

March 31, 2020

Hydro66 Holdings Corp.  
#1305 - 1090 W. Georgia Street,  
Vancouver, BC, V6E 3V7

Attention: David Rowe

Dear Mr. Rowe,

**Re: Each party that executes this agreement below as a lender (collectively, the “Lenders”) for a loan in favour of Hydro66 Holdings Corp. (the “Borrower”)**

The Lenders are pleased to offer the loan described in this letter agreement (this “**Agreement**”) subject to the terms and conditions set forth herein. Unless otherwise indicated, all amounts are expressed in Canadian currency. All capitalized terms not otherwise defined in the body of this Agreement shall have the meanings ascribed thereto in Schedule “A”.

**Loan:** Term loan in the principal maximum amount of up to USD\$1,000,000 (the “**Loan Amount**”).

**Purpose:** The Borrower may only use the proceeds of the Loan: (i) to fund working capital needs; and (ii) for other general corporate purposes of the Borrower.

**Term:** Seven (7) years from the date of the initial advance of the Loan (the “**Term**”).

**Loan Advances:** The Loan Amount shall be advanced by the Lenders to the Borrower through one or more advances at the option of the Borrower. The Borrower may make a request for an advance (each advance of the Loan is referred to herein as an “**Advance**”) of all or part of the Loan Amount by notice (the “**Advance Request**”) to the Lenders. Provided that the Advance Request is made by the Borrower prior to 3 p.m. Toronto time on a Business Day, the respective Advance shall be made by the Lenders to the Borrower, by wire transfer prior to 3 p.m. Toronto time on the next Business Day. No Advance Request may be made for an amount less than USD\$100,000 unless the Borrower indicates that such Advance will be the final Advance requested, or unless otherwise agreed by the Lenders. The initial Advance shall be USD\$300,000 in the aggregate to be advanced by the Lenders on or before April 6, 2020 or as otherwise determined by the Borrower, in the initial and maximum Advance amounts set out in Schedule “B”. The remaining USD\$700,000 of the Loan Amount will be advanced as per the terms above subject to the Advance Request being made on or before December 31, 2021. The Borrower will request that any Advance be made in US dollars, however, the Borrower acknowledges that the Lenders may make Advances in either British Sterling or USD. The Borrower and Lender will record the foreign Advance in Canadian currency based on the Bank of Canada exchange rate on the date of the foreign Advance in order to determine the amount of principal that can be converted by the Lender.

**Promissory Notes** The Loan will be evidenced by a grid promissory note issued in favour of each Lender (the “**Promissory Note**”) in the form as attached as Schedule “C” hereto. Pursuant to the terms of each Promissory Note, the amount of the Loan as evidenced by each Promissory Note will be convertible, at the option of each Lender, into common shares in the capital of the Borrower at the market price at time of such conversion in accordance with the policies of and subject to acceptance by the Canadian Securities Exchange.

**Interest Rate and Fees:** Interest Rate: Annual rate of 10% per annum, compounded and calculated annually (subject to the below conditions under “**Payments**”) not in advance, both before and after default,

and payable on each and every anniversary of the Advance (the “**Interest Rate**”). For greater certainty, the interest for the initial two (2) years of the Loan shall not be payable until such time as the Loan is repaid in full.

Expenses: The Borrower shall pay all reasonable third party fees and expenses incurred by the Lenders after an Event of Default in connection with the enforcement of the Lender’s rights and remedies under this Agreement or the Security. If the Lenders have paid any expense for which the Lenders are entitled to reimbursement from the Borrower, such expense shall be payable by the Borrower within fifteen (15) days following demand for payment in writing and in the event that the Borrower does not pay such amount to the Lenders within the fifteen (15) day period, interest shall accrue on such expense at the Interest Rate. All such fees and expenses and interest thereon shall be secured by the Security.

**Payments:** Interest at the Interest Rate shall accrue on all outstanding Advances from the time such Advance is received by the Borrower. Interest only at the Interest Rate, compounded and calculated annually, not in advance, shall be due and payable by 1:00 p.m. on the next Business Day following the expiry of each anniversary under the Term, with the exception of the initial two (2) years interest which shall not be payable until the Loan is repaid in full.

**Prepayment:** The Loan can be repaid in full and terminated at any time after the date hereof, upon ten (10) days prior notice to the Lenders.

**Conditions Precedent:** The first Advance is subject to and conditional upon the following conditions:

- (i) receipt of a duly executed copy of this Agreement and the Security, registered as required to perfect and maintain the security created thereby and such certificates, authorizations and resolutions as the Lenders may reasonably require;
- (ii) delivery of such financial and other information or documents relating to the Borrower as the Lenders may require;
- (iii) delivery of a corporate guarantee by the operating subsidiary of the Borrower, Hydro66 Svenska AB (“**Hydro66 Sweden**”) guaranteeing payment to the Lenders of the indebtedness, liabilities and obligations owing by the Borrower to the Lenders under this Loan, (the “**Guarantee**”);
- (iv) no event shall have occurred and be continuing and no circumstance shall exist which has not been waived, which constitutes an Event of Default in respect of any material commitment, agreement or any other instrument to which the Borrower is a party or is otherwise bound, entitling any other party thereto to accelerate the maturity of amounts of principal owing thereunder or terminate any such material commitment, agreement or instrument which would have a Material Adverse Effect upon the financial condition, property, assets, operation or business of the Borrower;
- (v) no event that constitutes, or with notice or loss of time or both, would constitute an Event of Default shall have occurred;
- (vi) delivery of a certificate from the Lender certifying that the Lender is an accredited investor pursuant to National Instrument 45-106 – *Prospectus Exemptions* and if the Lender is resident in a foreign jurisdiction a certificate is, or otherwise subject to, the securities legislation of a jurisdiction other than Canada or the United States, a certificate from such Lender certifying compliance with applicable securities laws of such jurisdiction, all in a form as provided by the Borrower; and

(vii) acceptance of the terms of the Loan by the Canadian Securities Exchange.

**Borrower Covenants:** The Borrower covenants and agrees with the Lenders, while this Agreement is in effect to:

- (i) pay all sums of money when due hereunder or arising therefrom;
- (ii) provide the Lender with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default, a breach of any covenant or other term or condition of this Agreement or of any of the Security given in connection therewith;
- (iii) use the proceeds of the Loan for the purposes provided for herein;
- (iv) continue to carry on business in the nature of or related to the business transacted by the Borrower prior to the date hereof (and not any other business) in the name and for the account of the Borrower;
- (v) keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;
- (vi) ensure all assets secured by the Security are in existence and in the possession and control of the Borrower provided that the Borrower may sell any property in the ordinary course of its business;
- (vii) not purchase or redeem its shares or otherwise reduce its capital;
- (viii) not repay any shareholders' loans, interest thereon or share capital in cash, provided that repayment of any loans in consideration other than cash shall be permitted;
- (ix) not repay any indebtedness of the Borrower during the continuance of an Event of Default, or if such repayment would cause the occurrence of an Event of Default;
- (x) permit the Lenders or its representatives, upon twenty-four (24) hours prior notice, during business hours, to visit and inspect the Borrower's premises, properties and assets and to examine and obtain copies of the Borrower's records, including to discuss the Borrower's affairs with the auditors, counsel and other professional advisors of the Borrower all at the reasonable expense of the Borrower;
- (xi) forthwith notify the Lenders of the particulars of any occurrence which constitutes an Event of Default hereunder or of any action, suit or proceeding, pending or to the Borrower's knowledge threatened against the Borrower;
- (xii) if required by the Lenders on prior written notice (which may include by fax and/or e-mail), deliver to the Lenders the following, signed by a senior officer of the Borrower:
  - (a) annually, within 120 days of the Borrower's financial year end in respect of the preceding financial year, reviewed financial statements for the Borrower prepared in accordance with IFRS from time to time;
- (xiii) file all tax returns which the Borrower must file from time to time, to pay or make provision for payment of all taxes (including interest and penalties) and other potential preferred claims which are or will become due and payable and to

provide adequate reserves for the payment of any tax, the payment of which is being contested;

- (xiv) not change its name, merge, amalgamate or otherwise enter into any other form of business combination with any other entity without providing the Lenders with at least ten (10) days prior notice thereof;
- (xv) keep the Borrower's assets fully insured against such perils and in such manner as would be customarily insured by companies carrying on a similar business or owning similar; and
- (xvi) comply with all Applicable Laws and regulations where failure to comply would reasonably be determined to result in the Borrower being unable to satisfy the payment obligations set out in this Agreement.

**Security and other Requirements:**

As general and continuing security for the performance by the Borrower of its obligations, present and future, to the Lenders, including, without limitation, the repayment of Advances granted hereunder and the payment of interest, fees and any other amounts provided for hereunder and under the security documents, the Borrower undertakes to grant to the Lender and to maintain at all times the following second ranking security in form satisfactory to the Lenders (the "**Security**"):

- (i) the Promissory Notes, to be executed and delivered on the date of the initial Advance, to each Lender that makes an Advance hereunder;
- (ii) a General Security Agreement to be at all times ranked second in priority to the security interests of any secured lenders of the Borrowers prior to the date hereof, which shall include for greater certainty, the secured lenders pursuant to the loan agreement dated December 19, 2018 (the "**Original Lenders**"), signed by the Borrower constituting a second ranking security interest in all personal property of the Borrower;
- (iii) a Guarantee, signed by Hydro66 UK, guaranteeing payment to the Lenders of the indebtedness, liabilities and obligations owing by the Borrower to the Lenders under this Loan, ranking second in priority to the Original Lenders.

**Events of Default:**

Without limiting any other rights of the Lender under this Agreement, if any one or more of the following events (an "**Event of Default**") has occurred and is continuing:

- (i) the Borrower fails to pay when due any principal, interest, fees or other amounts due under this Agreement or under any of the Security;
- (ii) the Borrower breaches any provision of this Agreement or any of the Security or other agreement with the Lender and such breach is not cured within forty-five (45) days of notice thereof from the Lenders to the Borrower;
- (iii) the Borrower is in material default under the terms of any other contracts, agreements or otherwise with any other creditor including on account of failure to repay any unsecured creditor in respect of debts owing thereto;
- (iv) the Lenders receives from any Guarantor a notice proposing to terminate, limit or otherwise modify such guarantor's liability under its guarantee of the Borrower's indebtedness to the Lenders under the Loan, except as otherwise provided in the Guarantee;

- (v) the Borrower ceases or threatens to cease to carry on business;
- (vi) the Borrower is adjudged or declared to be or admits to being bankrupt or insolvent;
- (vii) any judgment or award is made against the Borrower in excess of \$500,000 that is not covered (up to 100% thereof) by insurance and in respect of which there is not an appeal or proceeding for review being diligently pursued in good faith and in respect of which adequate provision has been made on the books of the Borrower; or
- (viii) any notice of intention is filed or any voluntary or involuntary case or proceeding filed or commenced for:
  - (a) the bankruptcy, liquidation, winding-up, dissolution or suspension of general operations of the Borrower;
  - (b) the composition, rescheduling, reorganization, arrangement or readjustment of, or other relief from, or stay of proceedings to enforce, some or all of the debts of the Borrower;
  - (c) the appointment of a trustee, receiver, receiver and manager, liquidator, administrator, custodian or other official for, all or any significant part of the assets of the Borrower;
  - (d) the possession, foreclosure, retention, sale or other disposition of, or other proceedings to enforce security over, all or any significant part of the assets of the Borrower that is not being challenged by proceedings diligently pursued; or
  - (e) any secured creditor, encumbrancer or lienor, or any trustee, receiver, receiver and manager, agent, bailiff or other similar official appointed by or acting for any secured creditor, encumbrancer or lienor, takes possession of or forecloses or retains, or sells or otherwise disposes of, or otherwise proceeds to enforce security over all or any significant part of the assets of the Borrower or gives notice of its intention to do any of the foregoing;

then, in such event, the Lenders may, by written notice to the Borrower declare all monies outstanding under the Loan to be immediately due and payable. Upon receipt of such written notice the Borrower shall, subject to the terms of any agreement with any Senior Lender, immediately pay to the Lenders all monies outstanding under the Loan and all other obligations of the Borrower to the Lenders in connection with the Loan under this Agreement. The Lenders may enforce its rights to realize upon its security and make demand under any guarantee and retain an amount sufficient to secure the Lenders for the Borrower's obligations to the Lenders.

**Evidence of  
Indebtedness:**

The Borrower shall maintain records evidencing the Loan. The Borrower shall record the principal amount of the Loan, the payment of principal and interest on account of the Loan, and all other amounts becoming due to the Lenders under this Agreement.

The Borrower's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Lenders pursuant to this Agreement.

**Representations and Warranties:**

The Borrower represents and warrants to the Lenders that:

- (i) the Borrower is a corporation duly incorporated, validly existing and duly registered or qualified to carry on business in the Province of British Columbia or any other jurisdiction where it may carry on business;
- (ii) the Borrower does not have any Subsidiaries except the Borrower's subsidiaries Hydro66 Canada Ltd., Hydro66 UK Limited, Megamining Limited, Hydro66 Services AB and Hydro66 Svenska AB, where "**Subsidiaries**" means respect to any person: (i) any corporation of which an aggregate of more than 50% of the outstanding shares having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, shares of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned legally or beneficially by such person and/or one or more Subsidiaries of such person, or with respect to which any such person has the right to vote or designate the vote of 50% or more of such shares whether by proxy, agreement, operation of law or otherwise; and (ii) any partnership or limited liability company in which such person or one or more Subsidiaries of such person has an equity interest (whether in the form of voting or participation in profits or capital contribution) of more than 50% or of which any such person is a general partner or manager or may exercise the powers of a general partner or manager;
- (iii) the execution, delivery and performance by the Borrower of this Agreement and the security and other documentation ancillary to this Agreement has been duly authorized by all necessary action and does not violate the Borrower's constating documents or any Applicable Laws or agreements to which Borrower is subject or by which it may bound, or in each case any documentation entered into in association therewith;
- (iv) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against the Borrower or any of its assets or properties before any court or administrative agency which, if adversely determined, would reasonably be expected to have a Material Adverse Effect upon its ability to perform its payment obligations under this Agreement or any of the Security;
- (v) except as disclosed in the public record of the Borrower on its SEDAR profile, the Borrower has good and marketable title to all of its properties and assets, free and clear of any Encumbrances, other than customary permitted encumbrances and Encumbrances related to loans or debentures entered into by the Borrower as the borrower thereunder and existing as of the date hereof;
- (vi) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, an Event of Default, a breach of any covenant or other term or condition of this Agreement or any of the Security given in connection therewith; and
- (vii) the Borrower has filed all tax returns which were required to be filed by it, if any, paid or made provision for payment of all taxes and potential prior ranking claims (including interest and penalties) which are due and payable, if any and provided adequate reserves for payment of any tax, the payment of which is being contested, if any.

**Confidentiality:**

The Borrower and Lenders agree to keep all of the information and terms related to this Agreement confidential. Notwithstanding the foregoing, the Borrower may: (i) issue any

press releases required under Applicable Laws without the prior written consent of the Lenders; or (ii) disclose the existence of this Agreement and terms related hereto without the prior written consent of the Lenders in the course of their discussions and negotiations with any prospective potential debt or equity investor in the Borrower.

**General:**

Non-Merger: The provisions of this Agreement shall not merge with any of the Security, but shall continue in full force and effect for the benefit of the parties hereto. In the event of an inconsistency between this Agreement and any of the Loan and security documentation, including the Security, the provisions of this Agreement shall prevail.

Further Assurances and Documentation: The Borrower and Lenders shall do all things and execute all documents deemed necessary or appropriate by the Lender or Borrower, as applicable, for the purposes of giving full force and effect to the terms, conditions, undertakings hereof and the Security granted or to be granted hereunder and in order to comply with all applicable securities laws.

Severability: If any provisions of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor shall it invalidate, affect or impair any of the remaining provisions of this Agreement.

Governing Law: This Agreement and all agreements arising hereinafter shall be deemed to have been made and accepted in the City of Toronto, Ontario and construed in accordance with and be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Counterparts: This Agreement, the Security and all agreements arising hereinafter may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopier, PDF or by other electronic means shall be as effective as delivery of a manually executed counterpart.

Notice: Except as otherwise provided herein, whenever any notice, demand, request or other communication shall or may be given to or served upon any party by any other party, or whenever any party desires to give or serve upon any other party any communication with respect to this Agreement, each such communication shall be in writing and shall be deemed to have been validly served, given or delivered: (a) upon the earlier of actual receipt (or refusal thereof) and three (3) Business Days after deposit in the mail, registered or certified mail, return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by telecopy, e-mail or other similar facsimile or electronic transmission (with such telecopy, e-mail or facsimile promptly confirmed by delivery of a copy by personal delivery or mail as otherwise provided in this paragraph) or (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when hand-delivered, all of which shall be addressed to the party to be notified and sent to the address or facsimile number indicated on the first page of this Agreement, in respect of the Borrower, and on behalf of the Lenders, Attn: David Rowe, 15 Percy Street, London, W1T 1DS, Email: [david@blackgreencapital.com](mailto:david@blackgreencapital.com), or to such other address (or facsimile number) as may be substituted by notice given as herein provided.

Assignment: This Agreement when accepted and any commitment to advance, if issued, and the Security in furtherance thereof or any warrant or right may be assigned by the Lenders without the Borrower's consent. The Borrower may not assign or transfer all or any part of its rights or obligations under this Agreement without the prior written consent of the Lenders.

Time: Time shall be of the essence in all provisions of this Agreement.

Whole Agreement, Amendments and Waiver: This Agreement, the Security and any other written agreement delivered pursuant to or referred to in this Agreement constitute the whole and entire agreement between the parties in respect of the Loan. There are no verbal agreements, undertakings or representations in connection with the Loan. No amendment or waiver of any provision of this Agreement will be effective unless it is in writing signed by the Borrower and the Lenders.

Independent Legal Advice. Each Lender acknowledges that he or she has been advised to seek independent legal advice and that he or she was given the opportunity to seek and obtain such advice prior to the execution of this Agreement. Further each Lender has been independently advised as to the applicable hold periods imposed in respect of the Promissory Notes and the Common Shares issuable pursuant thereof and such Lender confirms that no representation has been made respecting the applicable hold periods for the Promissory Notes and the Common Shares issuable pursuant thereof and that such Lender is aware of the risks and other characteristics of the Promissory Notes and the Common Shares issuable pursuant thereof and of the fact that such Lender may not resell the Promissory Notes and the Common Shares issuable pursuant thereof except in accordance with applicable securities legislation and regulatory policy until expiry of the applicable hold periods and compliance with the other requirements of applicable law. Such Lender acknowledges that the certificates representing the Promissory Notes and the Common Shares issuable pursuant thereof may contain legends denoting the applicable resale restrictions and such Lender will not resell the Promissory Notes and the Common Shares issuable pursuant thereof except in accordance with the provisions of applicable securities legislation.

**[THE REST OF THIS PAGE IS INTENTIONALLY BLANK; SIGNATURE PAGE FOLLOWS]**



If the terms and conditions of this Agreement are acceptable to you, please sign in the space indicated below and return the signed copy of this Agreement to us. Acceptance may also be affected by facsimile or scanned transmission and in counterpart.

We thank you for allowing us the opportunity to provide you with this Agreement.

Yours truly,

**SIGNED, SEALED & DELIVERED**

In the presence of:

\_\_\_\_\_  
Witness

}  
\_\_\_\_\_  
*“David Rowe” (signed)*

**Lender 1:** David Rowe

**Address:** [lender address redacted for confidentiality]

**SIGNED, SEALED & DELIVERED**

In the presence of:

\_\_\_\_\_  
Witness

}  
\_\_\_\_\_  
*“Robert Keith” (signed)*

**Lender 2:** Robert Keith

**Address:** [lender address redacted for confidentiality]

**ACCEPTANCE**

The Borrower hereby accepts this Agreement as of the date first written above.

**HYDRO66 HOLDINGS CORP.**

Per: “David Rowe” (signed)

Name: David Rowe

Title: Director

I have authority to bind the Corporation.

**AGREED AND ACKNOWLEDGE THIS 2<sup>nd</sup> DAY OF APRIL, 2020 BY:**

*[lender name redacted for confidentiality]*

Per: “Authorized Signatory” (signed)  
Authorized Signatory

*[lender name redacted for confidentiality]*

Per: “Authorized Signatory” (signed)  
Authorized Signatory

*[lender name redacted for confidentiality]*

Per: “Authorized Signatory” (signed)  
Authorized Signatory

## SCHEDULE "A"

### Definitions

In addition to terms defined elsewhere in this Agreement, the following terms shall have the following meanings:

- (a) “**Applicable Laws**” means, with respect to any person, property, transaction or event, all present or future statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction, in each case, having the force of law in any applicable jurisdiction.
- (b) “**Business Day**” means any day other than a Saturday or a Sunday or any other day on which banks are closed for business in Toronto.
- (c) “**Encumbrances**” means any mortgage, Lien, pledge, assignment, charge, security interest, title retention agreement, hypothec, levy, execution, seizure, attachment, garnishment, right of distress or other claim in respect of property of any nature or kind whatsoever howsoever arising (whether consensual, statutory or arising by operation of law or otherwise) and includes arrangements known as sale and lease-back, sale and buy-back and sale with option to buy-back or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the PPSA or Uniform Commercial Code (or equivalent statutes) of any jurisdiction.
- (d) “**Loan**” means the term loan of USD\$1,000,000 provided by the Lenders to the Borrower pursuant to this Agreement.
- (e) “**Guarantor**” means Hydro66 Svenska AB and each other person that executes a guarantee in favour of the Lenders in connection with the transactions contemplated by this Agreement.
- (f) “**Lien**” means any mortgage, charge, pledge, hypothecation, security interest, assignment, encumbrance, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition that in substance secures payment or performance of an obligation.
- (g) “**Material Adverse Effect**” means a material adverse effect on (i) the business, revenues, operations, assets, liabilities (contingent or otherwise), financial condition or prospects of the Borrower; (ii) on the rights and remedies of the Lenders under this Agreement and the Security; (iii) on the ability of the Borrower to perform its obligations under the Loan documents; or (iv) on the Liens created by the Security Agreements.
- (h) “**person**” includes a natural person, a partnership, a joint venture, a trust, a fund, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof, and any other incorporated or unincorporated entity.
- (i) “**PPSA**” means the *Personal Property Security Act* (Ontario) or the *Personal Property Security Act* (British Columbia), as applicable, as the same may be amended from time to time.

Words importing the singular include the plural thereof and vice versa and words importing gender include the masculine, feminine and neuter genders.

**SCHEDULE "B"**

<b>Lender</b>	<b>Initial Advance</b>	<b>Maximum Amount of Future Advances</b>
David Rowe	USD\$173,000	USD\$403,000
Robert Keith	USD\$127,000	USD\$297,000
<b>TOTAL</b>	<b>USD\$300,000</b>	<b>USD\$1,000,000</b>

SCHEDULE "C"

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [THE DATE THAT IS FOUR MONTHS PLUS ONE DAY FROM THE CLOSING DATE].

SECOND RANKING SECURED GRID PROMISSORY NOTE

PRINCIPAL AMOUNT: USD\$[●]

DATED: [●]

1. **Principal and Interest.** FOR VALUE RECEIVED, HYDRO66 HOLDINGS CORP. (hereinafter called the "**Maker**") hereby promises to pay to or to the order of [●] (hereinafter called the "**Holder**") at the address of the Holder in [●] as noted below in the Section title "Notice and Demands" (or at such other place as the Holder may from time to time designate by notice in writing to the Maker) the principal sum as noted in Schedule "B" in lawful money of Canada (herein called the "**Principal**"), which shall bear interest on the unpaid portion from time to time of the Principal until the Principal is repaid in full at the rate per annum equal to 10%, calculated annually and payable beginning on the date that is two (2) years from the date of this promissory note, not in advance, as well after as before maturity and both before and after default. The Principal and all accrued interest shall become due and be paid in full on demand, which demand may be made by the Holder seven (7) years from the date hereof (the "**Maturity Date**"). The Interest Payment Dates will be each December 31 with the first such Interest Payment Date being three (3) years from the date of this promissory note. For greater certainty, the interest for the initial 24 month period from the date of this promissory note is due when the Principal is repaid in full.
2. **Interest on Overdue Interest.** The Maker shall pay the Holder interest on any overdue interest at the same rate as provided above, calculated and payable in the same manner as above.
3. **Application of Payments.** Any amount paid in satisfaction of any amounts owing to the Holder evidenced by and pursuant to this promissory note (collectively, the "**Indebtedness**") shall be applied firstly in satisfaction of any accrued and unpaid interest which is due and payable and any interest thereon, and then the remaining portion of such amount shall be applied in satisfaction of the Principal owing hereunder and finally any portion of such amount not applied as aforesaid shall be applied in satisfaction of any accrued and unpaid interest which is not yet due and payable as at the date on which such amount is paid.
4. **Conversion of Indebtedness.**
  - (a) The Holder shall have the right, at its option, at any time prior to repayment thereof to convert the whole or any part of the Principal owing hereunder into fully paid and non-assessable common shares (the "**Common Shares**") of the Maker at a conversion price (the "**Conversion Price**") equal to the market price of the Common Shares on the trading day immediately prior to the date the Conversion Notice is received by the Maker, calculated in accordance with the policies of the applicable stock exchange in which the Common Shares are traded, all in accordance with applicable exchange policies. Such conversion shall be effected by the surrender to the Maker in accordance with Section 15 hereof of a duly completed conversion notice (substantially in the form attached as

Schedule “A” hereto) (the “**Conversion Notice**”) executed by the Holder or his executors or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Maker, together with this promissory note and thereupon the Holder (or such other registered holder as set forth in the Conversion Notice) shall be entitled to be entered in the books of the Maker as at the Date of Conversion as the holder of the number of Common Shares set forth in the Conversion Notice and for all purposes such person shall be and shall be deemed to be the holder of the Common Shares as at the Date of Conversion. For the purposes hereof, the “**Date of Conversion**” shall be the date on which the Conversion Notice and this promissory note is received by the Maker in accordance with Section 15 hereof, provided that if such date is on a day on which the register of Common Shares is closed, the person or persons entitled to receive Common Shares shall become the holder or holders of record of such Common Shares as at the date on which such registers are next reopened. The Holder acknowledges that the Conversion Price will be subject to the approval of the relevant stock exchange in which the Common Shares are traded.

- (b) The Holder of this promissory note so surrendered for conversion shall be entitled to receive accrued and unpaid interest in respect of any principal amount or other Indebtedness which is so converted, in cash, up to but excluding the Date of Conversion.
- (c) No fractional share shall be required to be issued upon the conversion of the Principal. If the conversion of the Principal would otherwise result in a fractional share, the Maker shall, in lieu of issuing such fractional share, pay to the Holder an amount equal to the fair market value of the fractional share based upon the then prevailing market price for a whole share.
- (d) As soon as practicable following the Date of Conversion but in any event within five business days, the Maker shall:
  - (i) deliver to the Holder (or as otherwise directed by the Holder) a certificate or certificates for the Common Shares issuable pursuant to the Conversion Notice;
  - (ii) make or cause to be made any payment of interest to which the Holder is entitled in connection with such conversion; and
  - (iii) to the extent that only a portion of the Principal hereunder is converted, deliver to the Holder, a new promissory note in an aggregate principal amount equal to the unconverted part of the Principal. The new promissory note shall be in a form identical to this promissory note, save that it shall be equal in principal amount to the amount of the Principal outstanding hereunder immediately following such conversion.
- (e) Any conversion of accrued and unpaid interest shall be subject to Policy 6 – *Distributions* of the Canadian Securities Exchange.

## 5. **Adjustment of Conversion Price and Conversion Rights.**

- (a) If and whenever at any time after the date hereof and while any Indebtedness is outstanding under this promissory note, the Maker shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of common shares, (ii) reduce, combine or consolidate its then outstanding common shares into a lesser number of common shares or (iii) issue common shares (or securities exchangeable for or convertible into common

shares) to the holders of all or substantially all of its then outstanding common shares by way of a stock dividend or other distribution (other than a dividend paid in the ordinary course) (any of such events herein called a "**Common Share Reorganization**"), then the Conversion Price shall be adjusted effective immediately after the effective date of any such event in (i) or (ii) above or the record date at which the holders of common shares are determined for the purpose of any such dividend or distribution in (iii) above, as the case may be, by multiplying the Conversion Price in effect on such effective date or record date, as the case may be, by a fraction, the numerator of which shall be the number of common shares outstanding on such effective date or record date, as the case may be, before giving effect to such Common Share Reorganization and the denominator of which shall be the number of common shares outstanding immediately after giving effect to such Common Share Reorganization including, in the case where securities exchangeable for or convertible into common shares are distributed, the number of common shares that would be outstanding if such securities were exchanged for or converted into common shares.

- (b) If and whenever at any time after the date hereof and while any Indebtedness is outstanding under this promissory note, the Maker shall distribute any class of shares or rights, options or warrants or other securities to acquire common shares or securities exercisable or exchangeable for or convertible into common shares (other than those referred to above), evidences of indebtedness or property (excluding cash dividends paid in the ordinary course, to the extent that such dividends, when aggregated with any dividends previously declared payable on the common shares in such fiscal year, do not exceed 50% of the aggregate consolidated net income of the Maker, before extraordinary items, for its immediately preceding fiscal year) to holders of all or substantially all of its then outstanding common shares, the number of common shares to be issued by the Maker under this promissory note shall, at the time of conversion, be appropriately adjusted and the Holder shall receive, for the same aggregate amount of Indebtedness that is being converted pursuant to the Conversion Notice, in lieu of the number of the Common Shares in respect of which the right to convert is then being exercised, the aggregate number of common shares or other securities or property that the Holder would have been entitled to receive as a result of such event, if, on the record date thereof, the Holder had been the registered holder of the number of Common Shares to which the Holder was theretofore entitled upon the conversion of the Indebtedness set forth in the Conversion Notice.
- (c) If and whenever at any time after the date hereof and while any Indebtedness is outstanding under this promissory note, there is a capital reorganization of the Maker or a reclassification or other change in the common shares (other than a Common Share Reorganization) or a consolidation or merger, amalgamation, or arrangement of the Maker with or into any other corporation or other entity (other than a consolidation, merger or amalgamation which does not result in any reclassification of the outstanding common shares of the Maker or a change of the common shares of the Maker into other securities), or a transfer of all or substantially all of the Maker's undertaking and assets to another corporation or other entity in which the holders of common shares of the Maker are entitled to receive shares, other securities or other property (any of such events being called a "**Capital Reorganization**"), the Holder, where he has not converted all of the Indebtedness prior to the effective date of such Capital Reorganization, shall be entitled to receive, for the same aggregate amount of Indebtedness that is being converted pursuant to the Conversion Notice, in lieu of the number of the Common Shares in respect of which the right to convert is then being exercised, the aggregate number of common shares or other securities or property that the Holder would have been entitled to receive as a result of the Capital Reorganization, if, on the record date thereof, the Holder had been the registered

holder of the number of Common Shares to which the Holder was theretofore entitled upon the conversion of the Indebtedness set forth in the Conversion Notice.

- (d) If the Maker takes any action affecting its common shares to which the foregoing provisions of this Section 5, in the opinion of the board of directors of the Maker, acting in good faith, are not strictly applicable, or if strictly applicable would not fairly adjust the rights of the Holder against dilution in accordance with the intent and purposes hereof, or would otherwise materially affect the rights of the Holder hereunder, then the Maker shall execute and deliver to the Holder an amendment hereto providing for an adjustment in the application of such provisions so as to adjust such rights as aforesaid in such manner as the board of directors of the Maker may determine to be equitable in the circumstances, acting in good faith.

6. **Adjustment Rules and Procedures.** The following rules and procedures shall be applicable to the adjustments made pursuant to Section 5:

- (a) any common shares owned or held by or for the account of the Maker shall be deemed not to be outstanding except that, for the purposes of Section 5, any common shares owned by a pension plan or profit sharing plan for employees of the Maker or any of its subsidiaries shall not be considered to be owned or held by or for the account of the Maker;
- (b) no adjustment in the Conversion Price shall be required unless a change of at least 1% of the prevailing Conversion Price would result, provided, however, that any adjustment which, except for the provisions of this Section 6(b), would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment;
- (c) the adjustments provided for in clause 5 are cumulative and shall apply to successive subdivisions, consolidations, dividends, distributions and other events resulting in any adjustment under the provisions of such clause;
- (d) in the absence of a resolution of the board of directors of the Maker fixing a record date for any dividend or distribution referred to in clause 5(a)(iii) above, the Maker shall be deemed to have fixed as the record date therefor the date on which such dividend or distribution is effected;
- (e) if the Maker 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 Conversion Price will be required by reason of the setting of such record date;
- (f) forthwith after any adjustment to the Conversion Price or the consideration payable to the Holder upon conversion, the Maker shall provide to the Holder with a certificate of an officer of the Maker certifying as to the amount of such adjustment and, in reasonable detail, describing the event requiring and the manner of computing or determining such adjustment;
- (g) any question that at any time or from time to time arises with respect to the amount of any adjustment to the Conversion Price or other adjustment pursuant to clause 5 shall be conclusively determined by a firm of independent chartered accountants (who may be the Maker's auditors) and shall be binding upon the Maker and the Holder and the Maker shall provide access to its records as necessary in connection therewith; and



- (h) as a condition precedent to the taking of any action which would require an adjustment in the conversion rights pursuant to this promissory note, including the Conversion Price and the number of such classes of shares or other securities or property which are to be received upon conversion of the Indebtedness, the Maker shall use its commercially reasonable efforts to take all corporate action which may, in the opinion of counsel, be necessary in order that the Maker has reserved and there will remain unissued out of its authorized capital a sufficient number of common shares for issuance upon the conversion of the Indebtedness, and that the Maker may validly and legally issue as fully paid and non-assessable all the shares of such classes or other securities or may validly and legally distribute the property which the Holder is entitled to receive on upon conversion of the Indebtedness in accordance with the provisions hereof.
  - (i) nothing herein shall in anyway affect the right of the Holder to receive interest in cash and a promissory note with respect to any outstanding Indebtedness pursuant to Sections 4(d)(ii) and (iii) respectively.
- 7. **Notice of Adjustments.** At least 21 days prior to the effective date or record date, as the case may be, of any event referred to in Section 5, the Maker shall notify the Holder of the particulars of such event and shall set forth in reasonable detail the method of calculation and the facts upon which such calculation is based in determining the estimated amount of any adjustment required as a result thereof.
- 8. **Effect of Adjustments.** On the happening of each and every such event set out in clause 5, the applicable provisions of this promissory note, including the Conversion Price, shall, ipso facto, be deemed to be amended accordingly and the Maker shall take all necessary action so as to comply with such provisions as so amended.
- 9. **Judgement Interest.** In the event that the Holder obtains judgement on this promissory note or in respect of any amount owing hereunder, interest at the aforesaid rate, calculated monthly, not in advance, shall be payable on the amount which is outstanding under the said judgement from time to time.
- 10. **Prepayment.** All or any part of the outstanding balance of this promissory note may be prepaid at any time and from time to time, in whole or in part, without premium or penalty.
- 11. **Guarantees, Security and Other Documents.** The Maker agrees to deliver to the Holder, as soon as reasonably practicable and in any event within two weeks of the date of this note, all documents and other items customary for secured lending transactions in British Columbia including, without limitation, the guarantees, security and other documents contemplated by the loan agreement between the Borrower and the Maker dated on or around the date hereof. The Maker agrees that (a) the guarantees, security and other documents will be in form and substance satisfactory to the Holder in its sole discretion; (b) the guarantees and security will guarantee and secure all obligations owing by the Maker to the Holder from time to time including without limitation, all obligations under this promissory note made by the Maker in favour of the Holder; and (iii) the security documents may be granted in favour of a collateral agent for the benefit of the Holder, if agreed to by the Holder.
- 12. **No Encumbrances.** The Maker agrees not to, and to cause its direct and indirect subsidiaries not to, create, incur or assume any security interest, lien or other encumbrance upon any of its property or the property of any of its subsidiaries, other than security interests, liens or encumbrances expressly permitted in writing by the Holder.

13. **Representations and Warranties.** The Maker represents, warrants and covenants that:
- (a) it is duly authorized to create and issue this promissory note;
  - (b) this promissory note is a valid and enforceable obligation of the Maker in accordance with the terms hereof;
  - (c) it will take all such action as may be necessary to ensure that all Common Shares issuable hereunder, may be so issued without violation of any applicable requirements of any exchange or over-the-counter market upon which the Common Shares may be listed, including without limitation obtaining all necessary regulatory approvals of the Canadian Securities Exchange (“CSE”) or other applicable stock exchange in which the Common Shares are traded and shareholder approval to issue the Common Shares, if required, hereunder; the Maker will use its best efforts to attend to all filings required to be made by the Maker under applicable securities legislation in respect of the conversion of the Indebtedness in accordance with the terms hereof;
  - (d) if the Maker fails to obtain approval of the CSE or its shareholders of the terms of this promissory note, the Maker shall pay to the Holder an equivalent fee in cash or such other compensation as agreed to and determined by the Holder, and
  - (e) the Maker covenants and agrees that it will cause the Common Shares issuable upon conversion of the Indebtedness hereunder and the certificate or certificates evidencing such Common Shares to be duly issued and that, at all times while any Indebtedness is owing hereunder, it shall reserve and there shall remain unissued out of its authorized capital a sufficient number of shares to satisfy the right of conversion herein provided for.
14. **Non-Waiver.** The extension of the time for making any payment which is due and payable hereunder at any time or times or the failure, delay or omission on the part of the Holder to exercise or enforce any rights or remedies of the Holder hereunder or under any instrument securing payment of the Indebtedness evidenced by this promissory note shall not constitute a waiver of the right of the Holder to enforce such rights and remedies thereafter.
15. **Notice and Demands.** All notices and demands provided for herein shall be in writing and shall be personally delivered, mailed by prepaid registered mail or courier, or emailed to:
- (a) the Maker at:  
  
#1305 - 1090 W. Georgia Street,  
Vancouver, BC, V6E 3V7  
  
Attention: David Rowe, CEO  
Email: david@blackgreencapital.com  
Fax: (604) 683-1585
  - (b) the Holder at:  
  
[•]  
Attention: [•]  
Email: \_\_\_\_\_

or to such other address as either party may from time to time designate to the other party by notice in the aforesaid manner. Any notice or demand so personally delivered shall be deemed to have been validly and effectively given and received on the date of such delivery. Any notice or demand mailed shall be deemed to have been validly and effectively given and received on the 3rd day following the date of mailing. Any notice or demand emailed shall be deemed to have been validly and effectively given and received on the 1st day following the date of such emailing.

16. **Amendments.** No amendment, modification or waiver of any provision of this promissory note or consent to any departure by the Maker from any provision of this promissory note is in any event effective unless it is in writing and signed by the Holder and then the amendment, modification, waiver or consent is effective only in the specific instance and for the specific purpose for which it is given.
17. **Taxes.** All payments required to be made to the Holder pursuant hereto shall be made free and clear of, and without deduction or withholding for, or on account of, any present or future Taxes unless such deduction or withholding is required by applicable law. If any Taxes are required to be deducted or withheld by applicable law from any amounts payable hereunder to the Holder, the Maker shall promptly pay an additional amount (“**Additional Amount**”) to the Holder as may be necessary so that after making all required Tax deductions or withholdings (including deductions or withholdings applicable to Additional Amounts payable under this Section 15), the Holder receives an amount equal to the amount that it would have received had no such deductions or withholdings been required. Whenever any Taxes are required to be paid by the Maker to a governmental authority under this Section, the Maker shall send or cause to be sent to the Holder, as promptly as possible thereafter, a certified copy of an original official receipt showing payment of such Taxes or other satisfactory evidence of the payment of such Taxes. If the Maker fails to pay any Taxes deducted or withheld as required under this Section when due or if the Maker fails to remit to the Holder the required documentary evidence of such payment, the Maker shall indemnify and save harmless the Holder from any Taxes or other liabilities that may become payable by the Holder or to which the Holder may be subjected as a result of any such failure. A certificate of the Holder as to the amount of any such Taxes and containing reasonable details of the calculation of such Taxes shall be, absent manifest error, prima facie evidence of the amount of such Taxes. “**Tax**” or “**Taxes**” means all taxes, charges, fees, levies, imposts and other assessments or reassessments, including all income, sales, use, goods and services, harmonized sales, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments, royalties, duties, deductions, compulsory loans or similar charges in the nature of a tax, together with any instalments, and any interest, fines and penalties, additions to tax or other additional amounts, imposed, assessed, reassessed or collected by any governmental authority, whether disputed or not.
18. **Endorsement on Grid.** All borrowings evidenced by this promissory note and all payments made on account of the Principal hereof shall be endorsed by the Holder on the grid attached hereto and made a part hereof, or on a continuation thereof which shall be attached hereto and made a part hereof, provided however that any failure to endorse such information on such schedule or continuation thereof shall not in any manner affect the obligation of the Borrower to make payments of the Principal accordance with the terms of this promissory note if in fact advanced and accepted by the Borrower. All notations on such grid as to borrowings and repayments made and initialed by the Lender and the Maker shall constitute conclusive evidence of such borrowings or repayments.
19. **Applicable Law.** This promissory note shall be governed by and construed in accordance with the laws of the Province of Ontario. The parties irrevocably attorn to the jurisdiction of the courts of **Ontario**, which will have non-exclusive jurisdiction over any matter arising out of this note.

20. **Limitations Act.** The Maker has issued this note for business purposes; accordingly, this note will be treated as a business agreement for purposes of the *Limitations Act, 2002* (Ontario). The Maker agrees that any limitation period applicable to this note, any proceeding relating to a claim in connection with this note, or the Maker's obligations under this note (other than the ultimate limitation period provided for in section 15 of that Act) is suspended and will not apply to this note or the obligations that it evidences.
21. **No Set-off.** The Maker shall not exercise any right of set-off in connection with amounts that may be owed to the Maker from time to time as against any amounts that the Maker may owe under this note.
22. **Further assurances.** The Maker, at its expense and at the Holder's request, shall sign (or cause to be signed) all further documents or do (or cause to be done) all further acts and provide all reasonable assurances as may reasonably be necessary or desirable to give effect to this note.
23. **Binding Effect.** This note enures to the benefit of and binds the parties and their respective **heirs, executors, administrators, and other legally appointed representatives**, successors, and assigns.
24. **Assignment.** The Holder may assign this note in whole or in part to any Person without notice to or the consent of the Maker. Without the prior written consent of the Holder, the Maker may not assign this note.
25. **Severability.** The invalidity or unenforceability of any particular term of this note will not affect or limit the validity or enforceability of the remaining terms.
26. **Costs.** The Maker shall pay all costs (including legal fees) that it and the Holder, **or its agents on its behalf**, incur in connection with the drafting and negotiation of the transactions contemplated by this note, and the execution and delivery of, and the perfection and enforcement of the Holder's interest under this note, which will be paid immediately upon demand and form part of the indebtedness owing under this note.
27. **Time of the Essence.** Time shall in all respects be of the essence of this promissory note.
28. **Waiver of Benefits.** The Maker hereby waives the benefits of division and discussion, demand and presentment for payment, notice of non-payment, protest and notice of protest of this promissory note.
29. **Compliance with Directions, etc.** The Holder may at any time direct the Maker to make any payment which is due and payable hereunder or to become due and payable hereunder to any person and the Maker shall comply with such direction. The Maker shall, upon the written demand of the Holder, confirm to any third party specified by the Holder that such direction has been received and that no prepayments have been made hereunder and that the Maker has not been directed to make payments hereunder to any other person.

**[THE REST OF THIS PAGE IS INTENTIONALLY BLANK; SIGNATURE PAGE FOLLOWS]**

**IN WITNESS WHEREOF** the Maker has executed this promissory note.

**HYDRO66 HOLDINGS CORP.**

Per: \_\_\_\_\_

Name:

Title:

**SCHEDULE "A"**  
**CONVERSION NOTICE**

**TO: HYDRO66 HOLDINGS CORP.** (the "Company")

Reference is made to the promissory note (the "**Promissory Note**") issued by the Company to [●] dated [●]. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Promissory Note.

The undersigned holder of the Promissory Note hereby irrevocably elects to convert USD\$ \_\_\_\_\_ of the Indebtedness evidenced by the Promissory Note into Common Shares of the Company (the "**Conversion Shares**") upon such terms and conditions contained in the Promissory Note. The undersigned instructs the Company to issue certificate(s) representing the Conversion Shares and register as holder of the Conversion Shares as follows:

Registered Holder: \_\_\_\_\_

Address of Registered Holder  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**IN WITNESS WHEREOF** the undersigned has duly executed this notice the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
[●]

**SCHEDULE “B”  
SCHEDULE OF BORROWINGS AND PAYMENTS**

Date	Amount of Advance <sup>(1)</sup>	Amount of Repayment	Unpaid Principal Balance	Initials of Maker and Holder
[●]	USD\$[●]	-	USD\$[●]	

**Note:** (1) If amount is advanced in foreign currency, the amount is deemed to be converted into Canadian funds at the Bank of Canada exchange rate on close of the date of the advance, whether recorded above or not.