

## ESTABLISHMENT AGREEMENT

This Agreement is made and entered into by and between:

\_\_\_\_\_  
(name of person/company/entity)

whose primary Address is: \_\_\_\_\_

\_\_\_\_\_  
(hereinafter referred to as the "**Establishment**") and **SBG-Skill Based Games Inc.**, (hereinafter referred to as "**SBG**"), whose primary address is 201 Creditview Road, Vaughan, Ontario.

Whereas, SBG provides games and related Equipment for 1) fun, entertainment and rewards and 2) promoting charities (MADD Canada) to patrons of the hospitality industry through a special program. Establishment agrees to the placement of SBG's Got Skill games of skill at its location, known as

"\_\_\_\_\_" (hereinafter (actual name of bar/pub/establishment/etc.)

also referred to as the "**Establishment**") located at \_\_\_\_\_

\_\_\_\_\_  
During the term of this Agreement all of SBG's Equipment shall not be removed from the location above without SBG's written consent.

The Parties therefore agree as follows:

1. Establishment agrees to obtain any necessary municipal licenses and permits (such as Arcade License) that may be required. Establishment shall be solely responsible for all fees.
2. Each Party acknowledges this Agreement shall be for the period of two (2) years from the date first written in this Agreement. This agreement will automatically renew for an additional four (4), Two (2) Year Terms, if notice is not given by either Party 90 days prior to the end of the term to terminate. Either party may terminate this agreement by forwarding written termination to the other Party 90 days prior to termination. Each Party agrees and acknowledges that legislative and legal enactments could cause for termination of this agreement upon less notice.
3. SBG will provide the POS server, playing devices (cabinets, bar-tops, tablets, etc.), charging unit (if applicable), wireless router, POS printer and any other equipment ("**Equipment**") required. All of the Equipment and supplies are always owned by SBG and SBG at all times retains title to all the Equipment. The Equipment shall never be a fixture or become by agreement, act of law or otherwise, security for any obligation of or property of Establishment. The Establishment shall at all times keep the Equipment free from legal process or encumbrances whatsoever.
4. SBG Equipment shall be used for its intended business use and Establishment agrees that it (i) will not, and will not permit any third party to, alter, repair, modify, tamper with or attempt to alter, repair or modify, tamper with any of the Equipment; (ii) will notify SBG immediately upon any malfunction; (iii) will permit the operation of SBG games at the Establishment during normal

business hours of the Establishment and without hindrance or interruption.; and (iv) will promptly notify SBG, in writing, if its liquor license for the Establishment is suspended or revoked.

5. SBG agrees to provide routine maintenance and repairs for all its Equipment in order to keep it in good working order. Establishment agrees to use its best efforts to ensure that the Equipment remains free of damage and in good operation condition and compensate for damage to or loss of equipment (at current market value) if the Equipment has been damaged by negligence or willful misconduct. Establishment is responsible for the safeguarding and safekeeping of all Equipment. Establishment further agrees not to place any other similar games or equipment in the Establishment that awards prizes or cash and that SBG shall have the right to introduce additional games, including internet-based games (including any offered by OLG) on an exclusive basis for the term of the agreement and all renewals.
6. Establishment MUST carry standard commercial insurance for theft, fire, etc. and also carry public liability insurance (personal injury). Nothing in this Agreement shall be construed to mean that SBG assumes any liability on account of accidents or damages to persons or property, except those directly due to the negligent acts of SBG.
7. Establishment must provide and maintain high speed business wireless internet (based on SBG specs) for connectivity to SBG head office.
8. Establishment must maintain a float (approx. \$350 - \$900 based on two machines) at all times to payout Cash Prizes – float requirements will depend on how much business is transacted.
9. Establishment will receive billing each week (Tuesday) outlining the upcoming debit (with detailed weekly financial information). Establishment acknowledges that all payments due will, unless otherwise directed by the SBG in writing, be due to SBG on or before 5:00 PM Eastern Time each Thursday. If Thursday falls on a Public Holiday, then the date will move to the next business day. If a debit is returned by the Establishment's bank, SBG will leverage an NSF fee of \$25. **Establishment is to balance sales (cash paid-out) and pay-outs (gift certificates and cash prizes) and empty Bill Acceptors in Units on a daily basis and any discrepancies are to be reported to SBG within 48 hours.**
10. Establishment will be compensated weekly on the basis of Thirty-three percentage (33%) of Net Revenue. **"Net Revenue"** means, for any specified period of time, the sum of all funds paid by Establishment's patrons to play SBG Games at the Establishment during such period, minus the value of all prize payouts and minus any applicable taxes (including HST) and free play. Should SBG provide a platform for Mobile games, fees will be re-negotiated.
11. Establishment shall be solely responsible for remitting their portion of applicable taxes (such as HST) be it Federal, Provincial and/or local taxes.
12. In the event that during any sixty (60) day period the Net Revenue on the Cabinets and/or Tablets is less than an average of Twenty Dollars (\$20.00) per day per unit, SBG, at its option, has the unilateral right in its sole discretion to terminate this Agreement.
13. SBG holds no responsibility for refunds, credits, or liability for lost Player Cards and Establishment Gift Certificates or their unauthorized use. All Establishment Gift Certificate issued by an Establishment is valid only at the issuing Establishment. Establishment Gift Certificates have no cash value.
14. Any one of the following events shall constitute an **"Event of Default"** hereunder:
  - a) Establishment shall fail to pay when due any amount due hereunder within five (5) business days after the due date or shall deny or impede SBG's access to the cash receipts associated with skill games;
  - b) Establishment shall cease doing business as a going concern or make an assignment for the benefit of creditors;

- c) Establishment shall voluntarily file, take any action to authorize the filing, or have filed against it involuntarily, a petition for liquidation reorganization, adjustment of debt or similar relief under any federal or state bankruptcy or insolvency law;
  - d) Trustee, receiver, or liquidator is appointed for Establishment or for all or a substantial part of the assets of Establishment, unless such appointment is set aside within sixty (60) days;
  - e) Establishment announces that it is closing for business, abandons or vacates the Premises or without notice to and the consent of SBG fails to remain open for business for any continuous five (5) day period;
  - f) Establishment does not pay winnings within the allotted Rules of the games;
  - g) Allows Players under the age of 18 to play; or
  - h) If its liquor license for the Establishment is suspended or revoked for an extended period - Establishment will promptly notify SBG, in writing, if license is suspended or revoked.
15. Upon the occurrence and during the continuance of an Event of Default, SBG may unilaterally terminate this agreement and take possession of the Equipment, wherever situated, together with any cash receipts associated with the skill games and for such purpose enter upon the Premises without liability for so doing. SBG may recover all losses incurred as a result of a breach.
16. In the event that Establishment is planning a Change in Control/Location, it must notify SBG in writing 30 days prior and SBG, at its option, has the unilateral right to terminate this Agreement.
17. Establishment acknowledges and agrees that should it violate the terms of this agreement it shall be responsible for any and all costs of the SBG associated in any manner with enforcing this agreement. Should Establishment fail to make any of the agreed payments, and the payment requirement is not satisfied within five (5) business days of the due date, SBG shall have the right to terminate this agreement immediately, without notice, shut off the software, and have the right to enter the location noted above without a court order or notice and remove all of SBG's Equipment, supplies and marketing material.
18. Establishment authorizes SBG – Skill Based Games Inc. (SBG), and Bank of Montreal, the financial institution to begin deductions as per these instructions for weekly variable payments, for payment of arising under this Agreement with SBG – Skill based Games Inc. Weekly variable payments for the amount invoiced weekly will be debited to Establishment specified account (enclosed VOID cheque) on each Thursday. SBG will provide 2 days electronic notice of the amount that will be debited. This authority is to remain in effect until SBG has received written notification from Establishment of change or termination. This notification must be received at least ten (10) business days before the next debit is scheduled at the address provided below. Establishment may obtain a sample cancellation form, or more information from their financial institution or by visiting [www.cdnpay.ca](http://www.cdnpay.ca). SBG may not assign this authorization, whether directly or indirectly, by operation of law, change of control or otherwise, without providing at least 10 days prior written notice to the establishment.
19. Establishment has certain recourse rights if any debit does not comply with this agreement. For example, Establishment has the right to receive reimbursement for any pre-approved debit that is not authorized or is not consistent with this Agreement. To obtain a form for a Reimbursement Claim, or for more information on my/our recourse rights, Establishment may contact their financial institution or visit [www.cdnpay.ca](http://www.cdnpay.ca).
20. GotSkill games, equipment are games of skill, they are not gambling devices. Establishment staff, management and ownership must NEVER:
- a. refer to them as slot machines, VLTs, Games of chance – they are games of skill
  - b. refer to the Players as gambling - Players use their skill to win prizes and cash and are not gambling!!

**Establishment**

**SBG – Skill Based Games Inc.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
AJ Carvalho

\_\_\_\_\_  
Date