

SUMMARY OF CANADIAN INDIGENOUS LOAN GUARANTEE PROGRAMS

Features	<u>Aboriginal Loan Guarantee Program of Ontario</u>	<u>Alberta Indigenous Opportunities Corporation</u>	<u>Saskatchewan Indigenous Investment Finance Corporation</u>
General Description	Tailored to support new renewable green energy infrastructure and other electricity infrastructure projects	Intention is to focus on all types of energy generation by Indigenous groups throughout province	Best suited towards both energy and agriculture investments
Evaluation Criteria and Additional Program Information	See Schedule "A"	See Schedule "B"	See Schedule "C"
Provincial Aggregate Amount Available	\$1 Billion	\$3 Billion	\$3 Billion
Minimum/Maximum Amount for Funding Per Project	\$5 Million Minimum \$50 Million Maximum (up to 75% Aboriginal Corp Equity)	\$20 Million Minimum \$250+ Million Maximum (maximum percentage guaranteed not stated)	\$5 Million Minimum Up to \$50 Million Per Project (maximum percentage guaranteed not stated)
Aboriginal Ownership Requirements	Entities must be wholly-owned by Indigenous communities	Minimum 25% Alberta-based Indigenous Ownership	SK First Nation or an Economic Development Corporation owned by SK Métis Nation
Fees	Program administration costs are offset by a loan guarantee fee charged to borrower	Successful applicants are charged an upfront, time of issue, and ongoing fees as determined by AIOC	No fee associated with applying but successful applicants are charged a small fee of declining balance of loan guarantee
Natural Resources (General)	Not Specifically Stated	✔	✔
Transmission Projects	✔	Not Specifically Stated	Not Specifically Stated
Wind	✔	✔	✔
Solar	✔	✔	✔
Hydro Electric	✔	✔	✔
Forestry	Not Stated	✔	✔
Mining	Not Stated	✔	✔
Oil and Gas	Not Stated	✔	✔
Coal	Not Stated	✔	Not Stated

Features	<u>Aboriginal Loan Guarantee Program of Ontario</u>	<u>Alberta Indigenous Opportunities Corporation</u>	<u>Saskatchewan Indigenous Investment Finance Corporation</u>
Small Modular Reactors	Not Specifically Stated	Not Stated	<input checked="" type="checkbox"/>
Renewables (in general)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Agriculture	Not Stated	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Telecommunication	Not Stated	<input checked="" type="checkbox"/>	Not Stated
Transportation	Not Specifically Stated	<input checked="" type="checkbox"/>	Not Specifically Stated
Infrastructure	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Extra-Provincial Investments	Not Stated	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**This document is a summary only and is not intended to be relied upon by a party in an application for any of the aforementioned loan guarantee programs. Please contact a member of the McCarthy Tétrault [Secure Lending and Project Finance](#) Team if you are interested in learning more about how these programs can be utilized for your business needs.*

SCHEDULE “A”

EVALUATION CRITERIA & ADDITIONAL PROGRAM INFORMATION

ABORIGINAL LOAN GUARANTEE PROGRAM OF ONTARIO

To be considered for the Aboriginal Loan Guarantee Program of Ontario (“**ALGP**”), applicants must demonstrate that they are a wholly-owned Indigenous entity. Due to the scale of costs for associated with funding, the ALGP is better suited for projects greater than [\\$5 million](#). To satisfy the [eligibility criteria](#), the project must be commercial viable and have: (i) agreements in place to sell or transmit electricity at a pre-determined cost (e.g. power purchase agreements for generation or regulated rates for transmission projects; (ii) experienced proponents and business partners with track records in construction and infrastructure operation; (iii) secured commercial financing arrangement; and (iv) create wholly-owned corporations to take on all aspects of the project, such as signing contracts and entering partnership agreements.

Applicants are required to obtain independent financial and legal advice. In addition, the Ontario Financing Authority, as administrators of the program on behalf of the Province, are not responsible for any costs and/or expenses incurred by the applicant during the application and review process. As this program is entirely discretionary, once the due diligence process is complete the Province will determine if the criteria have been met to satisfy a loan guarantee.

The terms of agreements will be reflective upon the final terms and conditions of the loan between the lender, borrower and the Province. [Eligible financial institutions include](#): “(i) Schedule I Domestic Chartered Banks; (ii) Schedule II Foreign Bank Subsidiaries; (iii) Schedule III Foreign Bank Branches of foreign institutions that have been authorized under the Bank Act to do banking business in Canada; (iv) Co-operative financial institutions including Credit Unions and Caisses Populaires; and (v) Trust Companies. Other potential sources of capital may include specialized groups (e.g., involved in infrastructure or Indigenous financing) associated with insurance companies or pension funds, subject to the Province’s approval.” Any Indigenous institutions operating in the financial services sector are also included in this list.

Commercial lenders are expected to financing a significant portion of the project costs as this will contribute to a commercial capital structure similar to other projects. This will assure that the construction and operational risks are effectively managed to benefit the investors, lenders, and the Province.

SCHEDULE “B”

EVALUATION CRITERIA & ADDITIONAL PROGRAM INFORMATION

ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION

The Alberta Indigenous Opportunities Corporation (“AIOC”) loan guarantee program was established with the intention of facilitating investment by Indigenous groups in natural resources (energy, mining, and forestry), agriculture, telecommunications and transportations projects and related infrastructure. AIOC guarantees partial or full values of the loans that are successfully applied for. The project must meet the minimum loan guarantee amount of \$20 million and be commercially viable. In assessing the commercial viability, AIOC will consider if the project demonstrates reasonable risk-adjusted commercial terms and will give preference to lower risks projects that are already considered operational and generating income. A security pledge, ESG considerations, the applicants direct investment in the project, and other criteria will be assessed in determining commercial viability.

An eligible applicant must be an Indigenous group as [defined as](#): “(i) Indian bands as defined by the *Indian Act* (Canada); (ii) Métis Settlements established by the *Métis Settlements Act*; (iii) other entities approved by the Minister by order as falling within the mandate of AIOC; and (iv) entities that are fully-owned by the entities identified in (i), (ii) or (iii) above.” To be eligible as a participant, AIOC requires that there be an Alberta-based Indigenous group involved that invests, either independently or collectively, in 25% of the total value of the project. Projects located partially or entirely outside of Alberta will be considered as eligible, so long as a clear benefit to the Province of Alberta can be demonstrated.

To apply, an applicant must submit an application for evaluation and decision. At this point, the AIOC will conduct a review of the application and proceed with due diligence, resolving project deal terms, and securing financing. During this time, AIOC will collaborate with the applicant and other applicable entities to ensure that the program criteria is met. [Questions asked at this stage](#) may include: “(i) is the proposed investment being made on reasonable commercial terms?; (ii) are relevant project agreements in place (e.g., term sheets, permits, construction, supply, management, partnership or joint venture, etc.)?; (iii) is confirmation of support from the Indigenous community available (e.g., Band Council Resolution, Council Resolution, Board Resolution, etc.)?; and what are key milestones and the overall intended timeline, and how will they be achieved (i.e., has a project plan and investment timeline been defined)?” In addition, the skills and expertise of the project management team, third-party co-investors, legal and other professionals will be assessed. As a further consideration, the current business activities, experience of the entities comprising the applicant, and capacity to complete the project and manage the investment will be assessed.

A successful applicant is required to pay a loan guarantee fee to assist AIOC in recovering costs associated with administering and managing the loan guarantees program. Fees will likely be charged upfront for the provision and services of AIOC, at the time of issue of the loan guarantee, and ongoing fees to be charged annually based on the balance remaining on the loan. Costs will also be charged for due diligence, legal, and third party fees associated with the transaction.

SCHEDULE “C”

EVALUATION CRITERIA & ADDITIONAL PROGRAM INFORMATION

SASKATCHEWAN INDIGENOUS INVESTMENT FINANCE CORPORATION

The Saskatchewan Indigenous Investment Finance Corporation (“**SIIFC**”) requires applicants to be an Indigenous community or organization, [defined as](#): (i) a Saskatchewan First Nation or Tribal Council; (ii) an economic development corporation that is owned by Métis Nation – Saskatchewan, Métis Nation – Saskatchewan Region, or Métis Nation – Saskatchewan Local; (iii) an economic development corporation owned by a self-declared Northern Métis municipality in Saskatchewan that has a board of directors, the majority of whom are registered members of Métis Nation – Saskatchewan; (iv) any other entity that demonstrates they fall within the mandate of the SIIFC; or a corporation wholly owned by an entity mentioned above. While Saskatchewan-based projects will be given preference, projects elsewhere in Canada will also be considered so long as a significant economic benefit to Saskatchewan can be demonstrated. There is also a \$5 million minimum threshold required to be met as a funding requirement.

[Eligible projects include](#): (i) natural resource development (includes: forestry mills, such as OSB, plywood, lumber, and pulp; mining, such as mineral extraction and processing; energy, such as oil and gas production and refining, and small modular reactors; renewable energy, such as solar, wind, hydro, geothermal, biomass, municipal solid waste to energy, landfill gas and biogas to energy, carbon capture, utilization and storage; does not include: mineral exploration, oil and gas exploration); (ii) value-added agriculture (defined as: the physical transformation or upgrading of any raw/primary agricultural product(s) or any agricultural byproduct or waste into a new or updated product, Includes: canola crushing, pea processing, oat milling, malt production, cannabis oil processing, etc.; does not include: facilities solely dedicated to cleaning, bagging, handling and/or storage of primary products); and (iii) infrastructure related to the above.

Applicants will be assessed by SIIFC on several factors, including: (i) is there a well-defined and risk acceptable business and financial plans, viable business models, detailed transaction terms, reasonable and appropriate budget costs and assumptions and if a comprehensive due diligence process has been conducted; (ii) the demonstrated skill, expertise, track record, diversity, and governance of the individuals, management team, industry partners, contractors who comprise of or are associated with the project management team or third-party co-investors; (iii) the legal and professional expertise and experience in supporting the applicant and the governance structure of the applicant; (iii) the current ongoing business activities and experience of the entities comprising the applicant and a capacity assessment; (iv) relevant project agreements; (v) project viability and commercial risk-adjusted terms; (vi) confirmation of support from the Indigenous community; (vii) key milestones and overall intended timeline; (viii) risk mitigation factors in place; (ix) the number of communities expected to realize benefits and the types of benefits for the Indigenous group; and (x) the expected benefits to Saskatchewan in contributing to long-term and sustainable growth.

There is no fee associated with the application. However, approved applicants will be charged a small fee on the declining balance of the loan guarantee issued. This program is entirely discretionary and applicants are not guaranteed for a loan guarantee prior to a decision by SIIFC.