

1933 INDUSTRIES INC.

and

ODYSSEY TRUST COMPANY

WARRANT INDENTURE

March 4 2021

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This Warrant Indenture (the “**Indenture**”) is made as of March 4, 2021

Between

1933 INDUSTRIES INC., a corporation incorporated under the laws of British Columbia, having an office in Vancouver, British Columbia (the “**Corporation**”)

and

ODYSSEY TRUST COMPANY, a trust company incorporated under the laws of Alberta authorized to carry on business in the provinces of Alberta and British Columbia (the “**Warrant Agent**”)

Recitals

- A.** In connection with a private placement offering of Units (as hereinafter defined) by the Corporation, the Corporation proposes to issue an aggregate of up to 48,199,144 common share purchase warrants (collectively, the “**Warrants**” and individually, a “**Warrant**”), comprised of 45,045,929 Warrants partially comprising the Units, 2,638,869 Warrants issuable upon the exercise of the Broker Warrants (as hereinafter defined) and 514,346 Warrants issuable upon the exercise of the Advisory Warrants;
- B.** Upon the terms and conditions herein set forth, each Warrant shall, subject to adjustment, entitle the holder thereof to acquire one Common Share (as hereinafter defined), at a price of \$0.16 per share, until the Time of Expiry (as hereinafter defined);
- C.** The Corporation is duly authorized to create and issue the Warrants to be issued as herein provided;
- D.** All acts and deeds necessary have been done and performed to create the Warrants, when issued as provided in this Indenture, as legal, valid and binding upon the Corporation with the benefits and subject to the terms of this Indenture; and
- E.** The Warrant Agent has agreed to act as the warrant agent in respect of the Warrants on behalf of the Warrantholders (as hereinafter defined) on the terms and conditions herein set forth.

The foregoing statements of fact and recitals are made by the Corporation and not the Warrant Agent.

NOW THEREFORE, in consideration of the premises and mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Corporation hereby appoints the Warrant Agent as warrant agent to hold the rights, interests and benefits contained herein for and on behalf of those persons who from time to time become the holders of Warrants issued pursuant to this Indenture and the parties hereto agree as follows.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Indenture, including the recitals and schedules hereto and in all indentures supplemental hereto:

1933 Act means the United States Securities Act of 1933, as amended;

Accelerated Expiry Date means the date that is 30 days following the date on which the Acceleration Notice is given;

Acceleration Notice means a written notice by the Corporation to the Warrant Agent and Warrantholders in accordance with Sections 10.1 and 10.2 hereof and to the Underwriter in accordance with the notice provisions contained in the Underwriting Agreement of the exercise by the Corporation of the Acceleration Right;

Acceleration Right means the right of the Corporation to accelerate the Expiry Date to the Accelerated Expiry Date within one Trading Day following the occurrence of an Acceleration Trigger Event;

Acceleration Trigger Event means a situation whereby, at any time following the date that is four months and one day following the Closing Date, the daily volume weighted average trading price of the Common Shares on the CSE is greater than \$0.30 per Common Share (subject to adjustment for subdivisions, consolidations and similar events) for a period of 10 consecutive Trading Days;

Accredited Investor means an "accredited investor" as defined in Rule 501(a) of Regulation D that satisfies the requirements of Rule 501(a);

Advisory Warrants means an aggregate of 514,346 advisory warrants issued to the Underwriter on the date hereof in connection with the private placement offering of Units, each advisory warrant exercisable to acquire one Unit, at an exercise of \$0.11 per Unit, at any time prior to the date that is 24 months from the Closing Date;

affiliates has the meaning given thereto in the *Business Corporations Act* (British Columbia);

Applicable Legislation means any statute, ordinance, regulation, authorization, order, permit, approval, grant, licence, consent, judgment, writ, injunction, award, determination, directive, decree, by-law or code that is enacted, made, issued, or granted by any government, regulatory agency, department, ministry, commission, board, court or other regulation or rule-making entity having jurisdiction over the Corporation;

Approved Bank has the meaning ascribed thereto in Section 9.4 hereof;

Beneficial Purchaser has the meaning ascribed thereto in Section 3.11(b)(ii) hereof;

Broker Warrants means an aggregate of 2,638,869 broker warrants issued to the Underwriter on the date hereof in connection with the private placement offering of Units, each broker warrant exercisable to acquire one Unit, at an exercise of \$0.11 per Unit, at any time prior to the date that is 24 months from the Closing Date;

Business Day means any day other than a Saturday, Sunday or any other day that the Warrant Agent in Vancouver, British Columbia is not generally open for business;

CDS Global Warrants has the meaning ascribed thereto in Section 2.4(a) hereof;

Closing Date means March 4, 2021, or such other date as is established by the Corporation;

Common Shares means fully paid and non-assessable common shares of the Corporation as presently constituted;

Confirmation has the meaning ascribed thereto in Section 3.2(a) hereof;

Corporation means 1933 Industries Inc.;

Corporation's Auditors means the firm of chartered accountants that is duly appointed as auditors of the Corporation;

Counsel means a barrister, solicitor or other duly licensed attorney or a firm of barristers, solicitors or attorneys retained by the Warrant Agent or retained by the Corporation and acceptable to the Warrant Agent;

CSE means the Canadian Securities Exchange;

Current Market Price means, in respect of any date, the weighted average trading price per share for the Common Shares for 20 consecutive trading days ending on the fifth trading day preceding the date of determination on the applicable stock exchange or, if the Common Shares are not listed on any stock exchange, then on the over-the-counter market or, if the Common Shares are not listed on any over-the-counter market, then as determined by the directors, acting reasonably and in good faith. The weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold during such 20 consecutive trading days on such exchange or market, as the case may be, by the total number of Common Shares so sold;

Depository means CDS Clearing and Depository Services Inc.;

director means a director of the Corporation for the time being and, unless otherwise specified herein, reference to action **by the directors** means action by the directors of the Corporation as a board or, whenever duly empowered, action by any committee of such board;

Dividends Paid in the Ordinary Course means dividends paid on the Common Shares in any financial year of the Corporation, whether in (1) cash, or (2) shares of the Corporation, (3) rights, options or warrants to purchase any shares, property or other assets of the Corporation at a purchase or exercise price of at least 110% of the fair market value of the shares or property or other assets purchasable as of the date of distribution of such rights, options or warrants (but excluding rights, options or warrants referred to in subsection 4.1(a)(iii) hereof), or (4) in property or other assets of the Corporation, provided that the amount or value of such dividends in the aggregate does not in such financial year exceed the greater of:

- (a) 150% of the aggregate amount or value of dividends paid by the Corporation on the Common Shares in its immediately preceding financial year; or
- (b) 100% of the consolidated net income of the Corporation (before extraordinary items but after dividends payable on all shares ranking prior to or on a parity with the Common Shares with respect to the payment of dividends) for its immediately preceding financial year, determined in accordance with generally accepted accounting principles,

and for the purpose of the foregoing where any dividend is paid otherwise than in cash, any securities, property or other assets so distributed by way of dividend shall be valued at the fair market value of such securities, property or other assets, as the case may be, as determined by the directors, which determination shall be conclusive except that, in the case of rights, options or warrants or similar rights to purchase Common Shares or securities convertible into or exchangeable for Common Shares, such fair market value shall be equal to the number of Common Shares which may be purchased thereby (or the number of Common Shares issuable upon conversion or exchange) as of the date of distribution of such rights, options, warrants or similar rights multiplied by the Current Market Price on the date of such distribution;

Effective Date means the date of this Indenture;

Exchange Act has the meaning ascribed thereto in Section 2.15(c) hereof;

Exercise Date means, with respect to any Warrant, the date on which the Warrant Certificate representing such Warrant is surrendered for exercise in accordance with the provisions of Article 3;

Exercise Price means, with respect to the exercise of any Warrant, \$0.16 in lawful money of Canada per Common Share, unless such price shall have been adjusted in accordance with the provisions of Article 4, in which case it shall mean the adjusted price in effect at such time;

Expiry Date means the earlier of: (i) March 4, 2023; and (ii) the Accelerated Expiry Date;

Issue Date means, in respect of each Warrant, the date upon which the Warrant is issued by the Corporation so that it is considered outstanding for the purposes of this Indenture;

person means an individual, corporation, company, partnership, joint venture, association, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof;

Regulation D means Regulation D under the 1933 Act;

Regulation S means Regulation S under the 1933 Act;

SEC has the meaning ascribed thereto in Section 2.15(c) hereof;

Shareholder means a holder of record of one or more Common Shares;

Subsidiary of the Corporation or **Subsidiary** has the meaning ascribed thereto in the *Securities Act* (British Columbia);

this Warrant Indenture, this Indenture, herein, hereby and similar expressions mean and refer to this Indenture and any indenture, deed or instrument supplemental hereto; and the expressions **Article, Section, subsection** and **paragraph** followed by a number mean and refer to the specified article, section, subsection or paragraph of this Indenture;

Time of Expiry means 4:30 p.m., Calgary time, on the Expiry Date or any earlier time on the Expiry Date as may be required by CDS;

Trading Day means a day on which the CSE (or such other stock exchange as the Common Shares trade on at the applicable time), is open for the transaction of business and on which the Common Shares actually trade on such exchange;

Underwriter mean Canaccord Genuity Corp., as sole underwriter in respect of the private placement offering of Units;

Underwriting Agreement means the underwriting agreement entered into between the Underwriter and the Corporation on the date hereof in respect of the private placement offering of Units;

Unit means a unit of the Corporation, with each such unit comprised of one Common Share and one Warrant;

United States means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

U.S. Person has the meaning set forth in Rule 902(k) Regulation S and includes, with certain exceptions, (i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a U.S. Person; (iv) any trust of which any trustee is a U.S. Person; (v)

any agency or branch of a foreign entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (viii) any partnership or corporation if (A) organized or incorporated under the laws of any jurisdiction other than the United States and (B) formed by a U.S. Person principally for the propose of investing in securities not registered under the 1933 Act, unless it is organized or incorporated, and owned, by accredited investors, as defined in Rule 501(a) under the 1933 Act who are not natural persons, estates or trusts;

U.S. Purchaser means any holder of Warrants originally purchased from the Corporation by a person who is a U.S. Person, a person in the United States or a person that purchased the Warrants for the account or benefit of a U.S. Person or a person in the United States;

U.S. Purchaser Letter means a letter substantially in the form of Schedule C hereto to be delivered by a U.S. Purchaser upon the exercise of any Warrants;

Warrant Agency means either of the principal office of the Warrant Agent in the City of Vancouver, British Columbia or such other place as may be designated in accordance with Section 3.4;

Warrant Agent means Odyssey Trust Company, in its capacity as warrant agent of the Warrants, or its successors from time to time in the trust hereby created;

Warrant Certificate means a certificate issued on or after the Effective Date evidencing Warrants that will be evidenced by a certificate, substantially in the form of Schedule A hereto t;

Warrant Term means the period from Issue Date to the Expiry Date;

Warrantholder, or **holder** without reference to Warrants, means the person who is the registered owner of Warrants as shown on the register maintained at the Warrant Agency by the Warrant Agent in accordance with this Indenture;

Warrantholders' Request means an instrument signed in one or more counterparts by Warrantholders entitled to acquire in the aggregate not less than 25% of the aggregate number of all Warrants then unexercised and outstanding, requesting the Warrant Agent to take some action or proceeding specified therein;

Warrants means the Warrants issued and certified hereunder and for the time being outstanding entitling the holder to acquire, as of the Effective Date, one Common Share for each Warrant upon payment of the Exercise Price prior to the Time of Expiry in accordance with this Indenture and the form of Warrant attached hereto; and

written order of the Corporation, written request of the Corporation, written consent of the Corporation and **certificate of the Corporation** mean, respectively, a written order, request, consent and certificate signed in the name of the Corporation by any director or officer of the Corporation, and may consist of one or more instruments so executed.

1.2 Gender and Number

Unless herein otherwise expressly provided or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.3 Interpretation not Affected by Headings, etc.

The division of this Indenture into Articles and Sections, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture.

1.4 Day not a Business Day

In the event that any day on or before which action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day.

1.5 Time of the Essence

Time shall be of the essence of this Indenture.

1.6 Applicable Law

This Indenture and the Warrant Certificates shall be construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and shall be treated in all respects as British Columbia contracts. Each of the parties hereto, which shall include the Warranholders, irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia with respect to all matters arising out of this Indenture and the transactions contemplated herein.

1.7 Severability

In the event that any provision under this Indenture is determined to be invalid or unenforceable in any respect, such determination will not affect the provision in any other respect or any other provision under this Indenture, all of which will remain in full force and effect.

1.8 Conflicts

In the event there is any conflict between this Indenture and any Warrant Certificate, the provisions under this Indenture will govern and prevail.

1.9 Currency

In this Warrant Indenture, references to dollars are to Canadian Dollars unless otherwise noted.

1.10 Meaning of “outstanding” for Certain Purposes

Except as otherwise provided herein, every Warrant Certificate countersigned and delivered by the Warrant Agent under this Indenture shall be deemed to be outstanding until it has been surrendered to the Warrant Agent pursuant to this Indenture, provided however that:

- (i) a Warrant Certificate that has been partially exercised or exchanged shall be deemed to be outstanding only to the extent of the unexercised or unexchanged, as the case may be, part of the Warrants evidenced thereby;
- (ii) where a Warrant Certificate has been issued in substitution for a Warrant Certificate that has been lost, stolen or destroyed, only one of them shall be counted for the purpose of determining the Warrants outstanding; and

- (iii) for the purpose of any provision of this Indenture entitling holders of outstanding Warrants to vote, sign consents, requests or other instruments or take any other action under this Indenture, Warrants owned legally or beneficially by the Corporation shall be disregarded, except that:
 - (a) for the purpose of determining whether the Warrant Agent will be protected in relying on any vote, consent, request or other instrument or other action, only the Warrants of which the Warrant Agent has written notice that they are so owned shall be so disregarded; and
 - (b) Warrants so owned that have been pledged in good faith other than to the Corporation shall not be so disregarded if the pledgee establishes to the satisfaction of the Warrant Agent, relying on the written statement of the Corporation, the pledgee's right to vote the Warrants in the pledgee's discretion free from the control of the Corporation to the terms of the pledge.

ARTICLE 2 ISSUE OF WARRANTS

2.1 Issue of Warrants

An aggregate of 48,199,144 Warrants, comprised of 45,045,929 Warrants partially comprising the Units, 2,638,869 Warrants issuable upon the exercise of the Broker Warrants and 514,346 Warrants issuable upon the exercise of the Advisory Warrants, are hereby created and authorized to be issued in accordance with the terms hereof and shall be executed by the Corporation and certified by, or on behalf of, the Warrant Agent upon the written order of the Corporation and delivered by the Warrant Agent to the Corporation in accordance with the written direction of the Corporation. Each Warrant entitles the holder thereof, upon exercise, together with the payment of the Exercise Price, before the Time of Expiry, to acquire one Common Share, subject to adjustment in accordance with Article 4.

2.2 Acceleration of Expiry Date

Subject to adjustment in accordance with Section 4.1, if an Acceleration Trigger Event shall have occurred, the Corporation shall be entitled, at its option, to exercise the Acceleration Right by delivery of an Acceleration Notice, provided an Acceleration Notice is provided to the Warrant Agent and Warranholders pursuant Sections 10.1 and 10.2 and to the Underwriter in accordance with the notice provisions contained in the Underwriting Agreement, within one Trading Day following the occurrence of an Acceleration Trigger Event. Concurrently with the delivery of an Acceleration Notice the Corporation shall issue a press release announcing the reduced Warrant Term. All Warrants that remain unexercised following the Accelerated Expiry Date shall immediately expire and all rights of holders of such Warrants shall be terminated without any compensation to such holder.

2.3 Form and Terms of Warrants

- (a) The Warrants may be issued in both certificated and uncertificated form. Each Warrant originally issued to a U.S. Purchaser will be evidenced in certificated form only and bear the applicable legends as set forth in Schedule "A" hereto. All Warrants issued in certificated form shall be evidenced by a Warrant Certificate (including all replacements issued in accordance with this Indenture), substantially in the form and bearing the applicable legends as set out in Schedule "A" hereto, which shall be dated as of the Issue Date, shall bear such distinguishing letters and numbers as the Corporation may, with the approval of the Warrant Agent, prescribe, and shall be issuable in any denomination excluding fractions. All Warrants issued to the Depository shall be in an uncertificated form, such uncertificated form being evidenced by a book position on the register of Warranholders to be maintained by the Warrant Agent in accordance with Section 2.12.
- (b) Each Warranholder by purchasing such Warrant acknowledges and agrees that the terms and conditions set forth in the form of the Warrant Certificate set out in Schedule

“A” hereto shall apply to all Warrants and Warrantholders regardless of whether such Warrants are issued in certificated or uncertificated form or whether such Warrantholders are registered Warrantholders or owners of Warrants who beneficially hold security entitlements in respect of the Warrants through the Depository.

- (c) The number of Common Shares which may be purchased pursuant to the exercise of Warrants and the Exercise Price payable therefor shall be adjusted in the events and in the manner specified in Article 4.
- (d) Each Warrant shall entitle the holder thereof to such other rights and privileges as are set forth in this Indenture.

2.4 Book Entry Warrants

- (a) Reregistration of beneficial interests in and transfers of Warrants held by the Depository (the “**CDS Global Warrants**”) shall be made only through the book entry registration system and no Warrant Certificates shall be issued in respect of such Warrants except where physical certificates evidencing ownership in such securities are required as set out herein or as may be requested by the Depository, as determined by the Corporation, from time to time. Except as provided in this Section 2.4, owners of beneficial interests in any CDS Global Warrants shall not be entitled to have Warrants registered in their names and shall not receive or be entitled to receive Warrants in definitive form or to have their names appear in the register referred to in Section 2.12 herein. Notwithstanding any terms set out herein, Warrants held in the name of the Depository having any legend set forth in Section 2.15(a) herein may only be held in the form of uncertificated Warrants with the prior consent of the Warrant Agent and in accordance with internal procedures of the Warrant Agent.
- (b) Notwithstanding any other provision in this Indenture, no CDS Global Warrants may be exchanged in whole or in part for Warrants registered, and no transfer of any CDS Global Warrants in whole or in part may be registered, in the name of any person other than the Depository for such CDS Global Warrants or a nominee thereof unless:
 - (i) the Depository notifies the Corporation that it is unwilling or unable to continue to act as depository in connection with the CDS Global Warrants and the Corporation is unable to locate a qualified successor;
 - (ii) the Corporation determines that the Depository is no longer willing, able or qualified to properly discharge its responsibilities as holder of the CDS Global Warrants and the Corporation is unable to locate a qualified successor;
 - (iii) the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Corporation is unable to locate a qualified successor;
 - (iv) the Corporation determines that the Warrants shall no longer be held as book entry Warrants through the Depository;
 - (v) such right is required by Applicable Legislation, as determined by the Corporation and the Corporation’s Counsel;
 - (vi) the Warrant is to be authenticated to, or for the account or benefit of, a person in the United States or a U.S. Person; or
 - (vii) such registration is effected in accordance with the internal procedures of the Depository and the Warrant Agent,

following which, Warrants for those holders requesting the same shall be registered and issued to the beneficial owners of such Warrants or their nominees as directed by the holder. The Corporation shall provide a certificate executed by an officer of the Corporation giving notice to the Warrant Agent of the occurrence of any event outlined in this Section 2.4(b)(i) through (vii).

- (c) Subject to the provisions of this Section 2.4, any exchange of CDS Global Warrants for Warrants which are not CDS Global Warrants may be made in whole or in part in accordance with the provisions of Section 2.9, *mutatis mutandis*. All such Warrants issued in exchange for CDS Global Warrants or any portion thereof shall be registered in such names as the Depository for such CDS Global Warrants shall direct and shall be entitled to the same benefits and be subject to the same terms and conditions (except insofar as they relate specifically to CDS Global Warrants) as the CDS Global Warrants or portion thereof surrendered upon such exchange.
- (d) Every Warrant that is authenticated upon registration or transfer of CDS Global Warrants, or in exchange for or in lieu of CDS Global Warrants or any portion thereof, whether pursuant to this Section 2.4 or otherwise, shall be authenticated in the form of, and shall be, CDS Global Warrants, unless such Warrant is registered in the name of a person other than the Depository for such CDS Global Warrants or a nominee thereof.
- (e) Notwithstanding anything to the contrary in this Indenture, subject to Applicable Legislation, the CDS Global Warrants will be issued as uncertificated Warrants, unless otherwise requested in writing by the Depository or the Corporation.
- (f) The rights of beneficial owners of Warrants who hold securities entitlements in respect of the Warrants through the book entry registration system, as represented by the CDS Global Warrants, shall be limited to those established by applicable law and agreements between the Depository and the book entry participants and between such book entry participants and the beneficial owners of Warrants who hold securities entitlements in respect of the Warrants through the book entry registration system, and such rights must be exercised through a book entry participant in accordance with the rules and procedures of the Depository.
- (g) Notwithstanding anything herein to the contrary, neither the Corporation nor the Warrant Agent nor any agent thereof shall have any responsibility or liability for:
 - (i) the electronic records maintained by the Depository relating to any ownership interests or any other interests in the Warrants or the depository system maintained by the Depository, or payments made on account of any ownership interest or any other interest of any person in any Warrant represented by an electronic position in the book entry registration system (other than the Depository or its nominee);
 - (ii) maintaining, supervising or reviewing any records of the Depository or any book entry participant relating to any such interest; or
 - (iii) any advice or representation made or given by the Depository or those contained herein that relate to the rules and regulations of the Depository or any action to be taken by the Depository on its own direction or at the direction of any book entry participant.

2.5 Warrant Certificate; Signing and Certification

- (a) Warrants shall be certified by, or on behalf of, the Warrant Agent upon the written order of the Corporation and delivered by the Warrant Agent to the Corporation in accordance with the written direction of the Corporation.
- (b) For Warrants issued in certificated form, the form of certificate representing the Warrants shall be substantially as set out in Schedule "A" hereto or such other form as is authorized from time to time by the Warrant Agent and Corporation. Each Warrant Certificate shall be authenticated on behalf of the Warrant Agent. Each Warrant Certificate shall be signed by any one duly authorized signatory of the Corporation; whose signature shall appear on the Warrant Certificate and may be printed, lithographed or otherwise mechanically reproduced thereon and, in such event, certificates so signed are as valid and binding upon the Corporation as if it had been signed manually. Any Warrant Certificate which has a signature duly executed by the Corporation as hereinbefore provided shall be valid notwithstanding that the person whose signature is printed, lithographed or mechanically reproduced no longer holds office at the date of issuance of such Warrant Certificate. The Warrant Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Warrant Agent may determine.
- (c) The Warrant Agent shall authenticate uncertificated Warrants (whether upon original issuance, exchange, registration of transfer, partial payment, or otherwise) by completing its internal procedures and the Corporation shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such uncertificated Warrants under this Indenture. Such authentication shall be conclusive evidence that such uncertificated Warrant has been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to uncertificated Warrants with respect to which this Indenture requires the Warrant Agent to maintain records or accounts. In case of differences between the register at any time and any other time, the register at the later time shall be controlling, absent manifest error, and such uncertificated Warrants shall be binding on the Corporation.
- (d) Any Warrant Certificate validly issued in accordance with the terms of this Indenture in effect at the time of issue of such Warrant Certificate shall, subject to the terms of this Indenture and Applicable Legislation, validly entitle the holder to acquire Common Shares in accordance with the terms and provisions of this Indenture, notwithstanding that the form of such Warrant Certificate may not be in the form currently required by this Indenture.
- (e) No Warrant shall be considered issued and shall be valid or obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been authenticated by the Warrant Agent. Authentication by the Warrant Agent, including by way of entry on the register, shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or of such Warrant Certificates or uncertificated Warrants (except the due authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture, and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration therefor. Authentication by the Warrant Agent shall be conclusive evidence as against the Corporation that the Warrants so authenticated have been duly issued hereunder and that the holder thereof is entitled to the benefits of this Indenture.
- (f) No Warrant Certificate shall be considered issued and authenticated or, if authenticated, shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been authenticated by manual signature by or on behalf of the Warrant Agent

substantially in the form of the Warrant set out in Schedule "A" hereto. Such authentication on any such Warrant Certificate shall be conclusive evidence that such Warrant Certificate is duly authenticated and is a valid and binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.

- (g) No uncertificated Warrant shall be considered issued and shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been authenticated by entry on the register of the particulars of the uncertificated Warrant. Such entry on the register of the particulars of an uncertificated Warrant shall be conclusive evidence that such uncertificated Warrant is a valid and binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.

2.6 Warrantholder not a Shareholder

Nothing in this Indenture or in the holding of a Warrant, Warrant Certificate, entitlement to a Warrant or otherwise, shall, in itself, confer or be construed as conferring upon a Warrantholder as such any right or interest whatsoever as a Shareholder or as any other shareholder of the Corporation, including, but not limited to, the right to vote at, to receive notice of, or to attend, meetings of Shareholders or any other proceedings of the Corporation, or the right to receive dividends and other distributions except as may be provided in this Indenture or the Warrant Certificates.

2.7 Warrants to Rank Pari Passu

All Warrants shall rank *pari passu*, whatever may be the actual Issue Date thereof.

2.8 Issue in Substitution for Warrant Certificates Lost, etc.

- (a) In the event that any Warrant Certificate shall become mutilated or be lost, destroyed or stolen, the Corporation, subject to applicable law, shall issue and thereupon the Warrant Agent shall certify and deliver, a new Warrant Certificate of like tenor and bearing the same legend, if applicable, as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be in a form approved by the Warrant Agent and the Warrants evidenced thereby shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Warrants issued or to be issued hereunder.
- (b) The applicant for the issue of a new Warrant Certificate pursuant to this Section 2.8 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost destroyed or stolen as shall be satisfactory to the Corporation and to the Warrant Agent each in their sole discretion, and such applicant shall also be required to furnish an indemnity and surety bond in amount and form satisfactory to the Corporation and the Warrant Agent each in their discretion and shall pay the reasonable charges of the Corporation and the Warrant Agent in connection therewith.

2.9 Exchange of Warrant Certificates

- (a) One or more Warrant Certificates representing any number of Warrants may, upon compliance with the reasonable requirements of the Warrant Agent, be exchanged for another Warrant Certificate or Warrant Certificates representing, in the aggregate, the same number of Warrants, and bearing the same legend, if applicable, as represented by the Warrant Certificate or Warrant Certificates so exchanged. Upon compliance with the reasonable requirements of the Warrant Agent and the terms and conditions hereof, the

Corporation will sign, and the Warrant Agent will countersign, all Warrant Certificates necessary to carry out these exchanges.

- (b) Warrant Certificates may be exchanged only at a Warrant Agency or at any other place that is designated by the Corporation with the approval of the Warrant Agent. Any Warrant Certificate tendered for exchange shall be surrendered to the Warrant Agency and cancelled by the Warrant Agent.

2.10 Transfer and Ownership of Warrants

- (a) The Warrants may only be transferred on the register kept by the Warrant Agent at the Warrant Agency by the holder or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent only upon: (a) in the case of a Warrant Certificate, surrendering to the Warrant Agent at the Warrant Agency the Warrant Certificates representing the Warrants to be transferred together with a duly executed transfer form as set forth in Schedule "A" attached hereto; (b) in the case of book entry Warrants, in accordance with procedures prescribed by the Depository under the book entry registration system; and (c) upon compliance with:

- (i) the conditions herein;
- (ii) such reasonable requirements as the Warrant Agent may prescribe; and
- (iii) all applicable securities legislation and requirements of regulatory authorities;

and such transfer shall be duly noted in such register by the Warrant Agent. Upon compliance with such requirements, the Warrant Agent shall issue to the transferee of a Warrant Certificate, a Warrant Certificate representing Warrants, and to the transferee of an uncertificated Warrant, an uncertificated Warrant, or the Warrant Agent shall authenticate and deliver a Warrant Certificate upon request that part of the CDS Global Warrants be certificated, if permissible in accordance with the terms and conditions of this Indenture. Transfers within the systems of the Depository are not the responsibility of the Warrant Agent and will not be noted on the register maintained by the Warrant Agent.

- (b) If a Warrant Certificate tendered for transfer bears the legends set forth in Section 2.15(a), the Warrant Agent shall not register such transfer unless the transferor has provided the Warrant Agent with the Warrant Certificate and (A) the transfer is made to the Corporation or (B) outside the United States in accordance with Rule 904 of Regulation S and in compliance with local laws and regulations, (C) within the United States pursuant to an exemption from registration under the 1933 Act provided by (1) Rule 144A thereunder, if available, or (2) Rule 144 thereunder, if available, and, in either case in compliance with applicable state securities laws, or (D) within the United States in a transaction that does not require registration under the 1933 Act or any applicable state securities laws; and, in the case of a transfer pursuant to clause (C)(2) or (D), after the holder of such Warrant Certificate has, prior to such transfer, furnished to the Corporation (and the Warrant Agent) an opinion of Counsel of recognized standing to such effect, in either case reasonably satisfactory to the Corporation stating that such legends may be removed.
- (c) Any Warrant Certificate issued to a transferee upon transfer contemplated by this Section 2.10 shall bear the appropriate legends, as required by applicable securities laws, as set forth in Section 2.15(a) and/or Section 2.16(a), as applicable.
- (d) Subject to the provisions of this Indenture and Applicable Legislation, the Warrantholder shall be entitled to the rights and privileges attaching to the Warrants, and the issue of Common Shares by the Corporation upon the exercise of Warrants in accordance with

the terms and conditions herein contained shall discharge all responsibilities of the Corporation and the Warrant Agent with respect to such Warrants and neither the Corporation nor the Warrant Agent shall be bound to inquire into the title of any such holder.

- (e) Notwithstanding any other provisions of this Indenture, in processing and registering transfers of Warrants, no duty or responsibility whatsoever shall rest upon the Warrant Agent to determine the compliance by any transferor or transferee with the terms of the legend contained in Section 2.15(a), or with the relevant securities laws or regulations, including, without limitation, Regulation S, and the Warrant Agent shall be entitled to assume that all transfers made in accordance with the terms of this Indenture are legal and proper.

2.11 Charges for Exchange and Transfer

Except as otherwise herein provided, the Warrant Agent may charge to the holder requesting an exchange, exercise or transfer a reasonable sum for each new Warrant Certificate issued in exchange for Warrant Certificate(s), and payment of such charges and reimbursement of the Warrant Agent or the Corporation for any and all stamp taxes or governmental or other charges required to be paid shall be made by such holder as a condition precedent to such exchange, exercise or transfer.

2.12 Register of Warrants

- (a) The Warrant Agent shall maintain records and accounts concerning the Warrants, whether certificated or uncertificated, which shall contain the information called for below with respect to each Warrant, together with such other information as may be required by law or as the Warrant Agent may elect to record. All such information shall be kept in one set of accounts and records which the Warrant Agent shall designate (in such manner as shall permit it to be so identified as such by an unaffiliated party) as the register of the holders of Warrants. The information to be entered for each account in the register of Warrants at any time shall include (without limitation):
 - (i) the name and address of the registered Warrantholder, the date of authentication thereof and the number of Warrants;
 - (ii) whether such Warrant is represented by a Warrant Certificate or is an uncertificated Warrant and, if represented by a Warrant Certificate, the unique number or code assigned to and imprinted thereupon and, if an uncertificated Warrant, the unique number or code assigned thereto if any;
 - (iii) whether such Warrant has been cancelled; and
 - (iv) a register of transfers in which all transfers of Warrants and the date and other particulars of each transfer shall be entered.
- (b) The register shall be available for inspection by the Corporation and or any Warrantholder during the Warrant Agent's regular business hours on a Business Day and upon payment to the Warrant Agent of its reasonable fees. Any Warrantholder exercising such right of inspection shall first provide an affidavit in form satisfactory to the Corporation and the Warrant Agent stating the name and address of the Warrantholder and agreeing not to use the information therein except in connection with an effort to call a meeting of Warrantholders or to influence the voting of Warrantholders at any meeting of Warrantholders. The Warrant Agent shall, from time to time when requested to do so by the Corporation, furnish the Corporation with a list of the names and addresses of Warrantholders entered in the register kept by the Warrant Agent showing the number of Warrants held by each such Warrantholder.

- (c) Once an uncertificated Warrant has been authenticated, the information set forth in the register with respect thereto at the time of authentication may be altered, modified, amended, supplemented or otherwise changed only to reflect exercise or proper instructions to the Warrant Agent from the holder as provided herein, except that the Warrant Agent may act unilaterally to make purely administrative changes internal to the Warrant Agent and changes to correct errors. Each person who becomes a holder of an uncertificated Warrant, by his, her or its acquisition thereof shall be deemed to have irrevocably (i) consented to the foregoing authority of the Warrant Agent to make such minor error corrections and (ii) agreed to pay to the Warrant Agent, promptly upon written demand, the full amount of all loss and expense (including without limitation reasonable legal fees of the Corporation and the Warrant Agent plus interest, at an appropriate then prevailing rate of interest to the Warrant Agent), sustained by the Corporation or the Warrant Agent as a proximate result of such error if but only if and only to the extent that such present or former holder realized any benefit as a result of such error and could reasonably have prevented, forestalled or minimized such loss and expense by prompt reporting of the error or avoidance of accepting benefits thereof whether or not such error is or should have been timely detected and corrected by the Warrant Agent; provided, that no person who is a *bona fide* purchaser shall have any such obligation to the Corporation or to the Warrant Agent.

2.13 Transferee Entitled to Registration

The transferee of a Warrant shall, after the transfer form attached to the Warrant Certificate is duly completed and the Warrant Certificate and form of transfer are lodged with the Warrant Agent, and upon compliance with all other conditions in that regard required by this Indenture and by all applicable securities legislation and requirements of regulatory authorities, be entitled to have his, her or its name entered on the register as the owner of such Warrant free from all equities or rights of set-off or counterclaim between the Corporation and his, her or its transferor or any previous Warrantholder of such Warrant, save in respect of equities of which the Corporation or the transferee is required to take notice by statute or by order of a court of competent jurisdiction.

2.14 Ownership of Warrants

- (a) The Corporation and the Warrant Agent may deem and treat the registered Warrantholder of any Warrant Certificate as the absolute owner of the Warrant represented thereby for all purposes, and the Corporation and the Warrant Agent shall not be affected by any notice or knowledge to the contrary, except where the Corporation or the Warrant Agent is required to take notice by statute or by order of a court of competent jurisdiction. For greater certainty, subject to applicable law, neither the Corporation nor the Warrant Agent will be bound to take notice of or see to the execution of any trust, whether express, implied or constructive, in respect of any Warrant, and may transfer any Warrant on the direction of the person registered as Warrantholder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.
- (b) Subject to the provisions of this Indenture and applicable law, each Warrantholder shall be entitled to the rights and privileges attaching to the Warrants held thereby. The exercise of the Warrants in accordance with the terms hereof and the receipt by any such Warrantholder of Common Shares or other property or securities pursuant thereto shall be a good discharge to the Corporation and the Warrant Agent with respect to such Warrants and neither the Corporation nor the Warrant Agent shall be bound to inquire into the title of any such holder.

2.15 U.S. Legends

- (a) The Warrants issued hereunder and the Common Shares issuable upon exercise of such Warrants have not been and will not be registered under the 1933 Act or any applicable United States state securities laws. Upon the original issuance thereof, and until such time as the same is no longer required under applicable requirements of the 1933 Act or applicable United States state securities laws, certificates representing the Warrants issued hereunder originally issued to a U.S. Purchaser, and all certificates issued in exchange therefor or in substitution thereof, shall be overprinted with the following legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR UNDER THE SECURITIES LAWS OF ANY STATE. THE HOLDER HEREOF, BY PURCHASING THE SECURITIES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF 1933 INDUSTRIES INC. (THE “CORPORATION”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (1) RULE 144A THEREUNDER, OR (2) RULE 144 THEREUNDER, IF AVAILABLE, AND, IN EITHER CASE, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) WITHIN THE UNITED STATES, IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS; AND, IN THE CASE OF A TRANSFER PURSUANT TO CLAUSE (C)(2) OR (D), AFTER THE HOLDER HEREOF HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION (OR THE WARRANT AGENT OR TRANSFER AGENT) AN OPINION OF COUNSEL OF RECOGNIZED STANDING TO SUCH EFFECT, IN EITHER CASE, REASONABLY SATISFACTORY IN FORM AND SUBSTANCE TO THE CORPORATION (AND THE WARRANT AGENT OR TRANSFER AGENT).

DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE ‘GOOD DELIVERY’ IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

provided, that if the Warrants are being sold in compliance with the requirements of Rule 904 of Regulation S and in compliance with local laws and regulations, the legend may be removed by providing to the Warrant Agent: (i) a declaration in the form attached hereto as Schedule “B” (or as the Corporation may prescribe from time to time); and (ii) if required by the Warrant Agent, an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, or other evidence reasonably satisfactory to the Corporation, that the proposed transfer may be effected without registration under the 1933 Act.

- (b) The Warrant Certificates, and all certificates issued in exchange therefor or in substitution thereof, shall bear, in addition to the legends above, the following legend:

“THIS WARRANT AND THE SECURITIES DELIVERABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THIS WARRANT

MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON UNLESS THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATIONS UNDER THE U.S. SECURITIES ACT."

- (c) The Corporation confirms that as of the date of execution of this Indenture it does not have a class of securities registered pursuant to Section 12 of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or have a reporting obligation pursuant to Section 15(d) of the Exchange Act. The Corporation covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the Exchange Act, or the Corporation shall incur a reporting obligation pursuant to Section 15(d) of the Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by the Corporation in accordance with the Exchange Act, the Corporation shall promptly deliver to the Warrant Agent an officers' certificate (in a form provided by the Warrant Agent) notifying the Warrant Agent of such registration or termination and such other information as the Warrant Agent may require at the time. The Corporation acknowledges that the Warrant Agent is relying upon the foregoing representation and covenants in order to meet certain obligations of the United States Securities Exchange Commission (the "**SEC**") with respect to those clients who are filing with the SEC.

2.16 Canadian Legend

- (a) All Warrants (and the Common Shares issuable upon exercise of the Warrants if issued prior to the date that is four months and one day after the Closing Date) shall be subject to a hold period as required under Canadian securities laws, and the certificates or the CDS Global Warrants shall bear the following legend:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE JULY 5, 2021."

ARTICLE 3 EXERCISE OF WARRANTS

3.1 Method of Exercise of Warrants represented by Warrant Certificates

- (a) The registered holder of any Warrant represented by a Warrant Certificate may exercise the right conferred on such holder to acquire one Common Share for each such Warrant held by surrendering, prior to the Time of Expiry, to the Warrant Agent at a Warrant Agency:
- (i) the original Warrant Certificate representing such Warrants, with a duly completed and executed exercise form in the form attached to the Warrant Certificate; and
 - (ii) a certified cheque or bank draft payable to or to the order of the Corporation (or payment in such other form as the Corporation may accept), in the amount of the aggregate Exercise Price of such Warrants being exercised.

A Warrant Certificate with the duly completed and executed exercise form referred to in this subsection 3.1(a) shall be deemed to be surrendered only upon actual receipt thereof at, in each case, a Warrant Agency or such other place or places that may be designated by the Corporation with the approval of the Warrant Agent, provided that such original

Warrant Certificate is accompanied by the requisite payment of the aggregate Exercise Price for the Warrants represented thereby that are being exercised.

- (b) Any exercise form referred to in subsection 3.1(a) shall be signed by the Warrantholder or his, her or its executors, administrators or other legal representatives or his, her or its attorney duly appointed (such persons being obligated to provide the Warrant Agent at the Warrant Agency with proof satisfactory to the Warrant Agent of his, her or its authority to act on behalf of the Warrantholder) and shall specify:
- (i) the number of Common Shares which the holder wishes to acquire (being not more than those which the holder is entitled to acquire pursuant to the Warrant Certificate(s) surrendered);
 - (ii) the person or persons in whose name or names such Common Shares are to be issued, and if such persons are individuals, the relevant social insurance numbers;
 - (iii) the address or addresses of such person or persons; and
 - (iv) the number of Common Shares to be issued to each such person if more than one is so specified.

If any of the Common Shares issued upon exercise of the Warrants for are to be issued to a person or persons other than the Warrantholder, the Warrantholder shall pay to the Corporation or the Warrant Agent on behalf of the Corporation, all applicable transfer or similar taxes and the Corporation shall not be required to issue or deliver certificates evidencing Common Shares unless or until such Warrantholder shall have paid to the Corporation, or the Warrant Agent on behalf of the Corporation, the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid or that none is due.

3.2 Method of Exercise of uncertificated Warrants

- (a) A beneficial owner of uncertificated Warrants by a security entitlement in respect of Warrants in the book entry registration system who desires to exercise his, her or its Warrants must do so by causing a book entry participant to deliver to the Depository on behalf of the entitlement holder, notice of the owner's intention to exercise Warrants in a manner acceptable to the Depository. Forthwith upon receipt by the Depository of such notice, as well as payment for the aggregate Exercise Price for the Warrants represented thereby, the Depository shall deliver to the Warrant Agent confirmation of its intention to exercise Warrants (a "**Confirmation**") in a manner acceptable to the Warrant Agent, including by electronic means through a book based registration system, including that of the Depository. An electronic exercise of the Warrants initiated by the book entry participant through a book based registration system, including that of the Depository, shall constitute a representation to both the Corporation and the Warrant Agent that the beneficial owner at the time of exercise of such Warrants either (i)(A) is not in the United States; (B) is not a U.S. Person and is not exercising such Warrants on behalf of a U.S. Person or a person in the United States; and (C) did not execute or deliver the notice of the owner's intention to exercise such Warrants in the United States, or (ii) is a U.S. Purchaser. If the CDS Participant is not able to make or deliver the foregoing representations by initiating the electronic exercise of the Warrants, then such Warrants shall be withdrawn from the book based registration system, including that of the Depository, by the CDS participant and an individually registered Warrant Certificate shall be issued by the Warrant Agent to such beneficial owner or CDS participant and the exercise procedures set forth in Section 3.1 shall be followed.

- (b) Payment representing the aggregate Exercise Price must be provided to the appropriate office of the book entry participant in a manner acceptable to it. A notice in form acceptable to the book entry participant and payment from such beneficial holder should be provided to the book entry participant sufficiently in advance so as to permit the book entry participant to deliver notice and payment to the Depository and for the Depository in turn to deliver notice and payment to the Warrant Agent prior to the Time of Expiry. The Depository will initiate the exercise by way of the Confirmation and forward the aggregate Exercise Price electronically to the Warrant Agent and the Warrant Agent will execute the exercise by issuing to the Depository through the book entry registration system the Common Shares to which the exercising Warrantheader is entitled pursuant to the exercise. Any expense associated with the exercise process will be for the account of the entitlement holder exercising the Warrants and/or the book entry participant exercising the Warrants on its behalf.
- (c) By causing a book entry participant to deliver notice to the Depository, a Warrantheader shall be deemed to have irrevocably surrendered his, her or its Warrants so exercised and appointed such book entry participant to act as his, her or its exclusive settlement agent with respect to the exercise and the receipt of Common Shares in connection with the obligations arising from such exercise.
- (d) Any notice which the Depository determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no force and effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a book entry participant to exercise or to give effect to the settlement thereof in accordance with the Warrantheader's instructions will not give rise to any obligations or liability on the part of the Corporation or Warrant Agent to the book entry participant or the Warrantheader.

3.3 Timing for Exercise

Notices of exercise and Confirmations must be delivered to the Warrant Agent at any time during the Warrant Agent's actual business hours on any Business Day prior to the Time of Expiry. Any notices of exercise or Confirmations received by the Warrant Agent after business hours on any Business Day other than the Expiry Date will be deemed to have been received by the Warrant Agent on the next following Business Day. Any Warrant with respect to which a Confirmation or notice of exercise is not received by the Warrant Agent before the Time of Expiry shall be deemed to have expired and become void and all rights with respect to such Warrants shall terminate and be cancelled.

3.4 Warrant Agency

In connection with the exchange, transfer or exercise of Warrants and compliance with such other terms and conditions hereof as may be required, the Corporation has appointed the principal office of the Warrant Agent in Calgary, Alberta and Vancouver, British Columbia as an agency at which Warrant Certificates may be surrendered for exchange or at which Warrants may be exercised and the Warrant Agent has accepted such appointment. The Corporation shall give notice to the Warrant Agent of any change of the Warrant Agency.

3.5 Effect of Exercise of Warrants

- (a) Upon compliance by the holder of any Warrant Certificate with the provisions of Section 3.1, and subject to Section 3.3, the Common Shares issued upon the exercise of the Warrants, in compliance with Sections 3.1 and 3.2, shall be deemed to have been issued as fully paid and non-assessable and the person or persons to whom such Common Shares are to be issued shall be deemed to have become the holder or holders of record of such Common Shares on the Exercise Date unless the transfer registers of the Corporation shall be closed on such date, in which case the Common Shares subscribed

for shall be deemed to have been issued and such person or persons shall be deemed to have become the holder or holders of record of such Common Shares, on the date on which such transfer registers are reopened. Beneficial holders of Warrants must commence the exercise process sufficiently in advance so that the Warrant Agent is in receipt of all items of exercise at least one Business Day prior to the Exercise Date.

- (b) Within five Business Days after the Exercise Date of a Warrant as set forth above, Warrant Agent on behalf of the Corporation shall mail or cause to be mailed to the person or persons in whose name or names the Common Shares so subscribed for have been issued, as specified in the exercise form completed in connection with the exercise of the Warrants, at the address specified in such exercise form or, if so specified in such exercise form, cause to be delivered to such person or persons at the Warrant Agency where the Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Common Shares subscribed for, or any other appropriate evidence of the issuance of Common Shares issued under the book entry registration system.

3.6 Partial Exercise of Warrants; Fractions

- (a) The holder of any Warrants may acquire a number of Common Shares less than the number which the holder is entitled to acquire. In the event of any exercise of a number of Warrants less than the number which the holder is entitled to exercise, the holder of the Warrants upon exercise thereof shall, in addition, be entitled to receive, without charge therefor, a new Warrant Certificate(s), bearing the same legend, if applicable, in respect of the balance of the Warrants which such holder was entitled to exercise and which were not then exercised.
- (b) Notwithstanding anything herein contained including any adjustment provided for in Article 4, the Corporation shall not be required, upon the exercise of any Warrants, to issue fractions of Common Shares or to distribute certificates which evidence fractional Common Shares. In lieu of fractional Common Shares, the Corporation shall pay to the holder who would otherwise be entitled to receive fractional Common Shares upon an exercise of Warrants, within 10 Business Days after the date upon which the fractional Common Shares would have been issued, an amount in lawful money of Canada equal to the Current Market Price of the Common Shares as of the Exercise Date multiplied by an amount equal to the fractional interest of Common Shares such holder would otherwise be entitled to receive upon such exercise, provided that the Corporation shall not be required to make any payment, calculated as aforesaid, that is less than \$10.00. The price to be paid shall be provided by the Corporation in writing to the Warrant Agent upon request.

3.7 Expiration of Warrants

Immediately after the Time of Expiry, all rights under any Warrant in respect of which the right of acquisition herein and therein provided for shall not have been exercised shall cease and terminate and such Warrant shall be void and of no further force or effect except to the extent that the Warrantholder has not received the certificates representing the Common Shares to be issued in respect of Warrants exercised prior to the Time of Expiry, in which instances the Warranholders' rights hereunder shall continue until it has received that to which it is entitled hereunder.

3.8 Cancellation of Surrendered Warrants

All Warrant Certificates surrendered pursuant to Article 3 shall be cancelled by the Warrant Agent and upon such circumstances all such uncertificated Warrants shall be deemed cancelled and so noted on the register by the Warrant Agent. Upon request by the Corporation, the Warrant Agent shall furnish to the Corporation a cancellation certificate identifying the Warrant Certificates so cancelled, the number of

Warrants evidenced thereby, the number of Common Shares, if any, issued pursuant to such Warrants and the details of any Warrant Certificates issued in substitution or exchange for such Warrant Certificates cancelled.

3.9 Accounting and Recording

- (a) The Warrant Agent shall as soon as reasonably practicable account to the Corporation with respect to Warrants exercised. Any monies, securities or other instruments, from time to time received by the Warrant Agent shall be received in trust for and shall be segregated and kept apart by the Warrant Agent in trust for the Corporation.
- (b) The Warrant Agent shall record the particulars of Warrants exercised which shall include the names and addresses of the persons who become holders of Common Shares on exercise and the Exercise Date.

3.10 Common Share Certificates and Securities Restrictions

Notwithstanding anything herein contained, Common Shares will only be issued pursuant to any Warrant exercise in compliance with the securities laws of any applicable jurisdiction and, without limiting the generality of the foregoing, the certificates representing the Common Shares thereby issued will bear such legend as may, in the opinion of Counsel to the Corporation, be necessary in order to avoid a violation of any securities laws of any province in Canada or of the United States or to comply with the requirements of any stock exchange on which the Common Shares are listed, provided that if, at any time, in the opinion of Counsel to the Corporation, such legends are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificates, at the holder's expense, provides the Corporation with evidence satisfactory in form and substance to the Corporation (which may include an opinion of counsel satisfactory to the Corporation) to the effect that such holder is entitled to sell or otherwise transfer such Common Shares in a transaction in which such legends are not required, such legended certificates may thereafter be surrendered to the Corporation in exchange for certificates which do not bear such legend.

3.11 Restriction on Exercise in the United States or by U.S. Persons; Exception

- (a) Warrants may not be exercised by, or on behalf of, a person in the United States or a U.S. Person unless an exemption from the registration requirements of the 1933 Act and applicable state securities laws is available and such exercise is made in accordance with Section 3.11(b);
- (b) Any holder that seeks to exercise a Warrant shall provide to the Corporation and the Warrant Agent, and the Corporation and the Warrant Agent shall be entitled to act and rely thereon, any of:
 - (i) a written certification that such holder (i) at the time of exercise of the Warrant is not in the United States; (ii) is not a U.S. Person and is not exercising the Warrant for the account or benefit of a U.S. Person; (iii) was not offered to exercise the Warrant and did not execute or deliver the exercise form for the Warrant in the United States; (iv) did not acquire the Warrant while it was in the United States or acting for the account or benefit of a U.S. Person and (v) has in all other respects complied with Regulation S; or
 - (ii) a written certification that such holder (i) originally purchased the Warrant on its own behalf or on behalf of a beneficial purchaser (a "**Beneficial Purchaser**") directly from the Corporation pursuant to the Corporation's offering of Warrants at a time when the holder was and any Beneficial Purchaser was (A) an Accredited Investor and (B) in the United States or a U.S. Person, or was offered Warrants in the United States; (ii) is exercising the Warrant solely for its own

account or for the account of the Beneficial Purchaser, if any, and not on behalf of any other person, (iii) is, and the Beneficial Purchaser, if any, is, an Accredited Investor on the date of exercise of the Warrant, and (iv) as of the date of exercise of the Warrant, it reaffirms the representations, warranties, and agreements made by it in its U.S. Purchaser Letter; or

- (iii) a written opinion of counsel of recognized standing (which, for greater clarity, shall be addressed to both the Corporation and the Warrant Agent) in form and substance satisfactory to the Corporation to the effect that an exemption from the registration requirements of the 1933 Act and applicable state securities laws is available for the issuance of the Common Shares upon exercise of the Warrants.
- (c) No certificates representing Common Shares will be registered or delivered to an address in the United States unless the holder of Warrants complies with the requirements set forth in subsection 3.11(b)(ii) or 3.11(b)(iii) (and, in the case of subsection 3.11(b)(iii), the Corporation has confirmed in writing to the Warrant Agent that the written opinion of counsel is satisfactory to the Corporation); and
- (d) Certificates representing Common Shares issued upon exercise of the Warrants pursuant to subsection 3.11(b)(ii) or (iii) above shall be "restricted securities" within the meaning of Rule 144(a)(3) under the 1933 Act, may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption or exclusion from the registration requirements of the 1933 Act and applicable state securities laws and shall bear a legend to that effect as designated in Section 2.15.

ARTICLE 4 ADJUSTMENT OF NUMBER OF COMMON SHARES

4.1 Adjustment of Number of Common Shares

The acquisition rights as they relate to Common Shares, attaching to the Warrants in effect at any date, and the Exercise Price in respect thereof, shall be subject to adjustment from time to time as follows:

- (a) If and whenever at any time prior to the Time of Expiry the Corporation shall (i) subdivide or redivide the outstanding Common Shares into a greater number of shares, (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of shares, or (iii) issue Common Shares or securities exchangeable for or convertible into Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a dividend or distribution (other than an issue of Common Shares to holders of Common Shares pursuant to any right granted to such holders to receive such Common Shares in lieu of Dividends Paid in the Ordinary Course), the Exercise Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a dividend or other distribution, as the case may be, shall be the product of the Exercise Price immediately prior to such effective date or record date and the quotient of the number of Common Shares outstanding immediately before such effective or record date divided by the number of Common Shares outstanding on such effective date or record date after giving effect to the applicable transaction. Such adjustment shall be made successively whenever any event referred to in this Section 4.1(a) shall occur. Any such issue of Common Shares by way of a dividend or distribution shall be deemed to have been made on the record date for the dividend or distribution for the purpose of calculating the number of outstanding Common Shares under subsections (b) and (c) of this Section 4.1.
- (b) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of

its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities exchangeable for or convertible into Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price of a Common Share on such record date, the Exercise Price shall be adjusted effective immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the quotient obtained by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by the Current Market Price per Common Share as of such record date, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible or exchangeable securities so offered are convertible or exchangeable). Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Exercise Price shall be re-adjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect if only the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.

- (c) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the issue or the distribution to all or substantially all the holders of its outstanding Common Shares of (i) shares of any class other than Common Shares, (ii) rights, options or warrants (excluding rights, options or warrants entitling the holders thereof for a period of not more than 45 days after the date of issue thereof to subscribe for or purchase Common Shares or securities convertible into Common Shares), (iii) evidences of its indebtedness, or (iv) assets (excluding Dividends Paid in the Ordinary Course) then, in each such case, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price per Common Share on such record date, less the fair market value (as determined by the directors of the Corporation, with the approval of the Warrant Agent and the appropriate stock exchange (if required), which determination shall be conclusive) of such shares or rights, options or warrants or evidences of indebtedness or assets so distributed, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price per Common Share on such record date. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the Exercise Price shall be re-adjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or assets actually distributed, as the case may be.
- (d) If and whenever at any time prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in Section 4.1(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other person or other entity; or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other person or other entity or a liquidation, dissolution or winding-up of the Corporation, any holder of a Warrant who has not exercised its right of exercise prior to the effective

date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance or liquidation, dissolution or winding-up, upon the exercise of such right thereafter, shall be entitled to receive and shall accept for the same aggregate consideration, in lieu of the number of Common Shares then sought to be acquired by it, the number of shares or other securities or property of the Corporation or of the person or other entity resulting from such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, or to which such sale or conveyance may be made or which holders of Common Shares receive pursuant to such liquidation, dissolution or winding-up, as the case may be, that such holder of a Warrant would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance or liquidation, dissolution or winding-up, if, on the record date or the effective date thereof, as the case may be, the holder had been the registered holder of the number of Common Shares sought to be acquired by it and to which it was entitled to acquire upon the exercise of the Warrants. If determined appropriate by the directors of the Corporation, to give effect to or to evidence the provisions of this Section 4.1(d), the Corporation, its successor, or such purchasing person or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the holder of Warrants to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares or other securities or property to which a holder of Warrants entitled on the exercise of its rights thereafter. Any indenture entered into between the Corporation and the Warrant Agent pursuant to the provisions of this Section 4.1(d) shall be a supplemental indenture entered into pursuant to the provisions of ARTICLE 8. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing person or other entity and the Warrant Agent shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1(d) and which shall apply to successive reclassifications, capital reorganizations, consolidations, amalgamations, mergers, sales or conveyances and to any successive liquidation, dissolution or winding up;

- (e) In any case in which this Section 4.1 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the holder of any Warrant exercised after such record date and before the occurrence of such event the additional Common Shares or other securities or property issuable upon such exercise by reason of the adjustment required by such event; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Common Shares or other securities or property upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares or other securities or property declared in favour of holders of record of Common Shares or such other securities or property on and after the relevant date of exercise or such later date as such holder would, but for the provisions of this subsection 4.1(e), have become the holder of record of such additional Common Shares or other securities or property pursuant to subsection 4.1(b).
- (f) In any case in which subsections 4.1(a)(iii), 4.1(b) or 4.1(c) require that an adjustment be made to the Exercise Price, no such adjustment shall be made if, subject to the prior approval of the CSE (or such other stock exchange or trading system on which the Common Shares or Warrants are listed for trading), the holders of the outstanding Warrants receive the Common Shares or securities exchangeable for or convertible into Common Shares referred to in subsection 4.1(a)(iii), the rights, options or warrants

referred to in subsection 4.1(b) or the securities, rights, options, warrants, evidences of indebtedness or assets referred to in subsection 4.1(c), as the case may be, in such kind and number as they would have received if they had been holders of Common Shares on the applicable record date or effective date, as the case may be, by virtue of their outstanding Warrant having then been exercised into Common Shares at the Exercise Price in effect on the applicable record or effective date, as the case may be.

- (g) The adjustments provided for in this Section 4.1 are cumulative and shall, in the case of adjustments to the Exercise Price, be computed to the nearest whole cent and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 4.1, provided that, notwithstanding any other provision of this Section, no adjustment of the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price then in effect; provided, however, that any adjustments which by reason of this subsection 4.1(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (h) After any adjustment pursuant to this Section 4.1, the term "Common Shares" where used in this Indenture shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, the Warranholder is entitled to receive upon the exercise of his Warrant and the number of Common Shares indicated by any exercise made pursuant to a Warrant shall be interpreted to mean the number of Common Shares or other property or securities a Warranholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, upon the full exercise of a Warrant.

4.2 Entitlement to Common Shares on Exercise of Warrant

All Common Shares or shares of any class or other securities or property which a Warranholder is at the time in question entitled to receive on the exercise of its Warrant, whether or not as a result of adjustments made pursuant to this Article 4, shall, for the purposes of the interpretation of this Indenture, be deemed to be Common Shares which such Warranholder is entitled to acquire pursuant to such Warrant.

4.3 No Adjustment for Stock Options or Warrants

Notwithstanding anything in this Article 4 to the contrary, no adjustment shall be made in the acquisition rights attached to the Warrants if the issue of Common Shares is being made pursuant to this Indenture, pursuant to any stock option, stock purchase, stock appreciation rights or other employee compensation plan in force from time to time for directors, officers, employees or consultants of the Corporation or any of its Subsidiaries, as the case may be, or pursuant to any warrant outstanding immediately prior to the Effective Date.

4.4 Determination by Corporation's Auditors

In the event of any question arising with respect to the adjustments provided for in this Article 4, such question shall be conclusively determined by the Corporation's Auditors or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the Corporation. Such Auditors or accountants shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation, the Warrant Agent, all Warranholders and all other persons interested therein (absent manifest error).

4.5 Proceedings Prior to any Action Requiring Adjustment

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Warrants, including the number of Common Shares which are to be received upon the exercise thereof, the Corporation shall take any corporate action which may, in the opinion of Counsel, be necessary in order that the Corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the Common Shares or other securities or property which the holders of such Warrants are entitled to receive on the full exercise thereof in accordance with the provisions hereof.

4.6 Record Date

In the absence of a resolution of the board of directors of the Corporation fixing a record date for any dividend or distribution referred to in subsection 4.1(b) above, the Corporation shall be deemed to have fixed as the record date therefor the date on which such dividend or distribution is effected. If the Corporation sets a record date to take any action and thereafter and before the taking of such action abandons its plan to take such action, then no adjustment to the Exercise Price will be required by reason of the setting of such record date.

4.7 Certificate of Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in this Article 4, deliver a certificate of the Corporation to the Warrant Agent on which the Warrant Agent may act and reply specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate and the amount of the adjustment shall be supported by a certificate of the Corporation's Auditors verifying such calculation. The Warrant Agent shall rely and be protected in doing so upon the certificate of the Corporation or of the Corporation's Auditor and any other document supplied by the Corporation and at the Corporation's expense, to the Warrantheolders upon being provided with the form of notice specifying the event requiring such adjustment or readjustment and the results thereof including the resulting Exercise Price; provided that, if the Corporation has given notice under Section 4.8 covering all the relevant facts in respect of such event, no such notice need be given under this Section 4.7.

4.8 Notice of Special Matters

The Corporation covenants with the Warrant Agent that, so long as any Warrant remains outstanding, it will give notice to the Warrant Agent and to the Warrantheolders of its intention to fix the record date for any event referred to in subsections 4.1(a), (b), (c) or (d) which may give rise to an adjustment of the Exercise Price. Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case not less than 10 Business Days prior to such applicable record date. If notice has been given and the adjustment is not then determinable, the Corporation shall promptly, after the adjustment is determinable, file with the Warrant Agent a computation of the adjustment and give notice to the registered Warrantheolders of such adjustment computation.

4.9 No Action after Notice

The Corporation covenants with the Warrant Agent that it will not close its transfer books or take any other corporate action which might deprive the holder of a Warrant of the opportunity to exercise its right of acquisition pursuant thereto during the period of 10 Business Days after the giving of the certificate or notices set forth in Sections 4.7 and 4.8.

4.10 Protection of Warrant Agent

Except as provided in Section 9.2, the Warrant Agent:

- (a) shall be entitled to act and rely on any adjustment calculation of the directors or the Corporation's Auditors;
- (b) shall not at any time be under any duty or responsibility to any Warrantholder to determine whether any facts exist which may require any adjustment contemplated by Section 4.1, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (c) shall not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any shares or other securities or property which may at any time be issued or delivered upon the exercise of the rights attaching to any Warrant;
- (d) shall not be responsible for any failure of the Corporation to issue, transfer or deliver Common Shares or certificates for the same upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in this Article 4; and
- (e) shall not incur any liability or responsibility whatever or be in any way responsible for the consequences of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the directors, officers, employees, agents or servants of the Corporation.

4.11 Other Adjustments

In case the Corporation after the date hereof shall take any action affecting the Common Shares, other than an action described in this Article 4 which in the reasonable opinion of the directors would have a material adverse effect on the rights of Warrantholders, the Exercise Price and/or the number and/or kind of Common Shares purchasable upon exercise, there shall be an adjustment in such manner, if any, and at such time, by action by the directors, acting reasonably, subject to the prior consent of the CSE (or such other stock exchange or trading system on which the Common Shares or Warrants are listed for trading), if applicable. Failure of the taking of action by the directors so as to provide for an adjustment prior to the effective date of any action by the Corporation affecting the Common Shares shall be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances.

4.12 Post-Adjustment

After any adjustment pursuant to this Section, the term "Common Shares" where used in this Indenture shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 4.12, the Warrantholder is entitled to receive upon the exercise of its Warrants, and the number of Common Shares indicated in any exercise made pursuant to a Warrant shall be interpreted to mean the number of securities which, as a result of such adjustment and all prior adjustments pursuant to this Article 4, a Warrantholder is entitled to receive upon the exercise of a Warrant.

**ARTICLE 5
RIGHTS AND COVENANTS OF THE CORPORATION**

5.1 General Covenants

The Corporation covenants with the Warrant Agent that so long as any Warrants remain outstanding:

- (a) the Warrants, when issued and countersigned as provided in this Indenture, will be valid and enforceable against it in accordance with and subject to the provisions of this Indenture;
- (b) it will reserve and keep available a sufficient number of Common Shares for the purpose of enabling it to satisfy its obligations to issue Common Shares upon the exercise of the Warrants;
- (c) it will cause the Common Shares and the certificates representing the Common Shares from time to time acquired pursuant to the exercise of the Warrants to be duly issued and delivered in accordance with the Warrant Certificates and the terms hereof;
- (d) all Common Shares which shall be issued upon exercise of the right to acquire provided for herein and in the Warrant Certificates shall be fully paid and non-assessable;
- (e) the Corporation will do, or cause to be done, all things necessary to preserve and keep in full force and effect its corporate existence and carry on its business in the ordinary course, provided however that (subject to Article 4 and Section 8.2) nothing will prevent the amalgamation, consolidation, merger or sale of, or other business combination involving the Corporation so long as the holders of Common Shares receive securities of an entity which is listed on a recognized stock exchange, or cash, or the holders of Common Shares have approved the transaction in accordance with the requirements of Applicable Legislation, including applicable corporate and securities laws;
- (f) it will perform and carry out all of the acts or things to be done by it as provided in this Indenture;
- (g) it will not close its transfer registers or take any other action which might deprive the Warrantheolders of the opportunity of exercising their right of purchase pursuant to the Warrants held by such persons during the period of 10 Business Days after giving of the notice required by Section 4.8;
- (h) the Corporation will promptly notify the Warrant Agent and the Warrantheolders in writing of any material default under the terms of this Warrant Indenture which remains unrectified for more than 30 days following its occurrence;
- (i) the Corporation will give to the Warrantheolders, in the manner provided in Section 4.8 hereof, and to the Warrant Agent, notice of its intention to fix a record date, or effective date, as the case may be, for any event referred to in Section 4.8 hereof which may give rise to an adjustment in the Exercise Price or in the number of Common Shares purchasable upon exercise of the Warrants; and
- (j) that it will execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all other acts, deeds and assurances in law as the Warrant Agent may reasonably require for the better accomplishing and effecting the intentions and provisions of this Indenture.

5.2 Warrant Agent's Remuneration and Expenses

The Corporation covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Warrant Agent in the administration or execution of its duties hereby created (including the reasonable compensation and the disbursements of its Counsel and all other advisers and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed, except any such expense, disbursement or advance as may arise out of or result from the Warrant Agent's gross negligence, wilful misconduct or fraud.

Any amount owing hereunder and remaining unpaid after 30 days from the invoice date will bear interest at the then current rate charged by the Warrant Agent against unpaid invoices and shall be payable upon demand. This Section 5.2 shall survive the resignation or removal of the Warrant Agent and/or the termination of this Indenture.

5.3 Enforceability of Warrants.

The Corporation covenants and agrees that it is duly authorized to create and issue the Warrants to be issued hereunder and that the Warrants, when issued and authenticated as herein provided, will be valid and enforceable against the Corporation in accordance with the provisions hereof and the terms hereof and that, subject to the provisions of this Indenture, the Corporation will cause the Common Shares issuable from time to time upon exercise of Warrants issued under this Indenture to be duly issued and delivered in accordance with the terms of this Indenture.

5.4 Performance of Covenants by Warrant Agent

If the Corporation shall fail to perform any of its covenants contained in this Warrant Indenture, the Warrant Agent shall notify the Warrantheolders of such failure on the part of the Corporation or may itself perform any of the covenants capable of being performed by it but, subject to Section 9.2, shall be under no obligation to perform such covenants or to notify the Warrantheolders of such performance by it. All sums expended or advanced by the Warrant Agent in so doing shall be repayable as provided in Section 5.2. No such performance, expenditure or advance by the Warrant Agent shall relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

5.5 Securities Qualification Requirements

- (a) If, in the opinion of Counsel, any instrument is required to be filed with, or any permission is required to be obtained from any governmental authority in Canada or any other step is required under any federal or provincial law of Canada before any Common Shares which a Warrantheolder is entitled to acquire pursuant to the exercise of any Warrant may properly and legally be issued upon due exercise thereof and thereafter traded, without further formality or restriction, the Corporation covenants that it will take such required action provided that, this covenant shall not require the Corporation to file a prospectus:
 - (i) within the first four months of the date of this Indenture; or
 - (ii) in respect of a trade from the holdings of a person referred to in paragraph (c) of the definition of "distribution" in the *Securities Act* (British Columbia);
- (b) The Corporation or, if required by the Corporation, the Warrant Agent upon being provided with the form of notice will give notice of the issue of Common Shares pursuant to the exercise of Warrants, in such detail as may be required, to each securities commission or similar regulatory authority in each jurisdiction in Canada in which there is legislation or regulation permitting or requiring the giving of any such notice in order that such issue of Common Shares and the subsequent disposition of the Common Shares so

issued will not be subject to the prospectus qualification requirements of such legislation or regulation; and

- (c) The Warrants and the Common Shares issuable upon exercise thereof have not been registered under the 1933 Act, or the securities laws of any state of the United States, and the Warrants may not be exercised by, or on behalf of, any person in the United States or any U.S. Person unless the Common Shares are registered under the 1933 Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available, in accordance with Section 3.11 hereof.

ARTICLE 6 ENFORCEMENT

6.1 Suits by Warranholders

- (a) No Warranholder has the right to institute any action or proceeding or to exercise any other remedy authorized hereunder for the purpose of enforcing any right on behalf of the Warranholders or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or receiver and manager or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceedings, unless the Warrant Agent has received a request in writing from a Warranholder directing it to take the requested action and has been provided with sufficient funds or other security and/or such indemnity satisfactory to the Warrant Agent in respect of the costs, expenses and liabilities that may be incurred by it in so proceeding and the Warrant Agent has failed to act within a reasonable time thereafter. If the Warrant Agent has so failed to act, but not otherwise, any Warranholder acting on behalf of all Warranholders will be entitled to take any of the proceedings that the Warrant Agent might have taken hereunder. No Warranholder has any right in any manner whatsoever to effect, disturb or prejudice the rights hereby created by its action or to enforce any right hereunder or under any Warrant, except subject to the conditions and in the manner herein provided. Any money received as a result of a proceeding taken by any Warranholder hereunder must be forthwith paid to the Warrant Agent for the benefit of the Warranholders.
- (b) All rights of action under this Indenture may be enforced by the Warrant Agent without the possession of any of the Warrants or the production thereof on any trial or other proceedings relative thereto.
- (c) The Warrant Agent shall be entitled and empowered, either in its own name or as Warrant Agent of an express trust, or as attorney-in-fact for the Warranholders, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claim of the Warrant Agent and the Warranholders allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Corporation or its creditors or relative to or affecting its property. The Warrant Agent is hereby irrevocably appointed (and the successive respective Warranholders by taking and holding the same shall be conclusively deemed to have so appointed the Warrant Agent) the true and lawful attorney-in-fact of the respective Warranholders or on behalf of the Warranholders as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the Warranholders themselves if and to the extent permitted hereunder, for any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of the Warranholders, as may be necessary or advisable in the opinion of the Warrant Agent, in order to have the respective claims of the Warrant Agent and of the Warranholders

against the Corporation or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that nothing contained in this Indenture shall be deemed to give the Warrant Agent, unless so authorized by extraordinary resolution (as provided in Section 7.10), any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Warrantholder.

- (d) The Warrant Agent shall also have the power, but not the obligation, at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Warranholders.
- (e) Any such suit or proceeding instituted by the Warrant Agent may be brought in the name of the Warrant Agent as Warrant Agent of an express trust, and any recovery of judgment shall be for the rateable benefit of the Warranholders subject to provisions of this Indenture. In any proceeding brought by the Warrant Agent (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Warrant Agent shall be a party), the Warrant Agent shall be held to represent all the Warranholders, and it shall not be necessary to make any Warranholders parties to any such proceeding.

6.2 Limitation of Liability

The obligations of the Corporation hereunder are not binding upon, nor shall resort hereunder be had to, the property of any of the past, present or future directors or Shareholders of the Corporation or any successor to the Corporation or any of the past, present or future officers, employees or agents of the Corporation or any successor to the Corporation, but only the property of the Corporation or any successor to the Corporation shall be bound in respect hereof.

6.3 Waiver of Default

Upon the happening of any default hereunder:

- (a) the Warrant Agent shall provide a notice as provided in Section 10.2 to the Warranholders setting out, in reasonable detail, the particulars of such default;
- (b) the holders of more than 50% of the Warrants then outstanding shall have power (in addition to the powers exercisable by extraordinary resolution as provided in Section 7.10) by requisition in writing to instruct the Warrant Agent to waive any default hereunder and the Warrant Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; and
- (c) the Warrant Agent shall have power to waive any default hereunder upon such terms and conditions as the Warrant Agent may deem advisable, if, in the opinion of Counsel, the same shall have been cured or adequate provision made therefor;

provided that no delay or omission of the Warrant Agent or of the Warranholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Warrant Agent or of the Warranholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

ARTICLE 7 MEETINGS OF WARRANTHOLDERS

7.1 Right to Convene Meetings

The Warrant Agent may at any time and from time to time, and shall on receipt of a written request of the Corporation or of a Warranholders' Request and upon receiving sufficient funds to cover any costs and expenses and/or being indemnified to its reasonable satisfaction by the Corporation or by the Warranholders signing such Warranholders' Request against the cost which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Warranholders. In the event of the Warrant Agent failing to so convene a meeting within 7 days after receipt of such written request of the Corporation and/or such Warranholders' Request and sufficient funds and/or indemnity given as aforesaid, the Corporation may convene such meeting. Every such meeting shall be held in the City of Calgary or at such other place as may be approved or determined by the Warrant Agent.

7.2 Notice

At least 21 days prior written notice of any meeting of Warranholders shall be given to the Warranholders in the manner provided for in Section 10.2 and a copy of such notice shall be sent to the Warrant Agent (unless the meeting has been called by the Warrant Agent) and to the Corporation (unless the meeting has been called by the Corporation) in the manner provided for in Section 10.1. Such notice shall state the time when and the place where the meeting is to be held, shall state briefly the general nature of the business to be transacted thereat and shall contain such information as is reasonably necessary to enable the Warranholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 7. The notice convening any such meeting may be signed by an appropriate officer of the Warrant Agent or the Corporation.

7.3 Chairman

An individual (who need not be a Warranholder) designated in writing by the Warrant Agent shall be chairman of the meeting and if no individual is so designated, or if the individual so designated is not present within 15 minutes from the time fixed for the holding of the meeting, the Warranholders present in person or by proxy shall choose an individual present to be chairman.

7.4 Quorum

Subject to the provisions of Section 7.11, at any meeting of the Warranholders a quorum shall consist of Warranholders present in person or by proxy and entitled to purchase at least 25% of the aggregate number of all the then outstanding Warrants, provided that at least two persons entitled to vote thereat are personally present. If a quorum of the Warranholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by Warranholders or on a Warranholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day, in which case it shall be adjourned to the next following Business Day) at the same time and place and no notice of the adjournment need be given. Any business may be brought before, represented or dealt with at an adjourned meeting which might have been dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless a quorum be present at the commencement of business. At the adjourned meeting the Warranholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not be entitled to acquire at least 10% of the aggregate number of all then outstanding Warrants.

7.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Warrantholders is present may, with the consent of the meeting, adjourn any such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

7.6 Show of Hands

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on an extraordinary resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

7.7 Poll and Voting

On every extraordinary resolution, and on any other question submitted to a meeting and after a vote by show of hands, when demanded by the chairman or by one or more of the Warrantholders acting in person or by proxy, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by extraordinary resolution shall be decided by a majority of the votes cast on the poll.

On a show of hands, every person who is present and entitled to vote, whether as a Warrantholder or as proxy for one or more absent Warrantholders, or both, shall have one vote. On a poll, each Warrantholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each Warrant or Warrants then held or represented by him, her or it. A proxy need not be a Warrantholder. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Warrants, if any, held or represented by him, her or it.

7.8 Regulations

Subject to compliance with the provisions of this Indenture, the Warrant Agent, or the Corporation with the approval of the Warrant Agent, may from time to time make and from time to time make and vary such regulations as it shall think fit for:

- (a) the setting of the record date for a meeting for the purpose of determining Warrantholders entitled to receive notice of and to vote at the meeting;
- (b) governing the places at which and the times by which voting certificates or instruments appointing proxies must be deposited;
- (c) for Warrantholders to appoint a proxy or proxies to represent them and vote for them at any such meeting (and any adjournment thereof) and the manner in which same is to be executed, and for the production of the authority of any persons signing on behalf of the Warrantholder appointing them;
- (d) the deposit of instruments appointing proxies at such place and time as the Warrant Agent, the Corporation or the Warrantholders convening the meeting, as the case may be, may in the notice convening the meeting direct;
- (e) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed or sent by facsimile before the meeting to the Corporation or to the Warrant Agent at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting;

- (f) the form of the instrument of proxy or the manner in which it must be executed; and
- (g) generally for the calling of meetings of Warranholders and the conduct of business thereat.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Warranholder, or be entitled to vote or be present at the meeting in respect thereof (subject to Section 7.9), shall be Warranholders, their authorized representatives or attorneys and legal counsel, or proxies of Warranholders.

7.9 Corporation and Warrant Agent May be Represented

The Corporation and the Warrant Agent, by their respective directors, officers and employees, and the Counsel for the Corporation and for the Warrant Agent may attend any meeting of the Warranholders, but shall have no vote thereat, whether in respect of any Warrants held by them or otherwise.

7.10 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Warranholders shall, subject to the provisions of Section 7.11, have the power, exercisable from time to time by extraordinary resolution:

- (a) to agree to any modification, abrogation, alteration, compromise or arrangement of the rights of Warranholders including but not limited to the extension of the Expiry Date or, subject to the consent of the Warrant Agent (not to be unreasonably withheld), the Warrant Agent in its capacity as trustee hereunder or on behalf of the Warranholders against the Corporation whether such rights arise under this Indenture or the Warrant Certificates or otherwise;
- (b) to amend, alter or repeal any extraordinary resolution previously passed or sanctioned by the Warranholders;
- (c) to direct or to authorize the Warrant Agent to enforce any of the covenants on the part of the Corporation contained in this Indenture or the Warrant Certificates or to enforce any of the rights of the Warranholders in any manner specified in such extraordinary resolution or to refrain from enforcing any such covenant or right;
- (d) to waive, and to direct the Warrant Agent to waive, any default on the part of the Corporation in complying with any provisions of this Indenture or the Warrant Certificates either unconditionally or upon any conditions specified in such extraordinary resolution;
- (e) to restrain any Warranholder from taking or instituting any suit, action or proceeding against the Corporation for the enforcement of any of the covenants on the part of the Corporation in this Indenture or the Warrant Certificates or to enforce any of the rights of the Warranholders;
- (f) to direct any Warranholder who, as such, has brought any suit, action or proceeding to stay or to discontinue or otherwise to deal with the same upon payment of the costs, charges and expenses reasonably and properly incurred by such Warranholder in connection therewith;
- (g) to assent to any change in or omission from the provisions contained in the Warrant Certificates and this Indenture or any ancillary or supplemental instrument which may be agreed to by the Corporation, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission;

- (h) with the consent of the Corporation (not to be unreasonably withheld), to remove the Warrant Agent or its successor in office and to appoint a new trustee or trustees to take the place of the Warrant Agent so removed; and
- (i) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of shares or other securities of the Corporation.

7.11 Meaning of Extraordinary Resolution

- (a) The expression “**extraordinary resolution**” when used in this Indenture means, subject as hereinafter provided in this Section 7.11 and in Section 7.14, a resolution proposed at a meeting of Warrantheolders duly convened for that purpose and held in accordance with the provisions of this Article 7 at which there are present in person or by proxy Warrantheolders holding at least 25% of the aggregate number of all the then outstanding Warrants and passed by the affirmative votes of Warrantheolders holding not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution.
- (b) If, at the meeting at which an extraordinary resolution is to be considered, Warrantheolders holding at least 25% of the aggregate number of all the then outstanding Warrants are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by Warrantheolders or on a Warrantheolders’ Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than 14 or more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than five days’ prior notice shall be given of the time and place of such adjourned meeting in the manner provided for in Section 10.2. Such notice shall state that at the adjourned meeting the Warrantheolders present in person or by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting, the Warrantheolders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in subsection 7.11(a) shall be an extraordinary resolution within the meaning of this Indenture notwithstanding that Warrantheolders holding at least 25% of the aggregate number of all the then outstanding Warrants are not present in person or by proxy at such adjourned meeting.
- (c) Votes on an extraordinary resolution shall always be given on a poll and no demand for a poll on an extraordinary resolution shall be necessary.

7.12 Powers Cumulative

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Warrantheolders by extraordinary resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Warrantheolders to exercise such power or powers or combination of powers then or thereafter from time to time.

7.13 Minutes

Minutes of all resolutions and proceedings at every meeting of Warrantheolders shall be made and duly entered in books to be provided from time to time for that purpose by the Corporation at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chairman or the secretary of the meeting at which such resolutions were passed or proceedings had shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings

of which minutes shall have been made shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken shall be deemed to have been duly passed and taken.

7.14 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Warranholders at a meeting held as provided in this Article 7 may also be taken and exercised by Warranholders holding at least 66 2/3% of the aggregate number of all the then outstanding Warrants by an instrument in writing signed in one or more counterparts by such Warranholders in person or by attorney duly appointed in writing, and the expression "extraordinary resolution" when used in this Indenture shall include an instrument so signed.

7.15 Binding Effect of Resolutions

Every resolution and every extraordinary resolution passed in accordance with the provisions of this Article 7 at a meeting of Warranholders shall be binding upon all the Warranholders, whether present at or absent from such meeting, and every instrument in writing signed by Warranholders in accordance with Section 7.14 shall be binding upon all the Warranholders, whether signatories thereto or not, and each and every Warranholder and the Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

7.16 Holdings by Corporation Disregarded

In determining whether Warranholders holding Warrant Certificates evidencing the required number of Warrants are present at a meeting of Warranholders for the purpose of determining a quorum or have concurred in any consent, waiver, extraordinary resolution or other action under this Indenture, Warrants owned legally or beneficially by the Corporation or any Subsidiary of the Corporation shall be disregarded in accordance with the provisions of Section 10.6.

ARTICLE 8 SUPPLEMENTAL INDENTURES

8.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Corporation (when authorized by action of the directors) and the Warrant Agent may, subject to the provisions hereof, and they shall, when so directed in accordance with the provisions hereof, execute and deliver by their proper directors or officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

- (a) setting forth any adjustments resulting from the application of the provisions of Article 4;
- (b) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of Counsel, are necessary or advisable in the premises, provided that the same are not in the opinion of the Warrant Agent relying on the advice of Counsel, prejudicial to the interests of the Warranholders;
- (c) giving effect to any extraordinary resolution passed as provided in Article 7;
- (d) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder or for the purpose of obtaining or maintaining a listing or quotation of the Warrants on any stock exchange, provided that such provisions are not, in the opinion of the Warrant Agent relying on the advice of Counsel, prejudicial to the interests of the Warranholders;
- (e) modifying any of the provisions of this Indenture, including relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that such

modification or relief shall be or become operative or effective only if, in the opinion of the Warrant Agent relying on the advice of Counsel, such modification or relief in no way prejudices any of the rights of the Warrantholders or of the Warrant Agent, and provided further that the Warrant Agent may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative;

- (f) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions herein, provided that in the opinion of the Warrant Agent relying on the advice of Counsel the rights of the Warrant Agent and of the Warrantholders are in no way prejudiced thereby; and
- (g) adding to or altering the provisions hereof in respect of the ownership and transfer of Warrants, making provision for the exchange of Warrants, and making any modification in the form of the Warrants which does not affect the substance thereof, provided that in the opinion of the Warrant Agent relying on the advice of Counsel the rights of the Warrant Agent and of the Warrantholders are in no way prejudiced thereby.

Notwithstanding anything to the contrary in this Indenture, no supplement or amendment to this Indenture or to the provisions of the Warrants may be made without the prior consent of the CSE (or such other stock exchange or trading system on which the Common Shares or Warrants are listed for trading), if required.

8.2 Successor Corporations

In the case of the consolidation, amalgamation, arrangement, merger or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another person, trust, corporation, partnership or similar entity ("**successor entity**"), the successor entity resulting from such consolidation, amalgamation, merger or transfer (if not the Corporation) shall expressly assume, by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, the due and punctual performance and observance of each and every covenant and condition of this Indenture to be performed and observed by the Corporation unless all of the Warrants have terminated in accordance with Section 3.7.

ARTICLE 9 CONCERNING THE WARRANT AGENT

9.1 Trust Indenture Legislation

- (a) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of any legislation applicable to this Indenture, such mandatory requirement shall prevail.
- (b) The Corporation and the Warrant Agent agree that each will, at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of all legislation applicable to this Indenture.

9.2 Rights and Duties of Warrant Agent

- (a) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall exercise that degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. The Warrant Agent shall be liable only for its own gross negligence, wilful misconduct, bad faith or fraud.

- (b) The obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warranholders hereunder shall be conditional upon the Warranholders furnishing, when required by notice by the Warrant Agent, sufficient funds to commence or to continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent and its officers, directors, employees and agents to protect and to hold harmless the Warrant Agent against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or to risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless, funded and indemnified as aforesaid.
- (c) The Warrant Agent may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Warranholders, at whose instance it is acting, to deposit with the Warrant Agent the Warrants held by them, for which Warrants the Warrant Agent shall issue receipts. Every provision of this Indenture that by its terms relieves the Warrant Agent of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of Applicable Legislation.

9.3 Evidence, Experts and Advisers

- (a) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Corporation shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof, and in such form, as may be prescribed by any legislation applicable to this Indenture or as the Warrant Agent may reasonably require by written notice to the Corporation.
- (b) In the exercise of its rights and duties hereunder, the Warrant Agent may, if it is acting in good faith, act and rely as to the truth of the statements and the accuracy of the opinions expressed in statutory declarations, opinions, reports, written requests, consents, or orders of the Corporation, certificates of the Corporation or other evidence furnished to the Warrant Agent pursuant to a request of the Warrant Agent, provided that such evidence complies with all legislation applicable to this Indenture and that the Warrant Agent complies with such legislation and that the Warrant Agent examines the same and determines that such evidence complies with the applicable requirements of this Indenture.
- (c) Whenever Applicable Legislation requires that evidence referred to in subsection 9.3(a) be in the form of a statutory declaration, the Warrant Agent may accept such statutory declaration in lieu of a certificate in the Corporation required by any provision hereof. Any such statutory declaration may be made by any one or more of the Chairman or Chief Financial Officer of the Corporation or by any other officer(s) or director(s) of the Corporation to whom such authority is delegated by the directors from time to time. The Warrant Agent may act and rely and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, telegram, cablegram or other paper document believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties.
- (d) Whenever it is provided in this Indenture or under any legislation applicable to this Indenture that the Corporation shall deposit with the Warrant Agent resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the trust, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Corporation to have the Warrant Agent take the action to be based thereon.

- (e) The Warrant Agent may employ or retain at the Corporation's expense such Counsel, accountants, appraisers or other experts or advisers as it may reasonably require for the purpose of determining and discharging its duties hereunder and may pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any Counsel, and shall not be responsible for any misconduct or negligence on the part of any such experts or advisers who have been appointed with due care by the Warrant Agent.
- (f) The Warrant Agent may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any Counsel, accountant, appraiser, engineer or other expert or advisor, whether retained or employed by the Corporation or by the Warrant Agent, in relation to any matter arising in the administration of the trusts hereof.

9.4 Documents, Monies, etc. Held by Warrant Agent

Until released in accordance with this Indenture, any funds received hereunder shall be kept in segregated records of the Warrant Agent and the Warrant Agent shall place the funds in segregated trust accounts of the Warrant Agent at one or more of the Canadian Chartered Banks listed in Schedule 1 of the Bank Act (Canada) ("**Approved Bank**"). All amounts held by the Warrant Agent pursuant to this Indenture shall be held by the Warrant Agent for the Corporation and the delivery of the funds to the Warrant Agent shall not give rise to a debtor-creditor or other similar relationship. The amounts held by the Warrant Agent pursuant to this Indenture are at the sole risk of the Corporation and, without limiting the generality of the foregoing, the Warrant Agent shall have no responsibility or liability for any diminution of the funds which may result from any deposit made with an Approved Bank pursuant to this Section 9.4, including any losses resulting from a default by the Approved Bank or other credit losses (whether or not resulting from such a default). The parties hereto acknowledge and agree that the Warrant will have acted prudently in depositing the funds at any Approved Bank, and that the Warrant Agent is not required to make any further inquiries in respect of any such bank. The Warrant Agent may hold cash balances constituting part or all of such monies and need not, invest same; the Warrant Agent shall not be liable to account for any profit to any parties to this Indenture or to any other person or entity.

9.5 Actions by Warrant Agent to Protect Interest

The Warrant Agent shall have power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Warrantholders.

9.6 Warrant Agent Not Required to Give Security

The Warrant Agent shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

9.7 Protection of Warrant Agent

By way of supplement to the provisions of any law for the time being relating to trustees it is expressly declared and agreed as follows:

- (a) the Warrant Agent shall not be liable for or by reason of any statements of fact or recitals in this Indenture or in the Warrant Certificates (except the representation contained in Section 9.9 or in the certificate of the Warrant Agent on the Warrant Certificates) or be required to verify the same, but all such statements or recitals are and shall be deemed to be made by the Corporation;

- (b) nothing herein contained shall impose any obligation on the Warrant Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto;
- (c) the Warrant Agent shall not be bound to give notice to any person or persons of the execution hereof; and
- (d) the Warrant Agent shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Corporation to any of the covenants herein contained or of any acts of any directors, officers, employees, agents or servants of the Corporation.

9.8 Replacement of Warrant Agent; Successor by Merger

- (a) The Warrant Agent may resign its agency and be discharged from all further duties and liabilities hereunder, subject to this Section 9.8, by giving to the Corporation not less than 60 days' prior notice in writing or such shorter prior notice as the Corporation may accept as sufficient. The Warranholders by extraordinary resolution shall have power at any time to remove the existing Warrant Agent and to appoint a new Warrant Agent. In the event of the Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new trustee unless a new trustee has already been appointed by the Warranholders; failing such appointment by the Corporation, the retiring Warrant Agent, at the expense of the Corporation, or any Warranholder may apply to a justice of the Supreme Court of British Columbia on such notice as such justice may direct, for the appointment of a new trustee; but any new trustee so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Warranholders. Any new trustee appointed under any provision of this Section 9.8 shall be a corporation authorized to carry on the business of a trust company in the Province of British Columbia and, if required by any legislation applicable to this Indenture for any other provinces, in such other provinces. On any such appointment the new trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as trustee without further assurance, conveyance, act or deed; but there will be immediately executed, at the expense of the Corporation, all such conveyances or other instruments as may, in the opinion of Counsel, be necessary or advisable for the purpose of assuring such powers, rights, duties and responsibilities of the new Warrant Agent, provided that, any resignation or removal of the Warrant Agent and appointment of a successor Warrant Agent shall have executed an appropriate instrument accepting such appointment and, at the request of the Corporation, the predecessor Warrant Agent, upon payment of its outstanding remuneration and expenses, shall execute and deliver to the successor Warrant Agent an appropriate instrument transferring to such successor Warrant Agent all rights and powers of the Warrant Agent hereunder.
- (b) Upon the appointment of a successor trustee, the Corporation shall promptly notify the Warranholders thereof in the manner provided for in Section 10.2 hereof.
- (c) Any corporation into or with which the Warrant Agent may be merged or consolidated or amalgamated, or any corporation resulting therefrom to which the Warrant Agent shall be a party, or any corporation succeeding to the trust business of the Warrant Agent shall be the successor to the Warrant Agent hereunder without any further act on its part or any of the parties hereto, provided that such corporation would be eligible for appointment as a successor trustee under subsection 9.8(a).
- (d) Any Warrant Certificates certified but not delivered by a predecessor trustee may be certified by the successor trustee in the name of the predecessor or successor trustee.

9.9 Conflict of Interest

- (a) The Warrant Agent represents to the Corporation that at the time of execution and delivery hereof and to the best of its knowledge no material conflict of interest exists between its role as a trustee hereunder and its role in any other capacity and agrees that in the event of a material conflict of interest arising hereafter it will, within 90 days after ascertaining that it has such material conflict of interest, either eliminate the same or assign its duties hereunder to a successor trustee approved by the Corporation and meeting the requirements set forth in subsection 9.8(a). Notwithstanding the foregoing provisions of this subsection 9.9(a), if any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Warrant Certificates shall not be affected in any manner whatsoever by reason thereof.
- (b) Subject to subsection 9.9(a), the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation and generally may contract and enter into financial transactions with the Corporation or any Subsidiary of the Corporation without being liable to account for any profit made thereby.

9.10 Acceptance of Agency

The Warrant Agent hereby accepts the agency in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth.

9.11 Warrant Agent Not to be Appointed Receiver

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver, a receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation.

9.12 Knowledge of Warrant Agent

The Warrant Agent shall not be required to take notice or be deemed to have notice, whether constructive or actual, of any matter hereunder, unless the Warrant Agent shall have received from the Corporation or a Warrantholder a notice stating the matter in respect of which the Warrant Agent should have notice.

9.13 Indemnification of Warrant Agent

- (a) The Corporation hereby indemnifies and agrees to hold harmless the Warrant Agent, its affiliates, their officers, directors, employees, agents, successors and assigns (the Indemnified Parties) from and against any and all liabilities whatsoever, losses, damages, penalties, claims, demands, actions, suits, proceedings, costs, charges, assessments, judgments, expenses and disbursements, including reasonable legal fees and disbursements of whatever kind and nature which may at any time be imposed on or incurred by or asserted against the Indemnified Parties, or any of them, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Indemnified Parties' duties, or any other services that Warrant Agent may provide in connection with or in any way relating to this Indenture. The Corporation agrees that its liability hereunder shall be absolute and unconditional regardless of the correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without prior demand or any other precedent action or proceeding; provided that the Corporation shall not be required to indemnify the Indemnified Parties in the event of the gross negligence or wilful misconduct of the Warrant Agent, and this provision shall survive the resignation or removal of the Warrant Agent or the termination or discharge of this Indenture.

- (b) Notwithstanding the foregoing or any other provision of this Indenture, any liability of the Warrant Agent shall be limited, in the aggregate, to the amount of annual retainer fees paid by the Corporation to the Warrant Agent under this Indenture in the 12 months immediately prior to the Warrant Agent receiving the first notice of the claim. Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Warrant Agent shall not be liable under any circumstances whatsoever for any (i) breach by any other party of securities law or other rule of any securities regulatory authority, (ii) lost profits or (iii) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

9.14 Warrant Agent Not Required to Give Notice of Default

The Warrant Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall have been required so to do under the terms hereof; nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Warrant Agent and in the absence of any such notice the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein. Any such notice shall in no way limit any discretion herein given to the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default.

9.15 Anti-Money Laundering

- (a) Each party to this Indenture other than the Warrant Agent hereby represents to the Warrant Agent that any account to be opened by, or interest to be held by the Warrant Agent in connection with this Agreement, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent's prescribed form as to the particulars of such third party.
- (b) The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Warrant Agent, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on 10 days written notice to the other parties to this Indenture, provided (i) that the Warrant Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Warrant Agent's satisfaction within such 10 day period, then such resignation shall not be effective.

9.16 Compliance with Privacy Code

The parties acknowledge that the Warrant Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

- (a) to provide the services required under this Indenture and other services that may be requested from time to time;

- (b) to help the Warrant Agent manage its servicing relationships with such individuals;
- (c) to meet the Warrant Agent's legal and regulatory requirements; and
- (d) if social insurance numbers are collected by the Warrant Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

Each party acknowledges and agrees that the Warrant Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its Privacy Code, which the Warrant Agent shall make available on its website, www.odysseytrust.com, or upon request, including revisions thereto. The Warrant Agent may transfer personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the services it provides.

Further, each party agrees that it shall not provide or cause to be provided to the Warrant Agent any personal information relating to an individual who is not a party to this Indenture unless that party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

ARTICLE 10 GENERAL

10.1 Notice to the Corporation and the Warrant Agent

- (a) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Warrant Agent shall be deemed to be validly given if delivered or if sent by registered letter, postage prepaid or by email:

If to the Corporation:

1933 Industries Inc.
Suite 300-1055 West Hastings Street
Vancouver, British Columbia, V6E 2E9

Email: mcgrath@iocorporate.com
Attention: Marion McGrath, Corporate Secretary

If to the Warrant Agent:

Odyssey Trust Company
Suite 1230, 300 – 5th Avenue SW
Calgary, AB T2P 3C4

Email: corptrust@odysseytrust.com
Attention: VP, Corporate Trust

and any such notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery or email if delivered or emailed by 4:30 p.m. (local time) on a Business Day, or otherwise on the next Business Day or, if mailed, on the 5th Business Day following the date of the postmark on such notice.

- (b) The Corporation or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in subsection 10.1(a) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the

address of the Corporation or the Warrant Agent, as the case may be, for all purposes of this Indenture.

- (c) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrant Agent or to the Corporation hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to the named officer of the party to which it is addressed or, if it is delivered to such party at the appropriate address provided in subsection 10.1(a), by facsimile or other means of prepaid, transmitted and recorded communication.

For any notices sent by facsimile the original will be subsequently delivered or mailed postage prepaid.

10.2 Notice to Warrantholders

- (a) Any notice to the Warrantholders under the provisions of this Indenture shall be valid and effective if delivered via courier or if sent by ordinary post addressed to such holders at their addresses appearing on the register of Warrantholders maintained under this Indenture. Any such notice delivered in accordance with the foregoing is deemed to have been effectively given (and received by the Warrantholders) if such date is a Business Day and if delivered via courier, three Business Days following the sending thereof, or, if mailed, three Business Days following actual posting of the notice. Accidental error or omission in giving notice or accidental failure to mail notice to any holder will not invalidate any action or proceeding founded thereon.
- (b) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholders hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if published once:
 - (i) in the national edition of The Globe & Mail; and
 - (ii) in such other place or places and manner, if any, as the Warrant Agent may require.

Any notice given to Warrantholders by publication shall be deemed to have been given on the last day on which publication shall have been effected all of the cities in which publication is required pursuant to subsection 10.2(b)(i).

- (c) In addition to the other requirements for notice under this Section 10.2, where a Warrantholder meeting is being convened, the Warrant Agent or Corporation may require publication of such notice in such municipalities and filing with securities regulatory authorities, as necessary to comply with applicable legal, regulatory or stock exchange requirements.

10.3 Counterparts

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof.

10.4 Satisfaction and Discharge of Indenture

Upon the earlier of:

- (a) the date by which there shall have been delivered to the Warrant Agent for exercise or cancellation all Warrants theretofore authenticated hereunder, in the case of Warrant Certificates (or such other instructions, in a form satisfactory to the Warrant Agent), in the case of uncertificated Warrants, or by way of standard processing through the book entry system in the case of CDS Global Warrants; or
- (b) 30 days after the Time of Expiry;

and if all certificates representing Common Shares required to be in compliance with the provisions hereof have been issued and delivered hereunder in accordance with the provisions hereof, this Indenture shall cease to be of further effect and the Warrant Agent, on demand of and at the cost and expense of the Corporation and upon delivery to the Warrant Agent of a certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture. Notwithstanding the foregoing, the indemnities provided to the Warrant Agent by the Corporation hereunder shall remain in full force and effect and survive the termination of this Indenture.

10.5 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warrantholders

Nothing in this Indenture or in the Warrant Certificates, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the Warrantholders, as the case may be, any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

10.6 Warrants Owned by the Corporation or its Subsidiaries - Certificate to be Provided

For the purpose of disregarding any Warrants owned legally or beneficially by the Corporation or any Subsidiary of the Corporation in Section 7.16, the Corporation shall provide to the Warrant Agent from time to time and immediately upon request, a certificate of the Corporation setting forth as at the date of such certificate:

- (a) the names (other than the name of the Corporation) of the registered holders of Warrants which, to the knowledge of the Corporation, are owned by or held for the account of the Corporation or any Subsidiary of the Corporation; and
- (b) the number of Warrants owned legally or beneficially by the Corporation or any Subsidiary of the Corporation,

and the Warrant Agent, in making the computations in Section 7.16, shall be entitled to rely on such certificate without any additional evidence.

10.7 Force Majeure

No party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 10.7.

10.8 Rights of Rescission and Withdrawal for Holders

Should a holder of Warrants exercise any legal, statutory, contractual or other right of withdrawal or rescission that may be available to it, and the holder's funds which were paid on exercise have already been released to the Corporation by the Warrant Agent, the Warrant Agent shall not be responsible for ensuring the exercise is cancelled and a refund is paid back to the holder. In such cases, the holder shall seek a refund directly from the Corporation and subsequently, the Corporation, upon surrender to the Corporation or the Warrant Agent of any underlying Common Shares issuable upon exercise or other securities that may have been issued, or such other procedure as agreed to by the parties hereto, shall instruct the Warrant Agent in writing, to cancel the exercise transaction and any such underlying Common Shares issuable upon exercise or other securities on the register, which may have already been issued upon the Warrant exercise. In the event that any payment is received from the Corporation by virtue of the holder being a shareholder for such Warrants that were subsequently rescinded, such payment must be returned to the Corporation by such holder. The Warrant Agent shall not be under any duty or obligation to take any steps to ensure or enforce the return of the funds pursuant to this Section 10.8, nor shall the Warrant Agent be in any other way responsible in the event that any payment is not delivered or received pursuant to this Section 10.8. Notwithstanding the foregoing, in the event that the Corporation provides the refund to the Warrant Agent for distribution to the holder, the Warrant Agent shall return such funds to the holder as soon as reasonably practicable, and in so doing, the Warrant Agent shall incur no liability with respect to the delivery or non-delivery of any such funds.

10.9 Successors

All provisions of this Indenture for the benefit of the Corporation and the Warrant Agent bind and enure to the benefit of their respective successors and assigns.

Executed and delivered effective as of the _____ day of March, 2021.

1933 INDUSTRIES INC.

Per: "Signed"

Per: "Signed"

ODYSSEY TRUST COMPANY

Per: "Signed"

Per: "Signed"

SCHEDULE "A"
to the Warrant Indenture made as of March 4, 2021 between
1933 Industries Inc. and Odyssey Trust Company as Warrant Agent

Form of Warrant Certificate

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE JULY 5, 2021.

[THIS LEGEND FOR US HOLDERS ONLY]

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE. THE HOLDER HEREOF, BY PURCHASING THE SECURITIES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF 1933 INDUSTRIES INC. (THE "CORPORATION") THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATIONS UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (1) RULE 144A THEREUNDER, OR (2) RULE 144 THEREUNDER, IF AVAILABLE, AND, IN EITHER CASE, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) WITHIN THE UNITED STATES, IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS; AND, IN THE CASE OF A TRANSFER PURSUANT TO CLAUSE (C)(2) OR (D), AFTER THE HOLDER HEREOF HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION (OR THE WARRANT AGENT OR TRANSFER AGENT) AN OPINION OF COUNSEL OF RECOGNIZED STANDING TO SUCH EFFECT, IN EITHER CASE, REASONABLY SATISFACTORY IN FORM AND SUBSTANCE TO THE CORPORATION (AND THE WARRANT AGENT OR TRANSFER AGENT). DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

[THIS LEGEND FOR ALL WARRANTS]

THIS WARRANT AND THE SECURITIES DELIVERABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON UNLESS THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATIONS UNDER THE U.S. SECURITIES ACT.

SUBJECT TO THE RIGHT OF THE CORPORATION TO ACCELERATE THE EXPIRY DATE OF THE WARRANTS, THE WARRANTS REPRESENTED BY THIS CERTIFICATE WILL BE VOID AND OF NO VALUE UNLESS EXERCISED BEFORE 4:30 P.M. (CALGARY TIME) ON MARCH 4, 2023.

1933 Industries Inc.

(INCORPORATED UNDER THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA))

Certificate W- •

_____ WARRANTS
ENTITLING THE HOLDER TO ACQUIRE, SUBJECT
TO ADJUSTMENT AND ACCELERATION AS
PROVIDED FOR IN THE INDENTURE, ONE
COMMON SHARE FOR EACH WARRANT
REPRESENTED

[name]

(HEREINAFTER REFERRED TO AS THE "HOLDER")

is the registered holder of the number of common share purchase warrants (the "Warrants") of 1933 Industries Inc. (the "Corporation") specified above, and is entitled to acquire in the manner and subject to the restrictions and adjustments set forth herein and in the Indenture (as hereinafter defined), at any time and from time to time after the date hereof until 4:30 p.m. (Calgary time) on March 4, 2023, subject to the Acceleration Right (as hereinafter defined) in accordance with Section 2.2 of the Indenture (the "Time of Expiry"), one fully paid and non-assessable common share without nominal or par value of the Corporation ("Common Share") as such shares were constituted on March 4, 2021, at a price per share of \$0.16 for each Warrant represented hereby, subject to adjustment in accordance with Section 4.1 of the Indenture.

The Warrants represented by this certificate (the "Warrant Certificate") are issued under and pursuant to a warrant indenture (the "Indenture") made as of March 4, 2021 between the Corporation and Odyssey Trust Company, in its capacity as warrant agent (the "Warrant Agent"). Reference is made to the Indenture and any instruments supplemental thereto for a full description of the rights of the holders of the Warrants and the terms and conditions upon which the Warrants are, or are to be, issued and held, with the same effect as if the provisions of the Indenture and all instruments supplemental thereto were herein set forth. By acceptance hereof, the holder assents to all provisions of the Indenture. Capitalized terms used in this Warrant Certificate but not defined herein have the meanings given thereto in the Indenture.

The Warrants will be subject to the right of the Corporation to accelerate the expiry date of the Warrants if, at any time following the date that is four months and one day following the Closing Date, the daily volume weighted average trading price of the Common Shares on the Canadian Securities Exchange is greater than \$0.30 per Common Share (subject to adjustment for subdivisions, consolidations and similar events) for a period of 10 consecutive trading days (the "Acceleration Right"). The Acceleration Right will be exercisable by the Corporation within one trading day following such 10 day period and shall be exercised by notice in writing to the holders of Warrants and the Underwriter, whereupon the Warrants shall expire on the date that is 30 days immediately following the giving of such notice. The Corporation will issue a press release announcing the reduced warrant term concurrently with the giving of such notice.

The right to acquire Common Shares may only be exercised by the holder within the time set forth above by:

- (a) duly completing and executing the exercise form attached hereto (the "Exercise Form");
- (b) surrendering this Warrant Certificate to the Warrant Agent at the principal office of the Warrant Agent in the City of Calgary, Alberta or Vancouver, British Columbia; and
- (c) remitting a certified cheque or bank draft in the lawful money of Canada payable to or to the order of the Corporation at par where this Warrant Certificate is so surrendered, for the aggregate purchase price of the Common Shares so subscribed for.

These Warrants shall be deemed to be surrendered only upon personal delivery hereof or, if sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent at the offices referred to above.

Upon surrender of these Warrants, the person or persons in whose name or names the Common Shares issuable upon exercise of the Warrants are to be issued shall be deemed for all purposes (except as provided in the Indenture hereinafter referred to) to be the holder or holders of record of such Common Shares and the Corporation covenants that it will (subject to the provisions of the Indenture) cause a certificate or certificates representing such Common Shares to be delivered or mailed to the person or persons at the address(s) specified in the Exercise Form.

Certificates for the Common Shares subscribed for will be mailed to the persons specified in the Exercise Form at their respective address(s) specified therein, four Business Days after the surrender of this Warrant Certificate and payment is received by the Corporation. In the event of a purchase of a number of Common Shares fewer than the number which can be purchased upon exercise of the Warrants represented hereby, the registered holder of this Warrant Certificate shall be entitled to receive, without charge, a new Warrant Certificate in respect of the balance of the Warrants not then exercised. Under no circumstances is the Corporation obliged to issue fractional Common Shares to the holder. In lieu of fractional Common Shares, the Corporation shall pay to the holder who would otherwise be entitled to receive fractional Common Shares upon an exercise of Warrants, within 10 Business Days after the date upon which the fractional Common Shares would have been issued, an amount in lawful money of Canada equal to the Current Market Price of the Common Shares on the Exercise Date

multiplied by an amount equal to the fractional interest of Common Shares such holder would otherwise be entitled to receive upon such exercise, provided that the Corporation shall not be required to make any payment, calculated as aforesaid, that is less than \$10.00.

The Indenture provides for the giving of notice by the Corporation prior to taking certain actions specified therein.

The registered holder of this Warrant Certificate may, at any time prior to the Expiry Date, upon surrender hereof to the Warrant Agent at its principal office in the City of Calgary, Alberta or Vancouver, British Columbia, exchange this Warrant Certificate for other Warrant Certificates entitling the holder to acquire, in aggregate, the same number of Common Shares as may be acquired under this Warrant Certificate.

The Indenture contains provisions for the adjustment of the Exercise Price payable for each Common Share upon the exercise of Warrants and the number of Common Shares issuable upon the exercise of Warrants in the events and in the manner set forth therein.

The Warrants evidenced by this Warrant Certificate may be transferred on the register kept at the offices of the Warrant Agent by the registered holder hereof or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent, upon compliance with the conditions prescribed in the Indenture and upon compliance with such reasonable requirements as the Warrant Agent may prescribe.

The holding of the Warrants evidenced by this Warrant Certificate shall not constitute the holder hereof a shareholder of the Corporation or entitle the holder to any right or interest in respect thereof except as expressly provided in the Indenture and in this Warrant Certificate.

The Indenture provides that all holders of Warrants shall be bound by any resolution passed at a meeting of the Warrantholders held in accordance with the provisions of the Indenture and resolutions signed by the holders of Warrants holding a specified majority of the all then outstanding Warrants.

The Warrants evidenced by this Warrant Certificate may be transferred on the register kept at the offices of the Warrant Agent by the registered holder hereof or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent only upon compliance with the conditions prescribed in the Indenture, the due completion, execution and delivery of a transfer form (in the form attached hereto) in accordance with the terms of the Indenture and upon compliance with such reasonable requirements as the Warrant Agent may prescribe, including evidence of compliance with all applicable corporate and securities laws.

This Warrant Certificate shall not be valid for any purpose whatever unless and until it has been certified by or on behalf of the Warrant Agent.

Time shall be of the essence hereof.

This Warrant Certificate shall be governed by and construed in accordance with the laws in force in the Province of British Columbia and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be signed by its duly authorized officers effective as of March 4, 2021.

Certified by:

ODYSSEY TRUST COMPANY

BY _____

1933 INDUSTRIES INC.

BY _____

Any transfer of Warrants will require compliance with applicable securities legislation, Transferors and transferees are urged to contact legal counsel before effecting any such transfer.

TRANSFER OF WARRANTS

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers to:

(Name in Full)

(Address)

_____ common share purchase warrants ("**Warrants**") of 1933 Industries Inc. (the "**Corporation**") in the name of the undersigned on the records of ODYSSEY TRUST COMPANY (the "**Warrant Agent**") represented by the within warrant certificate ("**Warrant Certificate**") and irrevocably appoints _____ the attorney of the undersigned to transfer the said securities on the books or register of transfer with full power of substitution. Terms not otherwise defined herein shall have the respective meaning assigned thereto in the warrant indenture dated March 4, 2021 between the Corporation and Warrant Agent (the "**Indenture**").

In the case of a Warrant Certificate that does not contain a U.S. restrictive legend, the undersigned hereby represents, warrants and certifies that either:

- a) the transferee (i) is not a U.S. Person (as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended, the "**1933 Act**"), (ii) at the time of transfer is not within the United States (as defined in Rule 902(l) of Regulation S under the 1933 Act), and (iii) is not acquiring any of the Warrants represented by this Warrant Certificate by or on behalf of any U.S. Person or person within the United States; or
- b) if the proposed transfer is to, or for the account or benefit of, a U.S. Person or a person in the United States, the undersigned hereby represents, warrants and certifies that the transfer of the Warrants is being completed pursuant to an exemption from the registration requirements of the 1933 Act and any applicable state securities laws, in which case the undersigned has furnished to the Corporation and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to such effect.

In the case of a Warrant Certificate that contains a U.S. restrictive legend, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

- (A) the transfer is being made to the Corporation;
- (B) the transfer is being made outside the United States in accordance with Rule 904 of Regulation S under the 1933 Act, and in compliance with any applicable local laws and regulations, and the holder has provided herewith the Declaration for Removal of Legend attached as Schedule "B" to the Indenture or has furnished to the Corporation and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation that the transfer does not require registration under the 1933 Act or any applicable state securities laws; or
- (C) the transfer is being made in accordance with another transaction that does not require registration under the 1933 Act or any applicable state securities laws and the undersigned has furnished to the Corporation and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to such effect.

DATED the _____ day of _____, 20_____.

Signature Guaranteed

Signature of Warranholder or Authorized Representative

Name of Warranholder

Name and Title of Authorized Representative

Instructions:

1. Signature of the Warranholder must be the signature of the person appearing on the face of this Warrant Certificate.
2. If the Transfer Form is signed by a trustee, executor, administrator, curator, guardian, attorney, director, or officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Warrant Agent and the Corporation.
3. The signature on the Transfer Form must be guaranteed by an authorized officer of a Canadian Schedule "A" chartered bank or Canadian trust company, or a member of a recognized Medallion Guarantee program. The guarantor must affix a stamp bearing the actual words "Signature Guaranteed".
4. The Warrants shall only be transferable in accordance with applicable laws.

EXERCISE FORM

TO: 1933 INDUSTRIES INC. (the "**Corporation**")

AND TO: ODYSSEY TRUST COMPANY, as warrant agent (the "**Warrant Agent**")

The undersigned holder of common share purchase warrants ("**Warrants**") of the Corporation hereby exercises the right to acquire _____ common shares in the capital of the Corporation ("**Common Shares**")

Exercise Price Payable:

_____ (number of Common Shares multiplied by \$0.16, subject to adjustment)

The undersigned hereby exercises the right of such holder to be issued, and hereby subscribes for, Common Shares that are issuable pursuant to the exercise of such Warrants on the terms specified in such Warrant Certificate and in the warrant indenture dated March 4, 2021 between the Corporation and Warrant Agent (the "**Indenture**"). Terms not otherwise defined herein shall have the respective meaning assigned thereto in the Indenture.

The undersigned represents, warrants and certifies as follows (one of the following must be checked):

- A. The undersigned holder (i) at the time of exercise of the Warrants is not in the United States; (ii) is not a U.S. Person and is not exercising the Warrants for the account or benefit of a person in the United States or a U.S. Person; (iii) did not execute or deliver the exercise notice for the Warrants in the United States; (iv) did not acquire the Warrants while in the United States; and (v) has in all other respects complied with Regulation S under the United States Securities Act of 1933, as amended (the "**1933 Act**").
- B. The undersigned holder (i) originally purchased the Warrant on its own behalf or on behalf of a beneficial purchaser (a "**Beneficial Purchaser**") directly from the Corporation pursuant to the Corporation's offering of Warrants at a time when the holder was, and any Beneficial Purchaser was, (A) an "accredited investor", as defined in Rule 501(a) under the 1933 Act ("**Accredited Investor**") and (B) in the United States or a U.S. Person, or was offered Warrants in the United States, (ii) is exercising the Warrant solely for its own account or for the account of the Beneficial Purchaser, if any, and not on behalf of any other person, (iii) is, and the Beneficial Purchaser, if any, is, an Accredited Investor on the date of exercise of the Warrant, and (iv) as of the date of exercise of the Warrant, it reaffirms the representations, warranties, and agreements made by it in the U.S. Purchaser Letter.
- C. An exemption from registration under the 1933 Act and any applicable state securities laws is available, and attached hereto is an opinion of counsel of recognized standing to such effect, it being understood that any opinion of counsel tendered in connection with the exercise of Warrants must be in form and substance satisfactory to the Corporation.

The undersigned holder understands that (i) unless box A or box B is checked, the certificate representing the Common Shares will bear a legend restricting transfer without registration under the 1933 Act and applicable state securities laws unless an exemption from registration is available, and (ii) Common Shares will not be delivered to an address in the United States unless box B or box C is checked and, if box C is checked, the required opinion of counsel is in form and substance reasonably satisfactory to Corporation and is addressed to the Warrant Agent and the Corporation and an executed letter, substantially in the form of Schedule "D" to the Indenture, is delivered to the Warrant Agent (a copy of which is available upon request from the Warrant Agent or the Corporation).

DATED this ___ day of _____, 20__.

Signature
(See Instructions to Warrantholders)

Guaranteed

(Signature of Warrantholder)

Please check if the Common Share certificates are to be picked up at the office of the Warrant Agent where the Warrant Certificate is surrendered or, failing this, Warrant certificates will be mailed to the address set forth above, or if no address is specified, to the address as set forth in the records of the Corporation.

Instructions:

1. The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised, together with payment to ODYSSEY TRUST COMPANY at its principal office at 1230 - 300 5th Avenue SW, Calgary Alberta T2P 3C4 or 3235 - 409 Granville Street, Vancouver, British Columbia V6C 1T2. Certificates for Common Shares will be delivered or mailed as soon as practicable after the exercise of the Warrants. The rights of the registered holder hereof cease if the Warrants are not exercised by 4:30 p.m. (Calgary time) on the Expiry Date.
2. The signature on this exercise form must correspond with the name as written upon the face of the certificate(s), in every particular, without alteration or enlargement, or any change whatsoever and must be guaranteed by a Canadian Schedule 1 chartered bank or a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP). The guarantor must affix a stamp bearing the actual words "Signature Guaranteed".
3. If the Exercise Form is signed by a trustee, executor, administrator, curator, guardian, attorney, director, or officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Warrant Agent and the Corporation.

SCHEDULE "B"
to the Warrant Indenture made as of March 4, 2021 between
1933 Industries Inc. and Odyssey Trust Company, as Warrant Agent

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: ODYSSEY TRUST COMPANY
as Warrant Agent for Warrants of 1933 Industries Inc.
AND TO: 1933 INDUSTRIES INC.

The undersigned (a) acknowledges that the sale of securities of 1933 Industries Inc. (the "**Corporation**") to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**1933 Act**") and (b) certifies that (1) the undersigned is not an "affiliate" (as that term is defined in Rule 405 under the 1933 Act) of the Corporation; (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (B) the transaction was executed in, on or through the facilities of a "designated offshore securities market" as that term is defined in Regulation S under the 1933 Act and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in "directed selling efforts" in the United States in connection with the offer and sale of such securities; (4) the sale is *bona fide* and not for the purposes of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the 1933 Act); (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of Regulation S under the 1933 Act with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S under the 1933 Act, is part of a plan or scheme to evade the registration provisions of the 1933 Act. Terms used herein have the meanings given to them by Regulation S under the 1933 Act.

Date: _____

Name of Seller

Per: _____

Name

Title

Affirmation By Seller's Broker-Dealer (required for sales in accordance with Section (b)(2)(B) above)

We have read the foregoing representations of our customer, _____ (the "**Seller**") dated _____, with regard to our sale, for such Seller's account, of the securities of the Corporation described therein, and on behalf of ourselves we certify and affirm that (A) we have no knowledge that the transaction had been prearranged with a buyer in the United States, (B) the transaction was executed on or through the facilities of designated offshore securities market, (C) neither we, nor any person acting on our behalf, engaged in any directed selling efforts in connection with the offer and sale of such securities, and (D) no selling concession, fee or other remuneration is being paid to us in connection with this offer and sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. Terms used herein have the meanings given to them by Regulation S under the 1933 Act.

Name of Firm

By: _____

Authorized officer

Date: _____

SCHEDULE "C"

**to the Warrant Indenture made as of March 4, 2021 between
1933 INDUSTRIES INC. and ODYSSEY TRUST COMPANY, as Warrant Agent**

Form of Letter to be Delivered by U.S. Purchaser upon Exercise of Warrants

TO: 1933 Industries Inc., a Canadian corporation (the "**Corporation**")

In connection with the exercise of warrants ("**Warrants**") of 1933 Industries Inc. pursuant to which the undersigned purchaser ("**Purchaser**") is purchasing common shares of the Corporation ("**Common Shares**") and together with the Warrants, the "**Securities**", the Purchaser hereby certifies and agrees for the benefit of the Corporation that:

1. The Purchaser is an "accredited investor" ("**Accredited Investor**") as defined in Rule 501(a) under the United States Securities Act of 1933 (the "**U.S. Securities Act**") because the Purchaser is:

(initial one of the following categories)

- ___ (A) a natural person who has an individual net worth¹, or joint net worth with that person's spouse, that exceeds \$1,000,000 at the time of the purchase, excluding the value of the primary residence of such person;
- ___ (B) a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- ___ (C) a bank as defined in Section 3(a)(2) of the U.S. Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the U.S. Securities Act, whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the United States Securities Exchange Act of 1934, as amended; an insurance company as defined in Section 2(13) of the U.S. Securities Act; an investment company registered under the United States Investment Company Act of 1940, as amended, or a business development company as defined in Section 2(a)(48) of that act; a small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the United States Small Business Investment Act of 1958, as amended; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of US\$5,000,000; an employee benefit plan within the meaning of the United States Employee Retirement Income Security Act of 1974, as amended, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of that act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- ___ (D) a private business development company as defined in Section 202(a)(22) of the United States Investment Advisers Act of 1940, as amended;

¹ In determining "net worth," "net worth: means the excess of total assets at fair market value (including personal and real property, but excluding the estimated fair market value of a person's primary home) over total liabilities. Total liabilities excludes any mortgage on the primary home in an amount of up to the home's estimated fair market value as long as the mortgage was incurred more than 60 days before the Warrants are purchased, but includes (i) any mortgage amount in excess of the home's fair market value and (ii) any mortgage amount that was borrowed during the 60-day period before the closing date for the sale of Warrants for the purpose of investing in the Warrants.

- ___ (E) an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, partnership, or limited liability company, not formed for the specific purpose of acquiring the Securities, with total assets in excess of \$5,000,000;
- ___ (F) a trust, with total assets in excess of U.S. \$5,000,000, not formed for the specific purpose of acquiring the Securities whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the U.S. Securities Act; or
- ___ (G) an entity in which all of the equity owners are "Accredited Investors".

2. The Purchaser is acquiring the Common Shares for its own account and not with a view to the resale, distribution or other disposition thereof in violation of the registration requirements of U.S. securities laws.

3. The Purchaser is aware that the Common Shares subscribed for herein have not been and will not be registered under the U.S. Securities Act or the securities laws of any state and that the sale to it of such securities is being made in reliance on the exemption from such registration provided by Section 4(a)(2) of the U.S. Securities Act, Rule 506 thereunder, and exemptions under applicable state laws.

4. The Purchaser acknowledges and agrees that it is not purchasing Common Shares as a result of general solicitation or general advertising, as such terms are defined in Regulation D under the U.S. Securities Act, including without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media, or disseminated over the Internet, or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

5. The Purchaser understands and acknowledges that the Securities will be "restricted securities" as defined in Rule 144 under the U.S. Securities Act ("Rule 144"), and agrees that if in the future it shall decide to offer, resell, pledge or otherwise transfer any of the Securities, such securities may be offered, sold, pledged or otherwise transferred only (a) to the Corporation, (b) outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act ("Regulation S") and in compliance with applicable local laws and regulations, (c) inside the United States in accordance with Rule 144A to a person the seller reasonably believes is a Qualified Institutional Buyer that is purchasing for its own account or for the account of a Qualified Institutional Buyer to whom notice is given that the offer, sale or transfer is being made in reliance on Rule 144A, and in compliance with any applicable state securities laws of the United States, or (d) pursuant to another exemption from registration under the U.S. Securities Act and in each case, in compliance with any applicable state securities laws of the United States, after, in the case of proposed transfers under clause (d), it has furnished to the Corporation an opinion of counsel of recognized standing or other evidence reasonably satisfactory to the Corporation to the effect that the proposed transfer may be made without registration under the U.S. Securities Act and any applicable state securities laws.

6. The Purchaser understands and acknowledges that certificates representing the securities purchased by it hereunder, and all certificates issued in exchange for or in substitution of such certificates, will bear the following legend upon the original issuance of such securities and until the legend is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF 1933 INDUSTRIES INC. (THE "CORPORATION") THAT SUCH

SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN ACCORDANCE WITH (1) RULE 144A THEREUNDER, IF AVAILABLE, OR (2) RULE 144 THEREUNDER, IF AVAILABLE, OR (D) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND AFTER, IN THE CASE OF A TRANSFER UNDER CLAUSE (C)(2) OR (D), THE HOLDER HAS FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE CORPORATION IN FORM AND SUBSTANCE TO THAT EFFECT.

7. If the Securities are being sold under paragraph (6)(B) above, the legend may be removed by providing a declaration to OdysseyTrust Company, as Warrant Agent and as registrar and transfer agent for the Common Shares, in the form of Exhibit A attached hereto (or such other form as the Corporation may prescribe from time to time), together with any other evidence reasonably requested by the Corporation or transfer agent, which evidence may include an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Corporation, to the effect that such U.S. legend is no longer required pursuant to the requirements of the U.S. Securities Act or applicable state securities laws.

8. The Purchaser understands and agrees that the Corporation may give the transfer agent for the Securities stop transfer orders to implement the foregoing restrictions on transfer.

9. The Purchaser represents that it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Securities and is able to bear the risk of an investment in such securities for an indefinite period of time. The undersigned acknowledges that it has had access to such information concerning the Corporation as it has deemed necessary to make an informed decision to acquire the Securities, and has been afforded the opportunity to ask questions and receive answers from representatives of the Corporation regarding the Corporation and the terms and conditions relating to investment in the Corporation, and all such questions have been answered to its full satisfaction.

10. The Purchaser acknowledges that the representations, warranties and agreements contained herein are made with the intent that they may be relied upon by the Corporation in determining its eligibility or (if applicable) the eligibility of others on whose behalf it is contracting hereunder to purchase the Common Shares.

11. If the Purchaser is acquiring any Common Shares as a fiduciary or agent for one or more investor accounts, it represents that it has full power to make the foregoing representations, warranties and agreements on behalf of each such account and that the foregoing representations, warranties and agreements are true and correct and will be binding upon each such account.

Date: _____

Print name of Purchaser: _____

By: _____

Print name: _____

Title: _____

EXHIBIT A
FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: ODYSSEY TRUST COMPANY.

as registrar and transfer agent for common shares and warrant agent of 1933 Industries Inc..

The undersigned (a) acknowledges that the sale of the securities of 1933 Industries Inc. (the "**Corporation**") to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**1933 Act**") and (b) certifies that (1) it is not an affiliate of the Corporation (as defined in Rule 405 under the 1933 Act), (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of the Toronto Stock Exchange or other "designated offshore securities market" and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the 1933 Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the 1933 Act with fungible unrestricted securities and (6) the contemplated sale is not a transaction, or part of a series of transactions that, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the 1933 Act. Terms used herein have the meanings given to them by Regulation S.

Dated: _____

By: _____
Name:
Title: