

**Certificate No. 2A**

**AMENDED  
SERIES A DEBENTURE**

**OF**

**DEER HORN CAPITAL INC.**

**ISSUE OF SERIES A DEBENTURES**

**OF UP TO \$182,000 PRINCIPAL AMOUNT IN THE AGGREGATE**

**MARCH 2, 2016  
(AMENDED: JUNE 1, 2016)**

UNLESS PERMITTED UNDER SECURITIES LEGISLATION THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE JULY 3, 2016.

No.2A

Principal Amount \$20,000

**DEER HORN CAPITAL INC.**

(Subsisting under the Laws of the Province of British Columbia)

**10% SERIES A DEBENTURE**

**DUE: MARCH 2, 2021**

FOR VALUE RECEIVED, DEER HORN CAPITAL INC. promises to pay to WOLVERTON SECURITIES LTD. of 17<sup>th</sup> Floor, 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1J5 (the "Holder") the principal sum of TWENTY THOUSAND DOLLARS (\$20,000) in lawful currency of Canada (the "Principal Amount"), together with accrued and unpaid interest thereon as described herein, on or before the Maturity Date (defined below).

*This Series A Debenture is issued to the Holder as part of a series of concurrent private placements aggregating up to \$182,000 principal amount of Series A Debentures being offered by the Company as a series of like debentures except as to Principal Amount.*

This Series A Debenture is subject to the following additional terms and conditions:

**ARTICLE 1  
INTERPRETATION**

1.1 **Definitions.** In addition to the terms defined elsewhere in this Series A Debenture: (i) capitalized terms not otherwise defined herein have the meanings given to such terms in the Investment Agreement (defined below), and (ii) the following terms shall have the following meanings:

- (a) "Business Day" means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions are closed for business in Vancouver, British Columbia;
- (b) "Company" means Deer Horn Capital Inc., a company subsisting under the Laws of the Province of British Columbia and its successors and assigns;
- (c) "Debenture Holders" means all holders of Series A Debentures that have been or may be issued by the Company pursuant to the Offering;
- (d) "Early Redemption" has the meaning ascribed to it in section 3.4;
- (e) "Event of Default" and "Events of Default" have the meaning ascribed to those terms in section 4.1;

- (f) **“Holder”** has the meaning ascribed to that term in the Recital above;
- (g) **“Interest Rate”** has the meaning ascribed to it in section 3.1;
- (h) **“Investment Agreement”** means the investment agreement dated as of March 2, 2016, to which the Company and the Holder are parties and pursuant to which the Holder agreed to purchase this Series A Debenture;
- (i) **“Issue Date”** means March 2, 2016;
- (j) **“Majority Holders”** means Holders holding not less than 51% of the Sharing Proportion;
- (k) **“Maturity Date”** means the date that is five (5) years from the Issue Date, being March 2, 2016;
- (l) **“Obligations”** means all loans, advances, debts, liabilities and obligations for the performance of covenants, tasks or duties or for the payment of monetary amounts (whether or not performance is then required or contingent, or those amounts are liquidated or determinable) owing by the Company to the Debenture Holders or any of them under any or all of the Series A Debentures or any other document delivered or to be delivered thereunder and all covenants and duties regarding those amounts, of any kind or nature, present or future, whether or not evidenced by any agreement or other instrument, including all obligations owed by the Company to each of the Debenture Holders or any of them under the Series A Debentures;
- (m) **“Offering”** means the offering by the Company of a maximum of \$182,000, principal amount of all Series A Debentures;
- (n) **“person”** means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability corporation, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning;
- (o) **“Principal Amount”** has the meaning ascribed to that term in the Recitals above;
- (p) **“Redemption Amount”** has the meaning ascribed to that term in section 3.4;
- (q) **“Redemption Date”** has the meaning ascribed to that term in section 3.4;
- (r) **“Redemption Notice”** has the meaning ascribed to that term in section 3.4;
- (s) **“Sharing Proportion”** means, in respect of each Holder at the date of calculation, the amount of its Series A Debenture divided by the aggregate amount of all Series A Debentures issued to the Debenture Holders, as adjusted from time to time upon issuance of the Series A Debentures; and
- (t) **“Series A Debenture”**, **“this Series A Debenture”**, **“herein”**, **“hereby”**, **“hereof”**, **“hereto”**, **“hereunder”** and similar expressions mean or refer to this debenture and any debenture, deed or instrument supplemental or ancillary thereto and any schedules hereto or thereto and not to any particular article, section, subsection, clause, subclause or other portion hereof; the **“Series A Debentures”** means this Series A Debenture together with

all others that may be issued under the Offering, their being part of a series of like debentures except as to principal amount thereof.

1.2 **Interpretation.** In this Series A Debenture, unless otherwise provided:

- (a) any words defined somewhere other than in section 1.1 of this Series A Debenture shall have the particular meaning ascribed thereto;
- (b) unless the context otherwise requires, words (including defined words) importing the singular include the plural and *vice versa* and words importing one gender only include all genders;
- (c) the headings of Articles and sections used in this Series A Debenture are inserted for convenience of reference only and shall not affect the meaning or the interpretation of this Series A Debenture;
- (d) where the word “*including*” or the word “*includes*” is used in this Series A Debenture, it means “*including (or includes) without limitation*”. The expressions “*Article*”, “*section*” and other subdivision followed by a number mean and refer to the specified Article, section or other subdivision of this Series A Debenture;
- (e) except as otherwise provided in this Series A Debenture, any reference in this Series A Debenture to a statute refers to such statute and all rules and regulations made under it as they may have been or may from time to time be amended, re-enacted or superseded; and
- (f) unless otherwise specified, all dollar amounts referred to in this Series A Debenture, including the symbol “\$”, refer to lawful money of Canada.

1.3 **Day Not a Business Day.** In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day. If the payment of any amount is deferred for any period, then such period shall be included for purposes of the computation of any interest payable hereunder.

1.4 **Computation of Time Period.** Except to the extent otherwise provided herein, in the computation of a period of time from a specified date to a later specified date, the word “*from*” means “*from and including*” and the words “*to*” and “*until*” each mean “*to but excluding*”.

## ARTICLE 2 INVESTMENT AGREEMENT

2.1 **Investment Agreement.** This Series A Debenture has been issued pursuant to the Investment Agreement, is subject in all respects to the terms of the Investment Agreement, and incorporates the terms of the Investment Agreement to the extent that they do not conflict with the terms of this Series A Debenture.

2.2 **Transfers.** This Series A Debenture may not be transferred or exchanged without the prior written consent of the Company and then only in compliance with applicable securities Laws.

### ARTICLE 3 – INTEREST; PAYMENT TERMS

3.1 Calculation and Payment of Interest. The Company shall pay interest on the Principal Amount at the rate of ten (10%) percent per annum, calculated and payable annually in arrears (the “**Interest Rate**”). Each annual payment of interest shall be due and payable on the anniversary date of the Issue Date until all of the Principal Amount together with all interest accrued thereon has been paid in full pursuant to this Series A Debenture.

3.2 Overdue Interest. All interest payable hereunder on becoming overdue shall be forthwith treated, as to the payment of interest thereon, as principal and thereafter shall bear interest calculated at the same rate and in the same manner as if it were principal. Overdue interest shall be payable forthwith, without demand, by the Holder.

3.3 No Merger In Judgement. The covenant of the Company to pay interest at the Interest Rate shall not merge in any judgement in respect of any obligation of the Company hereunder and such judgement shall bear interest in the manner set out in this Article 3 and be payable on the same days when interest (whether hereunder or otherwise) is payable hereunder.

3.4 Early Redemption. The Series A Debentures (including this Series A Debenture) may be prepaid, in whole or in part, prior to the Maturity Date, at the Company’s option, at any time after the first anniversary of the date hereof (the “**Early Redemption**”), on not more than sixty (60) and not less than thirty (30) days’ prior written notice (the “**Redemption Notice**”).

To effect an Early Redemption, the Company shall send a Redemption Notice to the Holder not more than sixty (60) and not less than thirty (30) days prior to the date fixed for each early redemption (the “**Redemption Date**”), which Redemption Notice shall contain the following information:

- (a) the Redemption Date;
- (a) the amount of the Principal Amount, together with any interest accrued and unpaid thereon, being redeemed (the “**Redemption Amount**”); and
- (b) the place where this Series A Debenture is to be surrendered for payment of the Redemption Amount thereof.

Upon the Redemption Notice having been given as aforesaid, the Holder shall surrender this Series A Debenture to Company prior to the Redemption Date and the Redemption Amount shall become due and payable on the Redemption Date and on and after such date the Principal Amount comprising part of the Redemption Amount shall only bear interest if the Company shall default in the payment of the Redemption Amount on the Redemption Date. In the event the Holder does not surrender this Series A Debenture prior to the Redemption Date as required hereunder, then the Company may withhold payment of the Redemption Amount with no further interest being due and payable on the Principal Amount comprising part of the Redemption Amount, and such non-payment of the Redemption Amount shall not be deemed a default of payment by the Company, until such time as this Series A Debenture is surrendered to the Company at which time the Redemption Amount shall then become due and payable immediately thereafter.

Upon delivery to the Holder of the Redemption Notice and payment to the Holder of the Redemption Amount referenced therein, the Holder shall be deemed to have released the Company from all liability thereon or from all liability with respect to the portion of the Principal Amount and interest thereof, if applicable, so paid.

In the event that only a portion of the Principal Amount is the subject of an Early Redemption in accordance with this section 3.4, the Holder shall be entitled to receive a replacement Series A Debenture certificate representing the Principal Amount not subject to such Early Redemption on the same terms and provisions contained herein. In this event, interest shall continue to be payable on the remainder of the Principal Amount.

3.5 Payment on Maturity Date. The Company shall pay to the Holder the entire unpaid Principal Amount and all accrued and unpaid interest due under this Series A Debenture, in full, on the Maturity Date. Upon payment in full of the Principal Amount and all interest payable hereunder, the Holder shall surrender this Series A Debenture to the Company for cancellation.

3.6 Payment in Cash. Principal and interest due hereunder shall be paid in lawful money of Canada in immediately available funds or the equivalent at the address of the Holder set forth in Recital above or at such other address as the Holder may designate in writing from time to time.

#### **ARTICLE 4 DEFAULT**

##### 4.1 Default; Acceleration; Waiver.

- (a) Each of the following events shall be an “**Event of Default**” under this Series A Debenture:
- (i) the Company fails to pay the Principal Amount on the Maturity Date or any accelerated date of maturity;
  - (ii) the Company fails to pay interest on the Principal Amount on the dates set out in section 3.1, or any accelerated date, if such failure continues for a period of ten (10) Business Days;
  - (iii) there is a breach by the Company of any provision of this Series A Debenture (other than a breach referred to in section 4.1(a)(i) above), provided, that such breach shall not be deemed an Event of Default if such breach is cured prior to the tenth (10<sup>th</sup>) Business Day following written notice of such breach from the Holder;
  - (iv) proceedings are commenced for the winding-up, liquidation or dissolution of the Company (except as otherwise permitted under this Series A Debenture), unless the Company in good faith actively and diligently contests such proceedings, decree, order or approval, resulting in a dismissal or stay thereof within 60 days of commencement;
  - (v) a decree or order of a court of competent jurisdiction is entered adjudging the Company to be bankrupt or insolvent, or a petition seeking reorganization, arrangement or adjustment of or in respect of the Company is approved under applicable laws relating to bankruptcy, insolvency or relief of debtors;
  - (vi) the Company makes an assignment for the benefit of its creditors, or petitions or applies to any court or tribunal for the appointment of a receiver for itself or any

substantial part of its property, or commences for itself or acquiesces in any proceeding under any bankruptcy, insolvency, reorganization, arrangement or readjustment of debt law or statute or any proceeding for the appointment of a receiver for itself or any substantial part of its property, or suffers any such receivership or trusteeship;

- (vii) a resolution is passed for the winding-up or liquidation of the Company;
  - (viii) this Series A Debenture shall for any reason cease in whole or in any material part to be a legal, valid, binding and enforceable obligation of the Company; or
  - (ix) an event occurs which has or is likely to have a material adverse effect on the assets, financial condition or prospects of the Company, taken as a whole.
- (b) Upon the occurrence of any Event of Default, and so long as such Event of Default is continuing, the Holder may, at its option and upon written notice of acceleration given to the Company, declare the entire unpaid portion of the Principal Amount and all unpaid accrued interest under this Series A Debenture due and payable.
- (c) Prior to or after any notice of acceleration given to the Company, the Majority Holders may, on behalf of all Debenture Holders, including the Holder, waive any Event of Default that has occurred hereunder and its consequences. Whenever any Event of Default hereunder shall have been waived as permitted by this section 4.1(c), such Event of Default shall for all purposes of the Series A Debentures be deemed to have been cured and to be not continuing; provided always that no act or omission of the Majority Holders or the Holder, as the case may be, in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach of default or the rights of the Holder or the Majority Holders, as the case may be, resulting therefrom.
- (d) The rights and remedies provided by this Series A Debenture shall be cumulative, and shall be in addition to, and not exclusive of, any other rights and remedies available at law or in equity.

## ARTICLE 5 MISCELLANEOUS

5.1 Debenture Register. The Company shall maintain a register of Series A Debentures to be kept at the office of the Company, and in such other place as the Company with the approval of the Debenture Holders may designate. All transfers, exchanges and registrations shall be recorded in the register. The Company shall not be required to make exchanges, registrations or transfers of Series A Debentures during a period of ten (10) Business Days preceding an interest payment date.

5.2 Amendments. This Series A Debenture may not be amended without the written consent of the Holder.

5.3 Non-Transferable. This Series A Debenture is non-transferable.

5.4 Severability. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions

contained herein shall not in any way be affected or impaired thereby and shall remain in full force and effect and shall be liberally construed in favour of the Holder in order to carry out the intentions of the parties hereto as nearly as possible.

5.5 Applicable Law. This Series A Debenture shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Any and all disputes arising under this Series A Debenture, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of British Columbia and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

5.6 Criminal Code Compliance. In this section 5.6, the terms “*interest*”, “*criminal rate*” and “*credit advanced*” have the meanings ascribed to them in s. 347 of the *Criminal Code* (Canada) as amended from time to time. The Company and the Holder agree that, notwithstanding any agreement to the contrary, no interest on the credit advanced by the Holder under this Series A Debenture shall be payable in excess of that permitted under the Laws of Canada. If the effective rate of interest, calculated in accordance with generally accepted actuarial practices and principles, would exceed the criminal rate on the credit advanced, then:

- (a) the elements of return which fall within the term “*interest*” shall be reduced to the extent necessary to eliminate such excess;
- (b) any remaining excess that has been paid shall be credited towards prepayment of principal; and
- (c) any overpayment that may remain after such crediting shall be returned forthwith to the Company upon demand; and, if a dispute occurs, a Fellow of the Canadian Institute of Actuaries appointed by the Holder shall perform the relevant calculations and determine the reductions, modifications and credits necessary to effect the foregoing and the same shall be conclusive and binding on the parties. This Series A Debenture shall automatically be modified to reflect such modifications without the necessity of any further act or deed of the Holder or the Company to give them effect.

5.7 Enurement. This Series A Debenture shall enure to the benefit of the Holder and, as applicable, its heirs, personal representatives, estate, successors, transferees and assigns and shall be binding on the Company, its successors and permitted assigns.

5.8 Issuance of Replacement Debenture. The Company hereby covenants and agrees with the Holder that if this Series A Debenture becomes mutilated, lost, destroyed or stolen, upon receipt by the Company of evidence satisfactory to it of the mutilation, loss, destruction or theft and (in the case of loss, destruction or theft) of an indemnity reasonably satisfactory to it, and upon surrender and cancellation of this Series A Debenture certificate if mutilated, the Company shall issue and deliver to the Holder a new Series A Debenture certificate of like date and tenor as the one mutilated, lost, destroyed or stolen, in exchange for and in place of and upon cancellation of such mutilated, lost, destroyed or stolen Series A Debenture certificate.



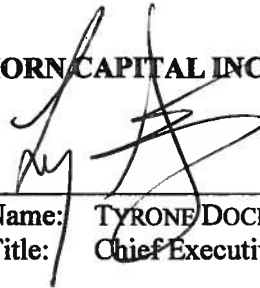
5.9 Notices.

- (a) Any notice, direction or other instrument required or permitted to be given to any party hereto shall be in writing and shall be sufficiently given if delivered personally, or transmitted by facsimile or email tested prior to the transmission to such party, as follows:
  - (i) in the case of the Company, to:
 

Deer Horn Capital Inc.  
4672 Kensington Place  
Delta, British Columbia V4K 4W5  
Attention: President  
Email: tyrone.dccap@dccnet.com
  - (ii) in the case of the Holder, at the address specified on the Recital above.
- (b) Any such notice, direction or other instrument, if delivered personally, shall be deemed to have been given and received on the day on which it was delivered, provided that if such day is not a Business Day then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following such day and if transmitted by facsimile or email, shall be deemed to have been given and received on the day of its transmission, provided that if such day is not a Business Day or if it is transmitted or received after the end of normal business hours then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day following the day of such transmission.
- (c) Any party hereto may change its address for service from time to time by notice given to each of the other parties hereto in accordance with the foregoing provisions.

**IN WITNESS WHEREOF** the Company has caused this Series A Debenture to be duly executed by a duly authorized officer as of the Issue Date.

**DEER HORN CAPITAL INC.**




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Per: Name: TYRONE DOCHERTY  
Title: Chief Executive Officer