent**”) to making the March 2024 Advance contemplated by this Agreement available to the Borrower, the Borrower shall provide to the Lender:

- (a) this Agreement duly executed and delivered, and
- (b) the authorizing resolution of all of the directors of the Borrower authorizing the entering into of this Agreement and matters ancillary thereto, in form and substance satisfactory to the Lender.

The Conditions Precedent are for the sole benefit of the Lender and may be waived by the Lender in whole or in part at any time.

- 7.2 The following Conditions Precedent shall apply to any Subsequent Advance made available to the Borrower:

- (a) the Borrower shall be in compliance with all representations, warranties and covenants contained in this Agreement;
- (b) no Event of Default shall have occurred and be continuing; and
- (c) the Security Documents shall continue in effect to create an enforceable security interest in the assets of the Borrower as provide in such Security Documents.

The Conditions Precedent are for the sole benefit of the Lender and may be waived by the Lender in whole or in part at any time.

## **8. Covenants**

- 8.1 The Borrower shall:

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- (a) pay all sums of money when due by it under this Agreement or in respect of the Existing Indebtedness;
- (b) provide the Lender with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute a an Event of Default;
- (c) deliver to the Lender at any time there is a change in corporate structure, an updated corporate organizational chart reflecting the corporate organization of the Borrower and any affiliates;
- (d) operate its business in accordance with sound business practices and in material compliance with all Applicable Laws (including those regarding ownership of Persons carrying on the type of business that it carries on), material contracts;
- (e) keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets;
- (f) file all tax returns which are filed by it from time to time, to pay or make provision for payment of all taxes (including interest and penalties) when due, and to provide adequate reserves for the payment of any tax, the payment of which is being contested;
- (g) comply in all material respects with all Applicable Laws;
- (h) comply with all terms and conditions of all insurance policies issued in respect of its assets or operations;
- (i) maintain its existence and maintain its qualification to do business in all jurisdictions where it carries on business;
- (j) keep proper books of account and records;
- (k) maintain itself in good standing and to obtain, as and when required, all permits and contracts that it requires to permit it to acquire, own, operate and maintain its business and property and perform its obligations under this Agreement and the Security Documents;
- (l) maintain, preserve and keep its property, plant and equipment in good repair, working order and condition (ordinary wear and tear excepted) and shall from time to time make all needed and proper repairs, renewals, replacements, additions and betterments thereto so that at all times the efficiency thereof shall be fully preserved and maintained;
- (m) maintain adequate records and books of account reflecting all financial transactions in conformity with generally accepted accounting principles and, when requested, upon reasonable notice and during normal business

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hours, forthwith make available for inspection by duly authorized representatives of the Lender any of its books and records and furnish the Lender with any information regarding its business affairs and financial condition;

- (n) maintain any and all tax obligations of the Borrower with all applicable Governmental Authorities current and in good standing;
- (o) make such filings as are required by or under, and deduct, pay, and/or remit all taxes, premiums, contributions, levies, fees and other amounts which the Borrower is required to deduct at source, pay and/or remit by or on behalf of the Borrower by or under, the legislation and regulations set out in Section 3.1(e) above or under any other legislation, regulations, rule or order, to any applicable authority having jurisdiction;
- (p) respond promptly and fully to any request received from a Governmental Authority and any other applicable tax authority;
- (q) immediately notify, or cause the notification of, the Lender of the receipt of any SRED Refunds and the amount thereof;
- (r) continue to disclose to the Lender all material information or facts that could materially adversely affect the eligibility of the SRED Claims;
- (s) carry on its business in a manner that is consistent with the provisions under the ITA and other applicable legislation and the regulations thereto, including, without limitations, such provisions that could bear upon or materially affect the eligibility of the SRED Claims;
- (t) prepare and file, or cause the preparation and filing of, the SRED Claims in a professional and diligent manner and in full compliance with the requirements and provisions of the ITA and other applicable legislation and the regulations thereto; and
- (u) do all acts and execute all instruments that are necessary to facilitate the filing, processing, receipt and disbursement of the SRED Refunds, including without limitation, the endorsement of any cheque or other payment instrument issued to the Borrower in respect of the SRED Refunds.

**8.2 The Borrower shall not:**

- (a) without the prior written consent of the Lender, make any acquisition or investment in respect of the shares, units or other interests of another Person or all or substantially all of the assets of another Person;
- (b) unless it has first obtained the prior written consent of the Lender, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person, or consent to or facilitate a change in the ownership of its shares;

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- (c) make any change whereby the nature of the business carried on by it would be materially altered;
- (d) (i) declare or pay any dividend, return of capital or other distribution in cash or property other than its own share capital, of, on or in respect of, any of its issued and outstanding capital, (ii) retire, redeem, retract, purchase, or otherwise acquire its own issued capital, reduce its stated capital or make any payment of any kind whatsoever to effect any of the foregoing, (iii) other than the issuance of stock options to eligible persons pursuant to any equity compensation plan currently in effect, pay any bonuses, management or similar fees unless they reflect the fair market value of services actually performed by the payees and no Event of Default has occurred and is continuing, or would result from payment;
- (e) make any payment on any debts owing to any related party;
- (f) make any payment on any subordinated debt;
- (g) create, incur, assume or permit the existence of any debt other than debt existing as of the date hereof or approved by the Lender;
- (h) do anything to adversely affect the validity of the Security Documents;
- (i) make any loans to employees or director, grant any guarantee or financial assistance, assume any contingent liability, make any investment or enter into any transactions with affiliates, except for those currently held and in amounts approved by the Lender;
- (j) enter into, or agree to enter into, any transaction that would result in, or otherwise cause or permit, a Change of Control of the Borrower;
- (k) make any capital expenditure unless such capital expenditure is reviewed and approved by the Lender, such approval not to be unreasonably withheld;
- (l) make any sale, transfer or other disposition of property other than: (i) sales of inventory in the ordinary course of business; (ii) dispositions of worn or obsolete equipment;

8.3 The covenants set forth in Sections 8.1 and 8.2 shall remain in effect and apply so long as the Borrower is indebted to the Lender.

## **9. Default**

9.1 Upon the occurrence of an Event of Default the Lender may, in its discretion and in addition to any other rights and powers held by the Lender:

- (a) declare the whole or any part of the Loan to be in default and immediately due and payable and thereupon the Loan and all other amounts owing hereunder will immediately become due and payable without presentment,

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demand, protest or notice of any kind, all of which are expressly waived by the Borrower;

- (b) demand payment of the Loan, and all other amounts owing hereunder, from the Borrower; and
- (c) exercise any or all of its remedies under this Agreement and the Security Documents.

For greater certainty, the Lender may immediately demand repayment the Loan and payment of all other amounts owing hereunder at any time notwithstanding that no Event of Default has occurred.

- 9.2 No remedy herein conferred on the Lender is intended to be exclusive and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise.
- 9.3 For the purposes of this Agreement, an “**Event of Default**” will mean any one of the following:
  - (a) the Borrower fails to pay when due any principal, interest, fees or other amounts due under this Agreement;
  - (b) the Borrower (i) fails to perform or observe any obligation; or (ii) breaches any provision in any material respect of this Agreement or the Security Documents;
  - (c) the Borrower defaults in the payment of any obligation to any Person other than the Lender, or in the performance or observance of any agreement in respect of any such obligation where, as a result of such default, the maturity of such obligation is accelerated and all cure periods have expired;
  - (d) any representation or warranty made or deemed to have been made herein or in any certificate or security provided for herein shall be false or inaccurate in any materially adverse respect;
  - (e) there is, in the reasonable opinion of the Lender, a Change of Control or merger or material adverse change in, or a material adverse effect on, the financial condition, operation or ownership of the Borrower;
  - (f) the Borrower is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;
  - (g) any notice of intention is filed or any voluntary or involuntary case or proceeding is filed or commenced for (i) the bankruptcy, liquidation, winding-up, dissolution or suspension of general operations of the Borrower, or (ii) the composition, re-scheduling, reorganization, arrangement or readjustment of, or other relief from, or stay of proceedings

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to enforce, some or all of the debts of any of the Borrower (iii) the appointment of a trustee, receiver, receiver and manager, liquidator, administrator, custodian or other official for, all or any significant part of the assets of any of the Borrower, or (iv) the possession, foreclosure or retention, or sale or other disposition of, or other proceedings to enforce security over, all or any significant part of the assets of any of the Borrower;

- (h) any secured creditor, encumbrancer or lienor, or any trustee, receiver, receiver and manager, agent, bailiff or other similar official appointed by or acting for any secured creditor, encumbrancer or lienor, takes possession of or forecloses or retains, or sells or otherwise disposes of, or otherwise proceeds to enforce security over all or any significant part of the assets of any of the Borrower or gives notice of its intention to do any of the foregoing;
- (i) a judgment is rendered against the Borrower;
- (j) any provision of this Agreement or any Security Documents becomes invalid or unenforceable for any reason whatsoever, or the Borrower breaches, or is non-compliant with, any provision of any such document;
- (k) any governmental or regulatory approvals or licenses which are material to the business of the Borrower are revoked or suspended for any reason whatsoever; or
- (l) the Borrower defaults on any payment due to the Lender or any affiliate of the Lender, under any other agreement made between the Lender or any such affiliate and the Borrower, which default gives the Lender or such affiliate under the other agreement the right under such other agreement to accelerate the maturity of its debt thereunder, irrespective of whether or not the Lender or such affiliate actually does so.

#### **10. Legal and Other Expenses**

The Borrower shall forthwith pay on demand all of the Lender's legal fees and disbursements and taxes thereon (the "Legal Fees") for the preparation, negotiation and issue of this Agreement, the Security Documents and all other documents required hereby, the administration of the Loan (which may be performed by a third party administrator selected by the Lender but whose expenses are for the Borrower's account) and for all advances made hereunder including all searches and due diligence or cash advances. The Lender may withhold from any Subsequent Advance to pay the Legal Fees. The Borrower shall also pay the Legal Fees of the Lender in respect of the enforcement and preservation of the Lender's rights and remedies under this Agreement, the Security Documents or otherwise. The Borrower's obligations in this Section 10 shall survive the termination of this Agreement.



**11. Representations and Warranties**

11.1 The Borrower hereby represents and covenants to the Lender that, as of the date hereof and as of the date of the first Advance and the dates of all subsequent Advances, as applicable:

- (a) it is a corporation duly formed and validly existing and is duly registered or qualified to carry on business in all jurisdictions where the nature of its properties, assets or business makes such registration or qualification necessary or desirable and is in good standing as a corporation under its jurisdiction of incorporation;
- (b) the execution, delivery and performance by it of this Agreement and the Security Documents have been or will be duly authorized by all necessary actions and do not or will violate its constituting documents or any Applicable Laws or agreements to which it is subject or by which it is bound and this Agreement and the Security Documents to which it is a party constitute, or will constitute, as applicable, legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their terms;
- (c) no event has occurred hereunder which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default;
- (d) it has filed all tax returns which were required to be filed by it, paid or made provision for payment of all taxes (including interest and penalties) which are due and payable, and provided adequate reserves for payment of any tax, the payment of which is being contested;
- (e) it has good and marketable title to all of its properties and assets including without limitation all licenses, copyrights, trademarks and other intellectual property;
- (f) it is in compliance in all material respects with all Applicable Laws;
- (g) it is in material compliance with all material contracts;
- (h) no permit is required, nor is any authorization, consent, approval or notice required under any material contract to which it is a party, in connection with its execution, delivery and performance of this Agreement or the Security Documents to which it is or will be a party or the incurrence of obligations under this Agreement or the Security Documents;
- (i) there has been no event or circumstance that has had or could reasonably be expected to have a material adverse effect on the Borrower's business, or on the Borrower's ability to meet its obligations under this Agreement or the Security Documents;
- (j) the net realizable value of its assets exceeds its total liabilities and the Borrower is able to meet its obligations as the same become due;



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- (k) there are no litigation proceedings, arbitration proceedings, insolvency proceedings, labour disputes, claims, actions, prosecutions or other proceedings of any kind existing, pending or, to the best of its knowledge, threatened against it, before any court or administrative agency or tribunal of any country which, separately or in the aggregate, could reasonably be expected to materially and adversely affect its financial condition, its assets or operations or its ability to perform its obligations under this Agreement, or the Security Documents;
- (l) it is in compliance with all terms and conditions of all insurance policies issued in respect its assets or operations;
- (m) it has disclosed to the Lender all material facts required to be disclosed pursuant to this Agreement;
- (n) it owns or is licensed or otherwise has the right to use all intellectual property that is necessary for the operation of its business, to its knowledge without material conflict with the rights of any other Person. If it is not the owner of any intellectual property used in its business, its right of use is not subject to termination unless the consequences of termination would not be material;
- (o) it has in full force and effect such policies of insurance in such amounts issued by insurers of recognized standing insuring its properties and operations in such a form as would be customarily held by Persons carrying on a similar business or owning similar assets;
- (p) it shall only use the proceeds of the Loan for the purposes outlined in Section 4;
- (q) all material or information submitted by the Borrower is complete and accurate in all material respects and the financial statements, certificates and other information concerning the Borrower's consolidated financial condition provided by the Borrower to the Lender represent fairly in all material respects, the consolidated financial position of the Borrower;
- (r) it has obtained and maintains (by the observance and performance of all obligations thereunder and conditions thereof) all government approvals required for it to carry on business;
- (s) it has disclosed all transactions with any of its affiliates to the Lender;
- (t) it has disclosed to the Lender an accurate corporate organizational chart indicating all of its subsidiaries, if any, and all affiliates;
- (u) the borrower is a Canadian Controlled Private Corporation as defined in the ITA;

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- (v) the Borrower has carried on its business in a manner that is consistent with the provisions under the ITA and other applicable legislation and the regulations thereto, including, without limitations, such provisions that could bear upon or materially affect the eligibility of the SRED Claims; and
- (w) save for any amounts due to any Governmental Authority which are to be paid from the proceeds of the Loan, the Borrower has deducted, paid, and/or remitted all taxes, premiums, contributions, levies, fees and other amounts which that party is required to deduct at source, pay and/or remit by or on behalf of itself or otherwise under any legislation including the ITA, *Excise Tax Act* (Canada), *Canada Pension Plan*, *Employment Insurance Act* (Canada), all applicable provincial legislation or any regulations to the foregoing or under any other legislation, rule or order, to any taxing authority having jurisdiction, and there are no liens for taxes payable by the Borrower.

## **12. Non-Assignment**

The Borrower may not assign any of its rights under this Agreement without the consent of the Lender, which consent may be unreasonably withheld. The Lender may assign its rights and obligations under this Agreement and the Security Documents upon written notice thereof to the Borrower and without the consent of the Borrower.

## **13. Criminal Rate of Interest**

In no event shall the aggregate "interest" (as defined in Section 347 (the "**Criminal Code Section**") of the *Criminal Code* (Canada)), payable to the Lender under this Loan Agreement exceed the effective annual rate of interest lawfully permitted under the Criminal Code Section. Further, if any payment, collection or demand pursuant to this Loan Agreement in respect of such "interest" is determined to be contrary to the provisions of the Criminal Code Section, such payment, collection, or demand shall be deemed to have been made by mutual mistake of the Lender and the Borrower and such "interest" shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in the receipt by the Lender of interest at a rate not in contravention of the Criminal Code Section.

## **14. Interest Act**

Each interest rate which is calculated under this Agreement on any basis other than a fully calendar year (the "deemed interest period") is, for the purposes of the *Interest Act* (Canada), equivalent to a yearly rate calculated by dividing such interest rate by the actual number of days in the deemed interest period, then multiplying such results by the actual number of days in the calendar year (365 or 366, as the case may be).

## **15. Amendment**

No amendment, waiver or modification of this Agreement or the Security Documents in whole or in part will be enforceable against the Lender unless it is in writing expressed to be a modification of this Agreement or the Security Documents, as the case may be.

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**16. Binding Effect**

This Agreement shall be binding on the Borrower and its successors and assigns and shall enure to the benefit of the Lender and its successors and assigns.

**17. Time is of the Essence**

Time is of the essence of this Agreement.

**18. Further Assurances**

The Borrower hereby covenants and agrees to execute such further and other documents and instruments and to do such further and other things as may be required by the Lender to implement and carry out the intent of this Agreement.

**19. Governing Law**

This Agreement shall be exclusively governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The courts of British Columbia shall have exclusive jurisdiction to hear and determine all disputes arising hereunder.

**20. Headings**

The headings appearing in this Agreement have been inserted for reference and as a matter of convenience and in no way define, limit or enlarge the scope or meaning of this Agreement or any provision hereof.

**21. Notices**

All notices, demands and payments required or permitted to be given hereunder shall be in writing and may be delivered personally, sent by e-mail or other electronic communication pursuant to procedures approved by the Lender, or may be forwarded by same-day or overnight courier to the addresses set forth on the first page of this Agreement or at such other address or addresses or e-mail addresses as may from time to time be notified in writing by the parties hereto. Any notice delivered or sent by e-mail or other electronic communication shall be deemed to have been given and received at the time of delivery. Any notice couriered as aforesaid shall be deemed to have been given and received on the expiration of 24 hours after it is posted.

**22. Severability**

Should any part of this Agreement be declared or held invalid for any reason, such invalidity shall not affect the validity of the remainder which shall continue in force and effect and be construed as if this Agreement had been executed without the invalid portion and it is hereby declared the intention of the parties hereto that this Agreement would have been executed without reference to any portion which may, for any reason, be hereafter declared or held invalid.

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**23. Amendment and Restatement**

This Agreement amends and restates the terms of the Historical Debt Instruments such that the Historical Debt Instruments are replaced in their entity by this Agreement.

**24. Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. Any party hereto may deliver an executed signature page to this Agreement by electronic transmission or DocuSign and such delivery will be as effective as delivery of a manually executed copy of this Agreement by such party.

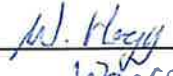
***[Signature Pages Follows]***

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**THE CA MORDY LEGACY TRUST,  
as Lender, by its trustee:**

  
\_\_\_\_\_  
Douglas A. Mordy

**FELIX PAYMENT SYSTEMS LTD, as  
Borrower:**

By:   
\_\_\_\_\_  
Name: Warren Hogg  
Title: C.T.O.

## SCHEDULE A

## GRID

[illegible]





**AMENDED AND RESTATED  
DEMAND LOAN AGREEMENT**

**THIS AMENDED AND RESTATED DEMAND LOAN AGREEMENT** (this “**Agreement**”) dated for reference March 27, 2024

**AMONG:**

**JAKE BOXER**, an individual residing in Vancouver, British Columbia  
(the “**Lender**”)

**AND:**

**FELIX PAYMENT SYSTEMS LTD.**, a company incorporated under the laws of British Columbia and having its registered and records office address at 250 Howe Street, 20th Floor, Vancouver, British Columbia, V6C 3R8  
(the “**Borrower**”)

**WHEREAS:**

- A. The Borrower is presently indebted to the Lender in the aggregate principal amount of \$ 1,386,000.00 (the “**Existing Principal**”) and all interest accrued thereon as of the date hereof, being \$278,062.81 (together with the Existing Principal, the “**Existing Indebtedness**”), pursuant to a series of promissory notes issued from time to time by the Borrower in favour of the Lender (collectively, the “**Historical Notes**”).
- B. The Borrower and the Lender are party to that certain demand loan agreement dated as of or about February 10, 2024 (the “**Original Loan Agreement**”, and together with Historical Notes, the “**Historical Debt Instruments**”) in respect of that certain promissory note dated as of February 10, 2024.
- C. As consideration for the March 2024 Advance (as defined below) and the ability to request Subsequent Advances (as defined below) on the terms and conditions set out herein, the Borrower and the Lender have agreed to enter into this Agreement to amend and restate the Historical Debt Instruments and to consolidate the Existing Indebtedness.
- D. The Borrower requires additional borrowings to fund its ongoing operations, and the Lender has agreed to make further advances to the Borrower in accordance with the terms and conditions hereof.

**NOW THEREFORE** the parties agree as follows:

**1. Definitions**

1.1 When used in this Agreement or in any amendment hereto, the defined terms shall have the meaning assigned to them herein. In this Agreement:

- (a) “**Advance**” has the meaning set out in Section 2.3;

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- (b) **“Applicable Law”** means, in relation to any Person, property, transaction or event, all applicable provisions of: (a) statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations, treaties, declarations or orders of any Governmental Authority; (b) any consents or approvals of any Governmental Authority; and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority, in each case applicable to or binding upon such Person, property, transaction or event.
- (c) **“Change of Control”** means the acquisition of the Borrower by another Person by means of any transaction or series of related transactions (including any reorganization, amalgamation, arrangement, merger or consolidation or share transfer, but excluding any such transaction effected primarily for the purpose of changing the domicile of the Borrower), unless the Borrower’s shareholders of record immediately prior to such transaction or series of related transactions hold, immediately after such transaction or series of related transactions, at least 65% of the voting power of the surviving or acquiring entity;
- (d) **“Conditions Precedent”** has the meaning set out in Section 6.2;
- (e) **“Event of Default”** has the meaning set out in Section 9.3;
- (f) **“Existing Indebtedness”** has the meaning set out in the recitals hereto;
- (g) **“Existing Security”** has the meaning set out in Section 6.1;
- (h) **“Governmental Authority”** means the government of Canada or of any other nation, or of any political subdivision thereof, whether state, provincial, territorial, local or municipal and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including, without limitation, the Canada Revenue Agency;
- (i) **“Grid”** has the meaning set out in Section 2.2;
- (j) **“ITA”** means the *Income Tax Act* (Canada) and regulations promulgated thereunder;
- (k) **“Historical Debt Instruments”** has the meaning set out in the recitals hereto;
- (l) **“Legal Fees”** has the meaning set out in Section 10;
- (m) **“Loan”** has the meaning set out in Section 6.2;
- (n) **“March 2024 Advance”** has the meaning set out in Section 2.2;

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- (o) **"Person"** includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government, a Governmental Authority or any department or agency thereof, and any other incorporated or unincorporated entity;
- (p) **"Security Documents"** has the meaning set out in Section 6.2;
- (q) **"SRED Claims"** means the T661 Scientific Research and Experimental Development (SR&ED) expenditures claims claimed for the Borrower's 2023 fiscal year and all subsequent years;
- (r) **"SRED Refunds"** means any federal and provincial cash refund investment tax credits received by the Borrower or its agent in connection with any SRED Claims; and
- (s) **"Subsequent Advance"** has the meaning set out in Section 2.3.

1.2 All dollar amounts in this Agreement are in Canadian dollars.

## 2. **Loan**

- 2.1 The Borrower acknowledges and confirms the Existing Indebtedness.
- 2.2 The Lender shall, on the terms and conditions of this Agreement, advance to the Borrower the amount of \$30,000.00 (the **"March 2024 Advance"**, and together with the Existing Indebtedness and any Subsequent Advances, the **"Loan"**) which shall be due immediately upon demand.
- 2.3 The Borrower may request subsequent advances (each a **"Subsequent Advance"** and collectively, the **"Subsequent Advances"** as outstanding from time to time), which such Subsequent Advance may be made by the Lender and set forth in the grid attached as Schedule "A" hereto (the **"Grid"**).
- 2.4 Any Subsequent Advance will be made solely at the discretion of the Lender and be due immediately upon demand, and the Lender is under no obligation under this Agreement or otherwise to make any Subsequent Advance to the Borrower.
- 2.5 Any Subsequent Advances and any partial prepayments of the Loan hereunder shall be recorded on the Grid, which may be so amended, supplemented, restated or otherwise modified from time to time by means of an instrument in writing signed by the Lender. Other than in cases of manifest error, the Borrower agrees that the entries by the Lender on the Grid of payments shall be prima facie proof of the matters so recorded. The Lender will give the undersigned written confirmation upon request of all notations made by it on the Grid, provided that the failure by the Lender to give such confirmation shall not impair the validity of any notation.

## 3. **Interest**

The principal amount of the Loan outstanding at any time (which, for greater certainty, includes the Existing Indebtedness, the March 2024 Advance and any Subsequent Advances), and from time to time, and any overdue interest, shall bear simple interest at 15% per annum, both before

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and after the maturity, default, demand and judgment, and be calculated monthly, and will be owing on demand.

**4. Purpose**

The Borrower acknowledges that the Loan is for use by the Borrower only and will be used by the Borrower only for business purposes as general working capital and for general corporate requirements.

**5. Repayment Due on Demand**

- 5.1 The Loan (including the Existing Indebtedness) and any portion outstanding thereof will be immediately repayable in full upon demand from the Lender to the Borrower.
- 5.2 The Loan and all interest accrued thereon, in whole or in part, may be repaid by the Borrower without penalty or bonus at any time after delivery of a notice of repayment to the Lender at least seven (7) days prior to the date of repayment.
- 5.3 All payments to be made by the Borrower to the Lender under this Agreement shall be made to the Lender by wire transfer, cheque, direct deposit or bank draft in immediately available funds to such accounts of the Lender as the Lender may direct from time to time.

**6. Security**

- 6.1 To secure the payment and performance of the Borrower's obligations under the Existing Indebtedness and all future indebtedness of the Borrower to the Lender, the Borrower granted certain security in favour of the Lender, including that certain general security agreement dated as of February 10, 2024 (the "**Existing Security**"). The Borrower hereby affirms and confirms the covenants and agreements contained in the Existing Security, affirms and confirms its prior pledges and grants of security on the assets of the Borrower as contemplated thereby to secure all of the Borrower's present and future indebtedness to the Lender, including, for greater certainty, the Loan, and confirms and acknowledges the Existing Security shall continue to be in full force and effect.
- 6.2 As further security for the payment, observance and performance of this Agreement, the Borrower agrees to deliver such other security as the Lender may require from time to time, in a form and manner satisfactory to the Lender (such other security, together with the Existing Security, the "**Security Documents**", and each, a "**Security Document**").
- 6.3 Each Security Document is given as additional, concurrent and collateral security to the remainder of the Security Documents and will not operate to merge, novate or discharge the Borrower's obligations hereunder or under any of the other Security Documents. The execution and delivery of each Security Document will not in any way suspend or affect the present or future rights and remedies of the Lender in respect of the Loan or the Security Documents. No action or judgment taken by the Lender in respect of any of the Security Documents or with respect to

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the Loan will affect the liability of the Borrower hereunder and nothing but the actual payment in full to the Lender of the Loan will discharge the Borrower or any of the Security Documents.

## **7. Conditions Precedent**

7.1 As conditions precedent (the “**Conditions Precedent**”) to making the March 2024 Advance contemplated by this Agreement available to the Borrower, the Borrower shall provide to the Lender:

- (a) this Agreement duly executed and delivered, and
- (b) the authorizing resolution of all of the directors of the Borrower authorizing the entering into of this Agreement and matters ancillary thereto, in form and substance satisfactory to the Lender.

The Conditions Precedent are for the sole benefit of the Lender and may be waived by the Lender in whole or in part at any time.

7.2 The following Conditions Precedent shall apply to any Subsequent Advance made available to the Borrower:

- (a) the Borrower shall be in compliance with all representations, warranties and covenants contained in this Agreement;
- (b) no Event of Default shall have occurred and be continuing; and
- (c) the Security Documents shall continue in effect to create an enforceable security interest in the assets of the Borrower as provide in such Security Documents.

The Conditions Precedent are for the sole benefit of the Lender and may be waived by the Lender in whole or in part at any time.

## **8. Covenants**

8.1 The Borrower shall:

- (a) pay all sums of money when due by it under this Agreement or in respect of the Existing Indebtedness;
- (b) provide the Lender with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute a an Event of Default;
- (c) deliver to the Lender at any time there is a change in corporate structure, an updated corporate organizational chart reflecting the corporate organization of the Borrower and any affiliates;
- (d) operate its business in accordance with sound business practices and in material compliance with all Applicable Laws (including those regarding

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ownership of Persons carrying on the type of business that it carries on), material contracts;

- (e) keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets;
- (f) file all tax returns which are filed by it from time to time, to pay or make provision for payment of all taxes (including interest and penalties) when due, and to provide adequate reserves for the payment of any tax, the payment of which is being contested;
- (g) comply in all material respects with all Applicable Laws;
- (h) comply with all terms and conditions of all insurance policies issued in respect of its assets or operations;
- (i) maintain its existence and maintain its qualification to do business in all jurisdictions where it carries on business;
- (j) keep proper books of account and records;
- (k) maintain itself in good standing and to obtain, as and when required, all permits and contracts that it requires to permit it to acquire, own, operate and maintain its business and property and perform its obligations under this Agreement and the Security Documents;
- (l) maintain, preserve and keep its property, plant and equipment in good repair, working order and condition (ordinary wear and tear excepted) and shall from time to time make all needed and proper repairs, renewals, replacements, additions and betterments thereto so that at all times the efficiency thereof shall be fully preserved and maintained;
- (m) maintain adequate records and books of account reflecting all financial transactions in conformity with generally accepted accounting principles and, when requested, upon reasonable notice and during normal business hours, forthwith make available for inspection by duly authorized representatives of the Lender any of its books and records and furnish the Lender with any information regarding its business affairs and financial condition;
- (n) maintain any and all tax obligations of the Borrower with all applicable Governmental Authorities current and in good standing;
- (o) make such filings as are required by or under, and deduct, pay, and/or remit all taxes, premiums, contributions, levies, fees and other amounts which the Borrower is required to deduct at source, pay and/or remit by or on behalf of the Borrower by or under, the legislation and regulations set out in Section 3.1(e) above or under any other legislation, regulations, rule or order, to any applicable authority having jurisdiction;



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- (p) respond promptly and fully to any request received from a Governmental Authority and any other applicable tax authority;
- (q) immediately notify, or cause the notification of, the Lender of the receipt of any SRED Refunds and the amount thereof;
- (r) continue to disclose to the Lender all material information or facts that could materially adversely affect the eligibility of the SRED Claims;
- (s) carry on its business in a manner that is consistent with the provisions under the ITA and other applicable legislation and the regulations thereto, including, without limitations, such provisions that could bear upon or materially affect the eligibility of the SRED Claims;
- (t) prepare and file, or cause the preparation and filing of, the SRED Claims in a professional and diligent manner and in full compliance with the requirements and provisions of the ITA and other applicable legislation and the regulations thereto; and
- (u) do all acts and execute all instruments that are necessary to facilitate the filing, processing, receipt and disbursement of the SRED Refunds, including without limitation, the endorsement of any cheque or other payment instrument issued to the Borrower in respect of the SRED Refunds.

**8.2 The Borrower shall not:**

- (a) without the prior written consent of the Lender, make any acquisition or investment in respect of the shares, units or other interests of another Person or all or substantially all of the assets of another Person;
- (b) unless it has first obtained the prior written consent of the Lender, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person, or consent to or facilitate a change in the ownership of its shares;
- (c) make any change whereby the nature of the business carried on by it would be materially altered;
- (d) (i) declare or pay any dividend, return of capital or other distribution in cash or property other than its own share capital, of, on or in respect of, any of its issued and outstanding capital, (ii) retire, redeem, retract, purchase, or otherwise acquire its own issued capital, reduce its stated capital or make any payment of any kind whatsoever to effect any of the foregoing, (iii) other than the issuance of stock options to eligible persons pursuant to any equity compensation plan currently in effect, pay any bonuses, management or similar fees unless they reflect the fair market value of services actually performed by the payees and no Event of Default has occurred and is continuing, or would result from payment;
- (e) make any payment on any debts owing to any related party;



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- (f) make any payment on any subordinated debt;
- (g) create, incur, assume or permit the existence of any debt other than debt existing as of the date hereof or approved by the Lender;
- (h) do anything to adversely affect the validity of the Security Documents;
- (i) make any loans to employees or director, grant any guarantee or financial assistance, assume any contingent liability, make any investment or enter into any transactions with affiliates, except for those currently held and in amounts approved by the Lender;
- (j) enter into, or agree to enter into, any transaction that would result in, or otherwise cause or permit, a Change of Control of the Borrower;
- (k) make any capital expenditure unless such capital expenditure is reviewed and approved by the Lender, such approval not to be unreasonably withheld;
- (l) make any sale, transfer or other disposition of property other than: (i) sales of inventory in the ordinary course of business; (ii) dispositions of worn or obsolete equipment;

8.3 The covenants set forth in Sections 8.1 and 8.2 shall remain in effect and apply so long as the Borrower is indebted to the Lender.

## **9. Default**

- 9.1 Upon the occurrence of an Event of Default the Lender may, in its discretion and in addition to any other rights and powers held by the Lender:
- (a) declare the whole or any part of the Loan to be in default and immediately due and payable and thereupon the Loan and all other amounts owing hereunder will immediately become due and payable without presentment, demand, protest or notice of any kind, all of which are expressly waived by the Borrower;
  - (b) demand payment of the Loan, and all other amounts owing hereunder, from the Borrower; and
  - (c) exercise any or all of its remedies under this Agreement and the Security Documents.

For greater certainty, the Lender may immediately demand repayment the Loan and payment of all other amounts owing hereunder at any time notwithstanding that no Event of Default has occurred.

- 9.2 No remedy herein conferred on the Lender is intended to be exclusive and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise.

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9.3 For the purposes of this Agreement, an “Event of Default” will mean any one of the following:

- (a) the Borrower fails to pay when due any principal, interest, fees or other amounts due under this Agreement;
- (b) the Borrower (i) fails to perform or observe any obligation; or (ii) breaches any provision in any material respect of this Agreement or the Security Documents;
- (c) the Borrower defaults in the payment of any obligation to any Person other than the Lender, or in the performance or observance of any agreement in respect of any such obligation where, as a result of such default, the maturity of such obligation is accelerated and all cure periods have expired;
- (d) any representation or warranty made or deemed to have been made herein or in any certificate or security provided for herein shall be false or inaccurate in any materially adverse respect;
- (e) there is, in the reasonable opinion of the Lender, a Change of Control or merger or material adverse change in, or a material adverse effect on, the financial condition, operation or ownership of the Borrower;
- (f) the Borrower is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;
- (g) any notice of intention is filed or any voluntary or involuntary case or proceeding is filed or commenced for (i) the bankruptcy, liquidation, winding-up, dissolution or suspension of general operations of the Borrower, or (ii) the composition, re-scheduling, reorganization, arrangement or readjustment of, or other relief from, or stay of proceedings to enforce, some or all of the debts of any of the Borrower (iii) the appointment of a trustee, receiver, receiver and manager, liquidator, administrator, custodian or other official for, all or any significant part of the assets of any of the Borrower, or (iv) the possession, foreclosure or retention, or sale or other disposition of, or other proceedings to enforce security over, all or any significant part of the assets of any of the Borrower;
- (h) any secured creditor, encumbrancer or lienor, or any trustee, receiver, receiver and manager, agent, bailiff or other similar official appointed by or acting for any secured creditor, encumbrancer or lienor, takes possession of or forecloses or retains, or sells or otherwise disposes of, or otherwise proceeds to enforce security over all or any significant part of the assets of any of the Borrower or gives notice of its intention to do any of the foregoing;
- (i) a judgment is rendered against the Borrower;

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- (j) any provision of this Agreement or any Security Documents becomes invalid or unenforceable for any reason whatsoever, or the Borrower breaches, or is non-compliant with, any provision of any such document;
- (k) any governmental or regulatory approvals or licenses which are material to the business of the Borrower are revoked or suspended for any reason whatsoever; or
- (l) the Borrower defaults on any payment due to the Lender or any affiliate of the Lender, under any other agreement made between the Lender or any such affiliate and the Borrower, which default gives the Lender or such affiliate under the other agreement the right under such other agreement to accelerate the maturity of its debt thereunder, irrespective of whether or not the Lender or such affiliate actually does so.

#### **10. Legal and Other Expenses**

The Borrower shall forthwith pay on demand all of the Lender's legal fees and disbursements and taxes thereon (the "Legal Fees") for the preparation, negotiation and issue of this Agreement, the Security Documents and all other documents required hereby, the administration of the Loan (which may be performed by a third party administrator selected by the Lender but whose expenses are for the Borrower's account) and for all advances made hereunder including all searches and due diligence or cash advances. The Lender may withhold from any Subsequent Advance to pay the Legal Fees. The Borrower shall also pay the Legal Fees of the Lender in respect of the enforcement and preservation of the Lender's rights and remedies under this Agreement, the Security Documents or otherwise. The Borrower's obligations in this Section 10 shall survive the termination of this Agreement.

#### **11. Representations and Warranties**

- 11.1 The Borrower hereby represents and covenants to the Lender that, as of the date hereof and as of the date of the first Advance and the dates of all subsequent Advances, as applicable:
- (a) it is a corporation duly formed and validly existing and is duly registered or qualified to carry on business in all jurisdictions where the nature of its properties, assets or business makes such registration or qualification necessary or desirable and is in good standing as a corporation under its jurisdiction of incorporation;
  - (b) the execution, delivery and performance by it of this Agreement and the Security Documents have been or will be duly authorized by all necessary actions and do not or will violate its constating documents or any Applicable Laws or agreements to which it is subject or by which it is bound and this Agreement and the Security Documents to which it is a party constitute, or will constitute, as applicable, legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their terms;
  - (c) no event has occurred hereunder which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default;

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- (d) it has filed all tax returns which were required to be filed by it, paid or made provision for payment of all taxes (including interest and penalties) which are due and payable, and provided adequate reserves for payment of any tax, the payment of which is being contested;
- (e) it has good and marketable title to all of its properties and assets including without limitation all licenses, copyrights, trademarks and other intellectual property;
- (f) it is in compliance in all material respects with all Applicable Laws;
- (g) it is in material compliance with all material contracts;
- (h) no permit is required, nor is any authorization, consent, approval or notice required under any material contract to which it is a party, in connection with its execution, delivery and performance of this Agreement or the Security Documents to which it is or will be a party or the incurrence of obligations under this Agreement or the Security Documents;
- (i) there has been no event or circumstance that has had or could reasonably be expected to have a material adverse effect on the Borrower's business, or on the Borrower's ability to meet its obligations under this Agreement or the Security Documents;
- (j) the net realizable value of its assets exceeds its total liabilities and the Borrower is able to meet its obligations as the same become due;
- (k) there are no litigation proceedings, arbitration proceedings, insolvency proceedings, labour disputes, claims, actions, prosecutions or other proceedings of any kind existing, pending or, to the best of its knowledge, threatened against it, before any court or administrative agency or tribunal of any country which, separately or in the aggregate, could reasonably be expected to materially and adversely affect its financial condition, its assets or operations or its ability to perform its obligations under this Agreement, or the Security Documents;
- (l) it is in compliance with all terms and conditions of all insurance policies issued in respect its assets or operations;
- (m) it has disclosed to the Lender all material facts required to be disclosed pursuant to this Agreement;
- (n) it owns or is licensed or otherwise has the right to use all intellectual property that is necessary for the operation of its business, to its knowledge without material conflict with the rights of any other Person. If it is not the owner of any intellectual property used in its business, its right of use is not subject to termination unless the consequences of termination would not be material;
- (o) it has in full force and effect such policies of insurance in such amounts issued by insurers of recognized standing insuring its properties and

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operations in such a form as would be customarily held by Persons carrying on a similar business or owning similar assets;

- (p) it shall only use the proceeds of the Loan for the purposes outlined in Section 4;
- (q) all material or information submitted by the Borrower is complete and accurate in all material respects and the financial statements, certificates and other information concerning the Borrower's consolidated financial condition provided by the Borrower to the Lender represent fairly in all material respects, the consolidated financial position of the Borrower;
- (r) it has obtained and maintains (by the observance and performance of all obligations thereunder and conditions thereof) all government approvals required for it to carry on business;
- (s) it has disclosed all transactions with any of its affiliates to the Lender;
- (t) it has disclosed to the Lender an accurate corporate organizational chart indicating all of its subsidiaries, if any, and all affiliates;
- (u) the borrower is a Canadian Controlled Private Corporation as defined in the ITA;
- (v) the Borrower has carried on its business in a manner that is consistent with the provisions under the ITA and other applicable legislation and the regulations thereto, including, without limitations, such provisions that could bear upon or materially affect the eligibility of the SRED Claims; and
- (w) save for any amounts due to any Governmental Authority which are to be paid from the proceeds of the Loan, the Borrower has deducted, paid, and/or remitted all taxes, premiums, contributions, levies, fees and other amounts which that party is required to deduct at source, pay and/or remit by or on behalf of itself or otherwise under any legislation including the ITA, *Excise Tax Act* (Canada), *Canada Pension Plan*, *Employment Insurance Act* (Canada), all applicable provincial legislation or any regulations to the foregoing or under any other legislation, rule or order, to any taxing authority having jurisdiction, and there are no liens for taxes payable by the Borrower.

## **12. Non-Assignment**

The Borrower may not assign any of its rights under this Agreement without the consent of the Lender, which consent may be unreasonably withheld. The Lender may assign its rights and obligations under this Agreement and the Security Documents upon written notice thereof to the Borrower and without the consent of the Borrower.

## **13. Criminal Rate of Interest**

In no event shall the aggregate "interest" (as defined in Section 347 (the "Criminal Code Section") of the *Criminal Code* (Canada)), payable to the Lender under this Loan Agreement

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exceed the effective annual rate of interest lawfully permitted under the Criminal Code Section. Further, if any payment, collection or demand pursuant to this Loan Agreement in respect of such "interest" is determined to be contrary to the provisions of the Criminal Code Section, such payment, collection, or demand shall be deemed to have been made by mutual mistake of the Lender and the Borrower and such "interest" shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in the receipt by the Lender of interest at a rate not in contravention of the Criminal Code Section.

**14. Interest Act**

Each interest rate which is calculated under this Agreement on any basis other than a fully calendar year (the "deemed interest period") is, for the purposes of the *Interest Act* (Canada), equivalent to a yearly rate calculated by dividing such interest rate by the actual number of days in the deemed interest period, then multiplying such results by the actual number of days in the calendar year (365 or 366, as the case may be).

**15. Amendment**

No amendment, waiver or modification of this Agreement or the Security Documents in whole or in part will be enforceable against the Lender unless it is in writing expressed to be a modification of this Agreement or the Security Documents, as the case may be.

**16. Binding Effect**

This Agreement shall be binding on the Borrower and its successors and assigns and shall enure to the benefit of the Lender and its successors and assigns.

**17. Time is of the Essence**

Time is of the essence of this Agreement.

**18. Further Assurances**

The Borrower hereby covenants and agrees to execute such further and other documents and instruments and to do such further and other things as may be required by the Lender to implement and carry out the intent of this Agreement.

**19. Governing Law**

This Agreement shall be exclusively governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The courts of British Columbia shall have exclusive jurisdiction to hear and determine all disputes arising hereunder.

**20. Headings**

The headings appearing in this Agreement have been inserted for reference and as a matter of convenience and in no way define, limit or enlarge the scope or meaning of this Agreement or any provision hereof.



**21. Notices**

All notices, demands and payments required or permitted to be given hereunder shall be in writing and may be delivered personally, sent by e-mail or other electronic communication pursuant to procedures approved by the Lender, or may be forwarded by same-day or overnight courier to the addresses set forth on the first page of this Agreement or at such other address or addresses or e-mail addresses as may from time to time be notified in writing by the parties hereto. Any notice delivered or sent by e-mail or other electronic communication shall be deemed to have been given and received at the time of delivery. Any notice couriered as aforesaid shall be deemed to have been given and received on the expiration of 24 hours after it is posted.

**22. Severability**

Should any part of this Agreement be declared or held invalid for any reason, such invalidity shall not affect the validity of the remainder which shall continue in force and effect and be construed as if this Agreement had been executed without the invalid portion and it is hereby declared the intention of the parties hereto that this Agreement would have been executed without reference to any portion which may, for any reason, be hereafter declared or held invalid.

**23. Amendment and Restatement**

This Agreement amends and restates the terms of the Historical Debt Instruments such that the Historical Debt Instruments are replaced in their entirety by this Agreement.

**24. Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. Any party hereto may deliver an executed signature page to this Agreement by electronic transmission or DocuSign and such delivery will be as effective as delivery of a manually executed copy of this Agreement by such party.

***[Signature Pages Follows]***




IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**The Lender:**

  
\_\_\_\_\_  
Jake Boxer

**FELIX PAYMENT SYSTEMS LTD, as  
Borrower:**

By:   
\_\_\_\_\_  
Name: Warren Hogg  
Title: C.T.O.

## SCHEDULE A

## GRID

[illegible]