

APPLICATION AND INDEMNITY FOR EDC ACCOUNT PERFORMANCE SECURITY GUARANTEE

(For ease of reference, in the text below the term Account PSG means Account Performance Security Guarantee and EDC means Export Development Canada). We have read a specimen copy of EDC's Account PSG and hereby request that EDC make an offer to us as to the actual terms on which EDC is prepared to provide us with an Account PSG in respect of bank instruments issued on behalf of the Exporter. If we are satisfied with the terms of the offer that EDC will send us after reviewing our request, we understand that in order to accept this offer, we must sign the Account PSG Certificate of Cover before the offer expires.

A. Parties

Exporter

Name: _____		
Street: _____		
City: _____	Province: _____	Postal Code: _____
Contact name: _____		
Telephone: _____	Fax: _____	

Issuing (or Instructing) Bank (the "Bank")

Name: _____		
Street: _____		
City: _____	Province: _____	Postal Code: _____
Contact name: _____		
Telephone: _____	Fax: _____	
E-mail: _____		

B. General Exporter Information

Our preference with respect to language of correspondence related to this Account PSG is:		
English	French	
The total amounts of our domestic and export sales during our latest fiscal year ending _____, _____		
were \$ _____ and \$ _____ respectively, expressed in Canadian dollars.		
12 Month Projected Value of Canadian Exports	(currency) _____	(amount) _____
Note: "12 Month Projected Value of Canadian Exports" is defined as the estimated value of Goods of Canadian Origin or Manufacture and/or Services provided by Canadians anticipated to be exported from Canada over the next twelve months.		
Number of years Exporter has been in business _____	Number of years exporting _____	
List countries outside Canada Exporter has done business in during the past three years:		

The total number and value of bank instruments issued on our behalf for the 12 month period immediately preceding the date of this application was _____ and \$ _____		
Has Exporter had any bank instruments called in the past three years?	Yes	No
If yes, provide details: _____		
<i>(If more than one call, continue list on separate sheet and attach to this Application form.)</i>		
Buyer:	_____	
Country:	_____	
Type of Bank Instrument:	_____	
Amount of Bank Instrument:	_____	
Year Bank Instrument Called:	_____	
Reason for Call:	_____	

C. Environmental Risks

Are you aware of any significant environmental risks associated with your usual export business, including environmental risks associated with your foreign buyers? Yes Please provide details _____

No

D. Account PSG Information and Request

We request the Account PSG currency to be in: CAD USD Other: _____

We request coverage for a maximum liability of \$ _____

E. Other Information Requirements

Applications for an Account Performance Security Guarantee should also include exporter responses to the "Account PSG Questionnaire on Corporate Capabilities".

F. Indemnity

Definitions

1. Terms used in this Part F have the meanings ascribed to them above and the reference to "Indemnity" hereunder shall refer to this Part F.

Liability of the Exporter

2. In consideration of the issuance of the Account PSG, the Exporter hereby unconditionally and irrevocably agrees to fully indemnify EDC against all demands made under the Account PSG including any amounts that EDC pays under the Account PSG and to be liable to and compensate EDC for and against all costs (including costs of enforcing this indemnity), expenses and damages directly or indirectly arising or resulting from such demands. The Exporter also agrees to pay interest to EDC on any such amounts, such interest to accrue from the date of demand by EDC to the date of payment at a rate per annum equal to the prime rate of interest for the currency of the Account PSG, both before and after judgment. Prime rate shall mean the prevailing prime rate charged by the Bank to its most creditworthy customers and designated by it as its "prime rate" as of the date of EDC's demand for payment.

3. The Exporter agrees that its liability hereunder shall not be varied or discharged by reason of the Account PSG or any related document being or becoming in whole or in part, illegal, unenforceable, void or discharged, or by reason of any negligence on the part of EDC or by reason of any indulgence or time being granted to EDC or by any compromise, arrangement or plan whatsoever between EDC and any party in respect of EDC's liability under the Account PSG. The Exporter's liability hereunder shall not be discharged, released or otherwise terminated except by full payment to EDC of all amounts payable to EDC hereunder.

4. Where EDC has also issued a Performance Security Insurance Policy ("PSI") to the Exporter in respect of the bank instruments covered by the Account PSG, the Exporter will pay to EDC, on demand, 5 percent of the amount that is payable under Section 2. Where EDC has determined that no loss is payable under the PSI Policy, the Exporter will also pay to EDC, on demand, the remaining 95 percent of the amount that is payable under Section 2. Where EDC has determined that a loss is payable under the PSI Policy, such amount payable will be retained by EDC and applied in payment of the remaining 95 percent of the amount that is payable under Section 2.

Discretionary Powers of EDC

5. The Exporter absolutely and irrevocably authorizes EDC to (i) pay immediately at EDC's absolute and sole discretion, in whole or in part, any amounts claimed pursuant to the Account PSG, (ii) enter into any agreement with any person for the purpose of discharging, in whole or in part, EDC's obligation under the Account PSG, or (iii) take any other action in respect of the Account PSG.

6. The Exporter waives any requirement that EDC make demand upon or seek to enforce remedies against any person before demanding payment under, or seeking to enforce, this Indemnity. EDC shall not be bound to exhaust its recourse against any person or any collateral it may hold before demanding or being entitled to a payment under this Indemnity.

7. The Exporter agrees that without prejudice to EDC's rights and to the Exporter's liability under this Application and Indemnity, EDC may (i) make any amendments to the Account PSG, (ii) waive any breach of the Account PSG, (iii) agree with the Bank to extend, substitute or renew the Account PSG or the bank instruments covered by the Account PSG, or (iv) refuse to extend, substitute or renew the Account PSG or the bank instruments covered by the Account PSG.

Undertakings of the Exporter

8. The Exporter hereby waives any right of counterclaim, set-off, deduction, defense, or any right to notice or consultation with EDC which it may have, with the intent that it and its successors or assigns will not be able to claim or assert any such right in any legal proceedings which may be brought by EDC against the Exporter pursuant to this Application and Indemnity.

9. The Exporter will deliver or cause to be delivered to EDC within ninety (90) days after the end of the Exporter's financial year all financial statements, audited if available, and such other reports and information respecting the Exporter's financial condition and operation as EDC may reasonably request.

10. The Exporter will allow EDC and its representatives to perform random checks of the underlying contracts supported under the Account PSG and will provide access to its property and records as EDC may reasonably request.

11. The Exporter will immediately advise EDC of any call under a bank instrument to which the Account PSG relates or any occurrence of any event likely to result in a call thereunder.

Representations of the Exporter

12. If the Exporter is incorporated, the Exporter represents and warrants to EDC that (i) it is duly incorporated and validly subsisting under the laws of its place of incorporation, and (ii) this Application and Indemnity has been duly authorized, executed and delivered by it and is a legal, valid and binding obligation of the Exporter.

13. The Exporter understands and acknowledges that EDC in conformity with the Canadian Government Policy, will not provide its services with respect to any contract or transaction that is subject to clauses or provisions requiring the contracting party to (i) engage in discrimination based on the race, national or ethnic origin or religion of any person, (ii) refuse to purchase from or sell to any other Canadian firms or individuals, (iii) restrict commercial investment or other economic activity in any country, (iv) produce any document (sometimes called a "negative certificate of origin") which by its terms confirms that particular goods or services have not originated from specific firms or places, (v) refuse to sell any goods and services to or buy any goods or services from, any country except that a buyer may define the country of origin of the goods and services, of specified non-Canadian origin that would be prohibited entry if imported directly, or (vi) make a statement of fact to the effect that the party has not, or does not, deal with a named country, unless such statement is accompanied by a clause establishing clearly that such statement is not an indication of intent restricting such party's actions.

General

14. This Indemnity will be governed by the laws of the Canadian province or territory in which the Exporter has its registered head office and if the Exporter has no registered head office in Canada, by the laws of the province of Ontario.

15. EDC's rights, powers and remedies under this Indemnity are cumulative and are in addition to, and not in substitution for, any rights, powers or remedies provided or hereafter acquired by law or equity, or under any other agreement with EDC.

16. As a condition of issuing the Account PSG, EDC may require additional indemnitors to jointly and severally indemnify EDC against all demands made under the Account PSG as contemplated under Section 2 of this Indemnity, in which case, the Exporter and all such indemnitors shall be jointly and severally liable to perform all of the obligations, covenants, terms and agreements contained in this Indemnity.

Notice

17. Any demand or notice to be given hereunder shall be given in writing to the other party and shall be sent by electronic mail, facsimile or prepaid registered mail. It shall be deemed to have been received, if sent by electronic mail or facsimile, on the day following the transmission thereof and, if sent by prepaid registered mail, on the fifth (5th) day after mailing, excluding Saturdays, Sundays and those statutory holidays upon which the offices of the addressee are normally closed for business. The addresses and facsimile numbers of the parties for the purposes of giving notice hereunder are as follows, or as may be notified in writing to the other party:

for EDC:

for the Exporter: (The address and facsimile number indicated in Section A, unless otherwise indicated below.)

Export Development Canada

151 O'Connor Street

Ottawa, Canada

K1A 1K3

Facsimile: 613-237-2690

Facsimile: _____

18. This Indemnity is binding upon the Exporter and its heirs, executors, personal representatives, successors and assigns and shall enure to the benefit of EDC and its successors and assigns. It is hereby understood and agreed that the Exporter is bound by this Indemnity only in the event that an Account PSG is issued in response to this Application.

G. Language

19. The Exporter has explicitly requested and agreed that this Indemnity and the documentation related thereto be written in the English language.

L'exportateur a expressément demandé et accepté que la présente Indemnisation et toute documentation y rattachée soient rédigées dans la langue anglaise.

H. Declaration, Certification and Authorization

Exporter:

We hereby request that an Account PSG be issued to the Bank (as per coverage requested in Part D). We understand and acknowledge that the information provided in this Application and Indemnity will be relied upon by EDC in issuing an Account PSG to the Bank and hereby certify that such information including the information provided with respect to environmental risks (Part C), is true and correct. We authorize the Bank to provide to EDC any information it may have that EDC may require in support of this Application and Indemnity.

We understand the nature and effect of and agree to be bound by the terms of this Application and Indemnity and have had the opportunity to obtain independent legal advice thereto. We have read EDC's Account PSG and understand and agree to be bound by its provisions.

With respect to the business to be supported by EDC under the Account PSG, neither we, nor our Affiliate*, have been or will knowingly be party to any action which is prohibited by applicable criminal laws dealing with the bribery of public officials, including Canada's *Corruption of Foreign Public Officials Act*, which makes it illegal for persons to, directly or indirectly, give, offer, or agree to offer a loan, reward, advantage or benefit of any kind to a foreign public official in order to obtain or retain an advantage in the course of business. Businesses convicted under that *Act* face heavy fines and individuals can be sentenced to a maximum of five years in jail. EDC has a legal, corporate, and ethical responsibility to ensure it is not knowingly providing support to a transaction involving the offer or the giving of a bribe. We further declare and warrant that neither we, nor our Affiliate, nor to the best of our knowledge, anyone acting on our or our Affiliates' behalf, are currently under charge in a court or, within the last five years, have been convicted in a court for violation of laws against the bribery of foreign public officials of any country. Upon request, we agree to provide to EDC the identity of persons acting on our and our Affiliates' behalf and the amount and purpose of commissions and fees paid, or agreed to be paid, to such persons.

We declare and warrant having read EDC's information sheet on Boycott Activities Prohibited by the Government of Canada's policy on International Economic Boycotts located on EDC's website at www.edc.ca and hereby agree not to submit a request to the Bank for the issuance of a bank instrument that would be covered by the Account PSG if the underlying contract contains any such provisions as specified under Section F.13 of this Application and Indemnity. We understand that if we make a false declaration with respect to Section F.13, EDC reserves the right to impose sanctions on us as EDC deems appropriate and reasonable in the circumstances.

We declare and warrant that as of the date hereof we are not aware of any circumstance likely to give rise to a loss under the Account PSG applied for.

Dated this _____ day of _____, _____.

Duly Authorized Signature (Exporter)

Name & Title (please print)

* Affiliate means a person: (a) who has a direct or indirect equity interest in the Exporter, or a person in whom the Exporter has a direct or indirect equity interest, (b) who is related to the Exporter through a common third party's direct or indirect equity interest in both that person and the Exporter, (c) who, or whose direct or indirect owners, has a family relationship with the Exporter or the Exporter's direct or indirect owners, or (d) who has any other kind of relationship with the Exporter which could give rise to a concern that the Exporter might not behave as a prudent seller with respect to sales to such person.

I. This Part is to be signed by the Bank

In accordance with the information given above, we hereby apply to EDC for an Account PSG. We declare that the information contained in parts A and D is true and correct. We have read EDC's Account PSG and understand and agree to be bound by its provisions. We declare and warrant that we are not aware of any circumstances likely to give rise to a loss under the Account PSG applied for. We understand that the Account PSG will not be issued to us until EDC has received an indemnity agreement in favour of EDC, agreeing to indemnify EDC for any payment that EDC may make to us under the Account PSG.

Our preference with respect to language is:

- | | | |
|---------------------------|---------|--------|
| 1) Account PSG | English | French |
| 2) Related correspondence | English | French |

Dated this _____ day of _____, _____.

Duly Authorized Signature (Bank)

Name & Title (please print)

For more information on EDC's Corporate Social Responsibility initiatives and practices, please visit EDC's web site at www.edc.ca.