
LEEF HOLDINGS, INC.

and

ODYSSEY TRUST COMPANY
as Trustee

and

ODYSSEY TRUST COMPANY
as Collateral Agent

INDENTURE

Dated as of June 6, 2019

9.0% Convertible Senior Secured Debentures due 2022

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APPENDIX

Appendix A Provisions Relating to Initial Debentures and Additional Debentures

EXHIBIT

Exhibit A Form of Debenture

INDENTURE dated as of June 6, 2019 among LEEF HOLDINGS, INC., a Nevada corporation (the “**Company**,” as more fully set forth in Section 1.01), ODYSSEY TRUST COMPANY (the “**Trustee**,” as more fully set forth in Section 1.01), and ODYSSEY TRUST COMPANY (the “**Collateral Agent**,” as more fully set forth in Section 1.01).

W I T N E S S E T H:

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the issuance of its 9.0% Convertible Senior Secured Debentures due 2022, in an aggregate principal amount not to exceed \$35,000,000 (the “**Initial Debentures**,” as more fully set forth in Section 1.01), and in order to provide the terms and conditions upon which the Debentures are to be authenticated, issued and delivered, the Company has duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Form of Debenture, the certificate of authentication to be borne by each Debenture, the Conversion Notice and the Form of Assignment and Transfer to be borne by the Debentures are to be substantially in the forms hereinafter provided; and

WHEREAS, all acts and things necessary to make the Debentures, when executed by the Company and authenticated and delivered by the Trustee or a duly authorized authenticating agent, as in this Indenture provided, the valid, binding and legal obligations of the Company, and this Indenture a valid agreement according to its terms, have been done and performed, and the execution of this Indenture and the issuance hereunder of the Debentures have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Debentures are, and are to be, authenticated, issued and delivered, and in consideration of the premises and of the purchase and acceptance of the Debentures by the Holders thereof, the Company covenants and agrees with the Trustee for the equal and proportionate benefit of the respective Holders from time to time of the Debentures (except as otherwise provided below), as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Definitions.* The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.01. The words “herein,” “hereof,” “hereunder” and words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

“**Additional Debentures**” means additional Debentures in an aggregate principal amount equal to 10% of the aggregate principal amount of Initial Debentures required to be issued by the Company pursuant to the Agency Agreement and in accordance with Section 2.09.

“**Agency Agreement**” means the Agency Agreement dated as of June 6, 2019, between the Company and Canaccord Genuity Corp., as placement agent, with respect to the issuance and sale of the Initial Debentures and other securities of the Company as set forth therein.

“**Affiliate**” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control,” when used with respect to any specified Person means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing. Notwithstanding anything to the contrary herein, the determination of whether one Person is an “**Affiliate**” of another Person for purposes of this Indenture shall be made based on the facts at the time such determination is made or required to be made, as the case may be, hereunder.

“**Asset Sale**” means any sale, transfer or other disposition (including by way of merger, consolidation or sale-leaseback transaction) in one transaction or a series of related transactions by the Company or any Subsidiary to any Person of:

- (a) all or any of the Capital Stock of any Subsidiary;
- (b) all or substantially all of the property and assets of an operating unit or business of the Company or any Subsidiary; or
- (c) any other property and assets of the Company or any Subsidiary outside the ordinary course of business of the Company or such Subsidiary and, in each case, that is not governed by the provisions of Article 11;

provided, however, that “**Asset Sale**” shall not include:

- (i) sales or other dispositions of inventory, services, receivables and other current assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business;
- (ii) a disposition of leasehold improvements or leased assets in connection with the termination of any operating lease;
- (iii) the licensing or sublicensing of intellectual property or other general intangibles and licenses, leases or subleases of other property;
- (iv) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive factoring or similar arrangements;

(v) the creation of or realization on a Lien to the extent that the granting of such Lien was not in violation of Section 4.07; and

(vi) the sale, transfer or other disposition (including by way of merger, consolidation or sale-leaseback transaction) in one transaction or a series of related transactions, of any of the Paleo Paw Assets.

“Board of Directors” means the board of directors of the Company or a committee of such board duly authorized to act for it hereunder.

“Board Resolution” means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors, and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“Business Day” means, with respect to any Debenture, any day other than a Saturday, a Sunday or a day on which the Federal Reserve Bank of New York is authorized or required by law or executive order to close or be closed or banking institutions in New York, New York are authorized or required by law or executive order to close or be closed or where the Corporate Trust Office of the Trustee is located is authorized or required by law to close or executive order to close or be closed.

“Capital Stock” means, for any entity, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock issued by that entity.

“Capitalized Lease Obligations” means an obligation that would have been required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP as in effect on the Issue Date. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined in accordance with GAAP, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“Change of Control” means (i) a transaction or series of related transactions in which any “person” or “group” (within the meaning of Section 13(d) and 14(d) of the Exchange Act), becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding voting securities of the Company having the right to vote for the election of members of the Board of Directors, (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company; provided that “Change of Control” does not include a Public Offering Transaction or a RTO/Merger Transaction.

“Clause A Distributions” shall have the meaning specified in Section 13.05(c).

“**Clause B Distributions**” shall have the meaning specified in Section 13.05(c).

“**Clause C Distributions**” shall have the meaning specified in Section 13.05(c).

“**close of business**” means 5:00 p.m. (Eastern time).

“**Closing Sale Price**” means the price of a Common Share on the relevant date, as determined by the Company (a) on the basis of the closing sale price per Common Share (or if no closing sale price per Common Share is reported, the average of the bid and ask prices per Common Share or, if more than one in either case, the average of the average bid and the average ask prices per Common Share) on such date on the principal U.S. stock exchange on which the Common Shares may be listed or traded (or if the Common Shares are not so listed or traded, on the principal Canadian stock exchange on which the Common Shares may be listed or traded, or such other national or regional exchange or market on which the Common Shares are listed or traded); or (c) if the Common shares are not so listed or traded, as reported by OTC Markets Group Inc. or a similar organization. In the absence of a quotation, the Closing Sale Price shall be such price as the Company shall reasonably determine on the basis of such quotations as most accurately reflecting the price that a fully informed buyer, acting on his own accord, would pay to a fully informed seller, acting on his own accord in an arms-length transaction, for a Common Share.

“**Collateral**” means the collective reference to all assets, whether now owned or hereafter acquired, upon which a Lien is created or granted from time to time pursuant to any Security Document.

“**Collateral Agent**” means the Person named as the “**Collateral Agent**” in the first paragraph of this Indenture, in its capacity as collateral agent under the Security Documents, until a successor collateral agent shall have become such pursuant to the Security Documents, and thereafter “**Collateral Agent**” shall mean such successor collateral agent.

“**Collective Election**” shall have the meaning specified in Section 13.11.

“**Commission**” means the U.S. Securities and Exchange Commission.

“**Common Share**” means a common share, without par value, of the Company, or such other unit of Share Capital of the Company into which the Company’s common shares are reclassified or changed.

“**Company**” shall have the meaning specified in the first paragraph of this Indenture, and subject to the provisions of Article 11, shall include its successors and assigns (including, without limitation, any Successor Company).

“**Company Conversion Notice**” shall have the meaning specified in Section 13.01(c).

“**Company Order**” means a written order of the Company signed by any of its Officers and delivered to the Trustee.

“**Conversion Agent**” shall have the meaning specified in Section 4.02.

“Conversion Date” means, with respect to a Debenture to be converted in accordance with Article 13, the date on which the Holder of such Debenture satisfies all the requirements for such conversion set forth in Article 13; *provided, however*, that if such date is not a Trading Day, then the Conversion Date shall be deemed to be the next day that is a Trading Day. Notwithstanding the foregoing, the Mandatory Conversion Date will be the Conversion Date with respect to the Debentures subject to Mandatory Conversion.

“Conversion Notice” means the “Form of Notice of Conversion” attached as Attachment 1 to the Form of Debenture attached hereto as Exhibit A.

“Conversion Price” shall have the meaning specified in Section 13.01(a).

“Conversion Rate” shall have the meaning specified in Section 13.01(a).

“Corporate Trust Office” means, with respect to the office of the Trustee, the designated office of the Trustee at which at any time its corporate trust business shall be administered, which office at the Issue Date is located at 350, 300 5th Avenue SW, Calgary, Alberta T2P 3C4, Attention: Vice President, Corporate Trust, or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the designated corporate trust office of any successor trustee (or such other address as such successor trustee may designate from time to time by notice to the Holders and the Company).

“Daily VWAP” means, for each Trading Day, the per share volume-weighted average price as displayed under the heading “Bloomberg VWAP” on the applicable Bloomberg page for the Company’s Common Shares in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such Trading Day (or if such volume-weighted average price is unavailable, the market value of one share of the Common Shares on such Trading Day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by the Company). The **“Daily VWAP”** shall be determined without regard to after-hours trading or any other trading outside of the regular trading session trading hours.

“Debentures” means the Initial Debentures and more particularly means any Debenture authenticated and delivered under this Indenture. For all purposes of this Indenture, the term “Debentures” shall also include any Additional Debentures that may be issued under a supplemental indenture and Debentures to be issued or authenticated upon transfer, replacement or exchange of Debentures in accordance with this Indenture.

“Debenture Register” shall have the meaning specified in Section 2.05.

“Debenture Registrar” shall have the meaning specified in Section 2.05.

“Default” means any event that is, or after notice or passage of time, or both, would be, an Event of Default.

“Defaulted Amounts” means any amounts on any Debenture (including, without limitation, the principal and interest) that are payable but are not punctually paid or duly provided for.

“**Disqualified Stock**” means any class or series of Capital Stock of any Person that by its terms or otherwise is (i) required to be redeemed prior to the Maturity Date; (ii) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Maturity Date; or (iii) convertible into or exchangeable for Capital Stock referred to in clause (i) or (ii) above or into or for Indebtedness having a scheduled maturity prior to the Maturity Date.

“**Distributed Property**” shall have the meaning specified in Section 13.05(c).

“**Dollar**” or “**\$**” means a U.S. dollar or other equivalent unit in such coin or currency of the United States that is legal tender for the payment of public and private debts at the time of payment.

“**Event of Default**” shall have the meaning specified in Section 6.01.

“**Ex Date**” means: the first date on which the Common Shares trade the regular way on the principal U.S. stock exchange on which the Common Shares may be listed or traded (or if the Common Shares are not so listed or traded, on the principal Canadian stock exchange on which the Common Shares may be listed or traded, or such other national or regional exchange or market on which the Common Shares are listed or traded), without the right to receive the issuance, dividend or distribution in question from the Company or, if applicable, from the seller of Common Shares on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**Form of Assignment and Transfer**” means the “Form of Assignment and Transfer” attached as Attachment 2 to the Form of Debenture attached hereto as Exhibit A.

“**Form of Certificate to be Delivered in Connection with Certain Transfers Pursuant to Regulation S**” means the “Form of Certificate to be Delivered in Connection with Certain Transfers Pursuant to Regulation S” attached as Attachment 3 to the Form of Debenture attached hereto as Exhibit A.

“**Form of Debenture**” means the “Form of Debenture” attached hereto as Exhibit A.

“**GAAP**”, when used in respect of accounting terms or accounting determinations, means United States generally accepted accounting principles for privately accountable enterprises at the relevant time determined.

The terms “**given**”, “**mailed**”, “**notify**” or “**sent**” with respect to any notice to be given to a Holder pursuant to this Indenture, shall mean notice mailed to such Holder by first class mail, postage prepaid, at its address as it appears on the Debenture Register in accordance with Section 15.03. Notice so “**given**” shall be deemed to include any notice to be “**mailed**” or “**delivered**,” as applicable, under this Indenture.

“**General Security Agreement**” means the general security agreement dated the date hereof entered into by the Company in favor of the Collateral Agent, on behalf of the Trustee and

the Holders of the Debenture, providing for, *inter alia*, a security interest in the present and after acquired personal property of the Company and its Significant Subsidiaries, and any proceeds thereof and any part thereof, as may be amended from time to time.

“**Guarantee**” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or

(b) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

“**Holder**,” as applied to any Debenture, or other similar terms, means any Person in whose name at the time a particular Debenture is registered on the Debenture Register.

“**Incur**” means issue, create, assume, Guarantee, incur or otherwise become liable for; *provided, however*, that any Indebtedness of a Person existing at the time such Person becomes a Subsidiary of the Company (whether by merger, consolidation, amalgamation or arrangement, acquisition or otherwise) will be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary of the Company; and the terms “**Incurred**” and “**Incurrence**” have meanings correlative to the foregoing.

“**Indebtedness**” means, with respect to any Person on any date of determination (without duplication):

(a) the principal of and premium (if any) in respect of indebtedness of such Person for borrowed money;

(b) the principal of and premium (if any) in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) the principal component of all obligations of such Person in respect of financial letters of credit, letters of guarantee, bankers’ acceptances or other similar instruments (including reimbursement obligations with respect thereto except to the extent such reimbursement obligation relates to a trade payable and such obligation is satisfied within 30 days of being drawn);

(d) Capitalized Lease Obligations of such Person;

(e) Indebtedness of other Persons to the extent Guaranteed by such Person (whether or not such items would appear on the balance sheet of the guarantor or obligor);

(f) to the extent not otherwise included in this definition, the amount of obligations outstanding under the legal documents entered into as part of a securitization transaction or series of securitization transactions that would be characterized as principal if such transaction were structured as a secured lending transaction rather than as a purchase outstanding relating to a securitization transaction or series of securitization transactions to the extent there is no recourse to such Person;

(g) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of such Indebtedness shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such Indebtedness; or

(h) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services, except trade payables which are not more than 90 days past due; or

(i) the maximum fixed redemption or repurchase price of Disqualified Stock of such Person at the time of determination.

“Indenture” means this instrument as originally executed or, if amended or supplemented as herein provided, as so amended or supplemented.

“Initial Debentures” the Company’s 9.0% Convertible Senior Secured Debentures due 2022, in an aggregate principal amount not to exceed \$35,000,000, to be issued from time to time at the election of the Company pursuant to one or more Subscription Agreements and to Canaccord Genuity Corp., as placement agent, in accordance with the Agency Agreement.

“Interest Payment Date” means each June 1 and December 1 of each year, beginning on December 1, 2019.

“Investment” in any Person means any direct or indirect advance, loan or other extension of credit (including, without limitation, by way of Guarantee or similar arrangement but excluding advances to customers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable on the Company’s balance sheet or those of any Subsidiary) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, bonds, notes, debentures or other similar instruments issued by, such Person.

“Issue Date” means June 6, 2019.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a

security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction).

“Liquidity Event” means the first to occur of:

(a) the Company completing (i) a Public Offering Transaction which results in the Common Shares being listed on a recognized Canadian stock exchange or a national United States stock exchange and (ii) a concurrent financing to raise minimum gross proceeds of at least \$20,000,000;

(b) the Company completing (i) a RTO/Merger Transaction which results in the Common Shares being listed on a recognized Canadian stock exchange or a national United States stock exchange and (ii) a concurrent financing to raise minimum gross proceeds of at least \$20,000,000; or

(c) a Change of Control of the Company.

For the avoidance of doubt, there shall only be a single event constituting a “Liquidity Event.”

“Liquidity Event Price” means, as applicable:

(a) in the event of a Public Offering Transaction, the price at which the Common Shares are issued and sold to the public;

(b) in the event of an RTO/Merger Transaction, the price attributed to the Common Shares exchanged or changed in such transaction or the deemed issue price of the Common Shares exchanged or changed in such transaction; or

(c) in the event of a Change of Control, the price attributed to the Common Shares in such transaction.

“Mandatory Conversion” shall have the meaning specified in Section 13.01(c).

“Market Disruption Event” means either (i) a failure by the principal U.S. stock exchange on which the Common Shares may be listed or traded (or if the Common Shares are not so listed or traded, on the principal Canadian stock exchange on which the Common Shares may be listed or traded, or such other national or regional exchange or market on which the Common Shares are listed or traded) to open for trading during its regular trading session; or (ii) the occurrence or existence prior to 1:00 p.m. Eastern time, on any Trading Day for the Common Shares for an aggregate of at least thirty (30) minutes of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in the Common Shares or in any options, contracts or future contracts relating to the Common Shares.

“Maturity Date” means June 6, 2022.

“Net Tangible Assets” means, with respect to any Person at any time (x) the amount representing the assets of such Person appearing on the balance sheet of such Person as of the last day of the most recently completed fiscal quarter or fiscal year (as applicable) for which

financial statements are available, less (y) the sum of (i) all current liabilities and non-controlling interests and (ii) goodwill and other intangibles.

“**Officer**” means, with respect to the Company, the Chief Executive Officer, the President, the Chief Financial Officer, the Chief Operating Officer, the Chief Legal Officer, the Treasurer, the Secretary, any Executive or Senior Vice President or any Vice President (whether or not designated by a number or numbers or word or words added before or after the title “Vice President”).

“**Officer’s Certificate**,” when used with respect to the Company, means a certificate that is delivered to the Trustee and that is signed by any Officer of the Company. Each such certificate shall include the statements provided for in Section 15.05 if and to the extent required by the provisions of Section 15.05. The Officer giving an Officer’s Certificate pursuant to Section 4.09 shall be the principal executive, financial or accounting officer of the Company.

“**open of business**” means 9:00 a.m. (Eastern time).

“**Opinion of Counsel**” means an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Company, or other counsel who is reasonably acceptable to the Trustee, which opinion may contain customary exceptions and qualifications as to the matters set forth therein, that is delivered to the Trustee. Each such opinion shall include the statements provided for in Section 15.05 if and to the extent required by the provisions of such Section 15.05.

“**Optional Conversion**” shall have the meaning specified in Section 13.01(b).

“**outstanding**,” when used with reference to Debentures, shall, subject to the provisions of Section 8.04, mean, as of any particular time, Debentures executed by the Company and authenticated and delivered by the Trustee in accordance with this Indenture, other than:

(a) Debentures theretofore canceled by the Trustee or accepted by the Trustee for cancellation;

(b) Debentures, or portions thereof, that have become due and payable and in respect of which monies in the necessary amount shall have been deposited in trust with the Trustee or with any Paying Agent (other than the Company) or shall have been set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent);

(c) Debentures that have been paid pursuant to Section 2.06 or Debentures in lieu of which, or in substitution for which, other Debentures shall have been authenticated and delivered pursuant to the terms of Section 2.05(a) unless proof satisfactory to the Trustee is presented that any such Debentures are held by protected purchasers in due course; and

(d) Debentures converted pursuant to Article 13 and required to be cancelled pursuant to Section 2.08.

“Paleo Paw Assets” means, any assets of the Company and its Subsidiaries constituting part of the Company’s “Paleo Paw” line of business, including the Capital Stock of any Subsidiary owning such assets.

“Paying Agent” shall have the meaning specified in Section 4.02.

“Permitted Investment” means:

- (a) an Investment in the Company or a Subsidiary of the Company or a Person which shall, upon the making of such Investment, become a Subsidiary or be merged or consolidated with or into, or transfer or convey all or substantially all its assets to, the Company or a Subsidiary;
- (b) Investments in cash and cash equivalents;
- (c) payroll, travel, moving and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
- (d) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers’ compensation, performance and other similar deposits;
- (e) any Investment existing on the date hereof or made pursuant to a legally binding commitment in existence on the date hereof; and
- (f) Guarantees otherwise permitted pursuant to the terms of this Indenture.

“Permitted Lien” means, with respect to any Person:

- (a) pledges or deposits by such Person under workers’ compensation laws, unemployment insurance laws, pension laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or United States government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import or customs duties or for the payment of rent, in each case Incurred in the ordinary course of business;
- (b) Liens imposed by law, including carriers’, warehousemen’s, mechanics’, materialmen’s and repairmen’s Liens, Incurred in the ordinary course of business;
- (c) Liens for taxes, assessments or other governmental charges not yet past due or that are being contested in good faith by appropriate proceedings provided appropriate reserves required pursuant to GAAP have been made in respect thereof;

(d) Liens in favor of issuers of surety or performance bonds or letters of credit or bankers' acceptances or similar obligations issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(e) minor survey exceptions, encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of such Person or to the ownership of its properties that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(f) leases, licenses, subleases and sublicenses of assets (including, without limitation, real property and intellectual property rights) that do not materially interfere with the ordinary conduct of the business of the Company;

(g) judgment Liens not giving rise to an Event of Default;

(h) Liens securing Indebtedness incurred for the purpose of acquiring equipment (or any refinancing of such Indebtedness); provided that the aggregate principal amount of Indebtedness does not exceed \$5,000,000 and that any such Lien attaches solely to the equipment so acquired and the proceeds thereof; and

(i) Liens arising solely by virtue of any statutory or common law provisions relating to Liens in favor of trustees and escrow agents, banker's Liens, margin Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution; *provided* that:

(i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the U.S. Federal Reserve Board; and

(ii) such deposit account is not intended by the Company to provide collateral to the depository institution;

(j) Liens on property of a Person at the time such Person becomes a Subsidiary of the Company; *provided, however*, that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such Person becoming a Subsidiary of the Company; *provided, further, however*, that any such Lien may not extend to any other property owned by the Company;

(k) Liens other than Liens described in clause (j) above) on property at the time the Company acquired the property, including any acquisition by means of a merger, amalgamation, arrangement or consolidation with or into the Company or any of its Subsidiaries; *provided, however*, that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such acquisition; *provided, further, however*,

that such Liens may not extend to any other property owned by the Company or any of its Subsidiaries;

- (l) Liens securing Indebtedness or other obligations of a Subsidiary of the Company owing to the Company;
- (m) Liens securing the Debentures;
- (n) Liens in favor of the Company;
- (o) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
- (p) deposits made in the ordinary course of business to secure liability to insurance carriers; and
- (q) Liens on assets pursuant to merger, amalgamation or arrangement agreements, stock or asset purchase agreements and similar agreements in respect of the disposition of such assets.

“**Person**” means an individual, a corporation, a limited liability company, an association, a partnership, a joint venture, a joint stock company, a trust, an unincorporated organization or a government or an agency or a political subdivision thereof.

“**Pledge Agreement**” means the pledge agreement to be made by the Company pursuant to which all of the equity interests of each of the Subsidiaries of the Company listed in Exhibit C to the Agency Agreement held by the Company will be pledged to the Collateral Agent for and on behalf of the Trustee and the Holders.

“**Predecessor Debenture**” of any particular Debenture means every previous Debenture evidencing all or a portion of the same debt as that evidenced by such particular Debenture; and, for the purposes of this definition, any Debenture authenticated and delivered under Section 2.06 in lieu of or in exchange for a mutilated, lost, destroyed or stolen Debenture shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Debenture that it replaces.

“**Public Offering Transaction**” means a bona-fide public offering of Common Shares or comparable equity securities by the Company or an affiliated entity pursuant to a prospectus or registration statement filed with one or more securities commissions in Canada or the United States.

“**Record Date**” means, with respect to any dividend, distribution or other transaction or event in which the holders of Common Shares (or other applicable security) have the right to receive any cash, securities or other property or in which the Common Shares (or such other security) are exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the Common Shares (or such other security) entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors, statute, contract or otherwise).

“Reference Property” shall have the meaning specified in Section 13.11.

“Regular Record Date,” with respect to any Interest Payment Date, means the May 15 or November 15 (whether or not such day is a Business Day) immediately preceding the applicable June 1 or December 1 Interest Payment Date, respectively.

“Responsible Officer” means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee, as applicable, who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“Restricted Debentures” shall have the meaning specified in Section 2.05(b).

“Restricted Legends” shall have the meaning specified in Annex A hereto.

“RTO/Merger Transaction” means a reverse takeover, statutory amalgamation, merger, statutory arrangement, business combination, share exchange, qualifying transaction or similar transaction involving the Company or an affiliated entity and a reporting issuer in a province of Canada or a public company in any jurisdiction and in which, in all cases, results in a class of Common Shares or equity securities of the Corporation or an affiliated entity (or the equity securities of a successor issuer) being listed and posted for trading on the Canadian Securities Exchange or any other recognized exchange in Canada or the United States.

“Rule 144” means Rule 144 as promulgated under the Securities Act, as such rule may be amended from time to time.

“Security Documents” means the General Security Agreement, the Pledge Agreement, any intercreditor agreement entered into pursuant to Section 14.04 and any other document or agreement that secures the obligations of the Company under this Indenture or the Debentures, as the same may be amended, supplemented or otherwise modified from time to time.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Share Capital” of any Person means any and all shares, interests, participations or other equivalents (however designated) of share capital of such Person and all warrants or options to acquire such share capital.

“Significant Subsidiary” means a Subsidiary of the Company that meets the definition of “significant subsidiary” in Article 1, Rule 1-02 of Regulation S-X promulgated under the Securities Act as in effect on the date of execution of this Indenture.

“Spin-Off” shall have the meaning specified in Section 13.05(c).

“**Subscription Agreement**” means each Subscription Agreement for Debenture Units between each subscriber and the Company.

“**Subsidiary**” means, with respect to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, general partners or trustee thereof is at the time owned or controlled, directly or indirectly, by (i) such Person; (ii) such Person and one or more Subsidiaries of such Person; or (iii) one or more Subsidiaries of such Person.

“**Successor Company**” shall have the meaning specified in Section 11.01(a).

“**Trading Day**” means any day during which all of the following conditions are satisfied: (i) trading in the Common Shares generally occurs; (ii) there is no Market Disruption Event; and (iii) a closing sale price for the Common Shares is provided on the principal U.S. stock exchange on which the Common Shares may be listed or traded (or if the Common Shares are not so listed or traded, on the principal Canadian stock exchange on which the Common Shares may be listed or traded, or such other national or regional exchange or market on which the Common Shares are listed or traded).

“**transfer**” shall have the meaning specified in Section 2.05(b).

“**Trigger Event**” shall have the meaning specified in Section 13.05(c).

“**Trustee**” means the Person named as the “**Trustee**” in the first paragraph of this Indenture until a successor trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “**Trustee**” shall mean or include each Person who is then a Trustee hereunder.

ARTICLE 2

ISSUE, DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE

Section 2.01. *Designation and Amount.* The Debentures shall be designated as the “9.0% Convertible Senior Secured Debentures due 2022.” The aggregate principal amount of Initial Debentures that may be authenticated and delivered under this Indenture is initially limited to \$35,000,000, subject to Section 2.09 and except for Debentures authenticated and delivered upon registration or transfer of, or in exchange for, or in lieu of other Debentures to the extent expressly permitted hereunder. Other provisions relating to the Debentures are set forth in Appendix A hereto, which is hereby incorporated in and expressly made a part of this Indenture.

Section 2.02. *Form of Debentures.* The Debentures and the Trustee’s certificate of authentication to be borne by such Debentures shall be substantially in the respective forms set forth in Exhibit A, the terms and provisions of which shall constitute, and are hereby expressly incorporated in and made a part of this Indenture. To the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. In the case of any conflict between this Indenture and a

Debenture, the provisions of this Indenture shall control and govern to the extent of such conflict.

Any of the Debentures may have such letters, numbers or other marks of identification and such notations, legends or endorsements as the Officer executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange or automated quotation system on which the Debentures may be listed or designated for issuance, or to conform to usage or to indicate any special limitations or restrictions to which any particular Debentures are subject.

Section 2.03. Date and Denomination of Debentures; Payments of Interest and Defaulted Amounts.

(a) The Debentures shall be issued as permanent certificated Debentures in registered form without coupons in denominations of \$1,000 principal amount and integral multiples thereof. Each Debenture shall be dated the date of its authentication and shall bear cash interest from the date specified on the face of such Debenture. Interest on the Debentures shall be computed on the basis of a 360-day year composed of twelve 30-day months and, for partial months, on the basis of the number of days actually elapsed in a 30-day month. Solely for the purposes of disclosure under the *Interest Act (Canada)* and not for calculations of interest due to Holders, the annual rate of interest to which the rate of interest provided in the Debentures is equivalent in respect of any period is the rate so determined multiplied by the actual number of days in the calendar year in which such period ends and divided by 360.

(b) The Person in whose name any Debenture (or its Predecessor Debenture) is registered on the Debenture Register at the close of business on any Regular Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date. The principal amount of any Debenture shall be payable at the Corporate Trust Office of the Trustee. The Company shall pay, or cause the Paying Agent to pay, interest on any Debentures by check mailed to the Holders of these Debentures at their address as it appears in the Debenture Register.

(c) Any Defaulted Amounts shall forthwith cease to be payable to the Holder on the relevant payment date but shall accrue interest per annum at the rate borne by the Debentures, subject to the enforceability thereof under applicable law, from, and including, such relevant payment date, and such Defaulted Amounts together with such interest thereon shall be paid by the Company, at its election in each case, as provided in clause (i) or (ii) below:

(i) The Company may elect to make payment of any Defaulted Amounts to the Persons in whose names the Debentures (or their respective Predecessor Debentures) are registered on the Debenture Register at the close of business on a special record date for the payment of such Defaulted Amounts, which shall be fixed in the following manner. The Company shall notify the Trustee and Paying Agent (if other than Trustee) in writing of the amount of the Defaulted Amounts proposed to be paid on each Debenture and the date of the proposed payment (which shall be not less than 25 days

after the receipt by the Trustee and Paying Agent (if other than Trustee) of such notice, unless the Trustee or Paying Agent (if other than Trustee) shall consent to an earlier date), and at the same time the Company shall deposit with the Paying Agent an amount of money equal to the aggregate amount to be paid in respect of such Defaulted Amounts or shall make arrangements satisfactory to the Paying Agent for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Amounts as in this clause provided. The special record date for the payment of such Defaulted Amounts shall be fixed by the Company and shall not be more than 15 days nor less than 10 days prior to the date of the proposed payment, and not less than 25 days after the receipt by the Trustee and Paying Agent (if other than Trustee) of the notice of the proposed payment (unless the Trustee or Paying Agent (if other than Trustee) shall consent to an earlier date). The Trustee, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Amounts and the special record date therefor to be delivered to each Holder not less than 5 days prior to such special record date. Notice of the proposed payment of such Defaulted Amounts and the special record date therefor having been so delivered, such Defaulted Amounts shall be paid to the Persons in whose names the Debentures (or their respective Predecessor Debentures) are registered at the close of business on such special record date and shall no longer be payable pursuant to the following clause (ii) of this Section 2.03(c).

(ii) The Company may make payment of any Defaulted Amounts in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Debentures may be listed or designated for issuance, and upon such notice as may be required by such exchange or automated quotation system, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee and the Paying Agent (if other than Trustee).

Section 2.04. *Execution, Authentication and Delivery of Debentures.* The Debentures shall be signed in the name and on behalf of the Company by the manual or electronic signature of its Chief Executive Officer, President, Chief Financial Officer, Treasurer, Secretary or any of its Executive or Senior Vice Presidents.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Debentures executed by the Company to the Trustee for authentication, together with a Company Order (such Company Order to include the terms of the Debentures) for the authentication and delivery of such Debentures, and the Trustee in accordance with such Company Order shall authenticate and deliver such Debentures, without any further action by the Company hereunder; *provided* that, subject to Section 15.05, the Trustee shall be entitled to receive an Officer's Certificate and an Opinion of Counsel of the Company with respect to the issuance, authentication and delivery of such Debentures by the Trustee.

Only such Debentures as shall bear thereon a certificate of authentication substantially in the form set forth on the Form of Debenture attached as Exhibit A hereto, executed manually by authorized officers of the Trustee (or an authenticating agent appointed by the Trustee as provided by Section 15.09), shall be entitled to the benefits of this Indenture or be valid or

obligatory for any purpose. Such certificate by the Trustee (or such an authenticating agent) upon any Debenture executed by the Company shall be conclusive evidence that the Debenture so authenticated has been duly authenticated and delivered hereunder and that the Holder is entitled to the benefits of this Indenture.

In case any Officer of the Company who shall have signed any of the Debentures shall cease to be such Officer before the Debentures so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Debentures nevertheless may be authenticated and delivered or disposed of as though the person who signed such Debentures had not ceased to be such Officer of the Company; and any Debenture may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Debenture, shall be the Officers of the Company, although at the date of the execution of this Indenture any such person was not such an Officer.

Section 2.05. Exchange and Registration of Transfer of Debentures; Restrictions on Transfer; Depositary. (a) The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office or in any other office or agency of the Company designated pursuant to Section 4.02, the “**Debenture Register**”) in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Debentures and of transfers of Debentures. Such register shall be in written form or in any form capable of being converted into written form within a reasonable period of time. The Trustee is hereby initially appointed the “**Debenture Registrar**” for the purpose of registering Debentures and transfers of Debentures as herein provided. The Company may appoint one or more co-Debenture Registrars in accordance with Section 4.02.

Upon surrender for registration of transfer of any Debenture to the Debenture Registrar or any co-Debenture Registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.05, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Debentures of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture.

Debentures may be exchanged for other Debentures of any authorized denominations and of a like aggregate principal amount, upon surrender of the Debentures to be exchanged at any such office or agency maintained by the Company pursuant to Section 4.02. Whenever any Debentures are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Debentures that the Holder making the exchange is entitled to receive, bearing registration numbers not contemporaneously outstanding.

All Debentures presented or surrendered for registration of transfer or for exchange, repurchase or conversion shall (if so required by the Company, the Trustee, the Debenture Registrar or any co-Debenture Registrar) be duly endorsed, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and the Trustee and duly executed, by the Holder thereof or its attorney-in-fact duly authorized in writing.

No service charge shall be imposed by the Company, the Trustee, the Debenture Registrar, any co-Debenture Registrar or the Paying Agent for any exchange or registration of

transfer of Debentures, but the Company may require a Holder to pay a sum sufficient to cover any documentary, stamp or similar issue or transfer tax required in connection therewith as a result of the name of the Holder of new Debentures issued upon such exchange or registration of transfer being different from the name of the Holder of the old Debentures surrendered for exchange or registration of transfer.

None of the Company, the Trustee, the Debenture Registrar or any co-Debenture Registrar shall be required to exchange for other Debentures or register a transfer of any Debentures surrendered for conversion or, if a portion of any Debenture is surrendered for conversion, such portion thereof surrendered for conversion.

All Debentures issued upon any registration of transfer or exchange of Debentures in accordance with this Indenture shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture as the Debentures surrendered upon such registration of transfer or exchange.

(b) Every Debenture that bears or is required under Appendix A to bear the Restricted Legends (the “**Restricted Debentures**”) shall be subject to the restrictions on transfer set forth in this Section 2.05 and under Appendix A, unless such restrictions on transfer shall be eliminated or otherwise waived by written consent of the Company, and the Holder of each such Restricted Debenture, by such Holder’s acceptance thereof, agrees to be bound by all such restrictions on transfer. As used in this Section 2.05(b), the term “**transfer**” encompasses any sale, pledge, transfer or other disposition whatsoever of any Restricted Debenture.

(c) Any Common Shares issued upon conversion of a Debenture shall bear a legend as specified in Appendix A.

(d) Any Debenture or Common Shares issued upon the conversion or exchange of a Debenture that is repurchased or owned by any Affiliate of the Company (or any Person who was an Affiliate of the Company at any time during the three months immediately preceding) may not be resold by such Affiliate (or such Person, as the case may be) unless registered under the Securities Act or resold pursuant to an exemption from the registration requirements of the Securities Act in a transaction that results in such Debenture or Common Shares, as the case may be, no longer being a “restricted security” (as defined under Rule 144). The Company shall cause any Debenture that is repurchased or owned by it to be surrendered to the Trustee for cancellation in accordance with Section 2.08.

Section 2.06. Mutilated, Destroyed, Lost or Stolen Debentures. In case any Debenture shall become mutilated or be destroyed, lost or stolen, the Company in its discretion may execute, and upon its written request the Trustee or an authenticating agent appointed by the Trustee shall authenticate and deliver, a new Debenture, bearing a registration number not contemporaneously outstanding, in exchange and substitution for the mutilated Debenture, or in lieu of and in substitution for the Debenture so destroyed, lost or stolen. In every case the applicant for a substituted Debenture shall furnish to the Company, to the Trustee, to the Debenture Registrar and, if applicable, to such authenticating agent such security or indemnity as may be required by them to save each of them harmless from any loss, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, the

applicant shall also furnish to the Company, to the Trustee, to the Debenture Registrar and, if applicable, to such authenticating agent evidence to their satisfaction of the destruction, loss or theft of such Debenture and of the ownership thereof.

The Trustee or such authenticating agent may authenticate any such substituted Debenture and deliver the same upon the receipt of such security or indemnity as the Trustee, the Company and, if applicable, such authenticating agent may require. No service charge shall be imposed by the Company, the Trustee, the Debenture Registrar, any co-Debenture Registrar or the Paying Agent upon the issuance of any substitute Debenture, but the Company may require a Holder to pay a sum sufficient to cover any documentary, stamp or similar issue or transfer tax required in connection therewith as a result of the name of the Holder of the new substitute Debenture being different from the name of the Holder of the old Debenture that became mutilated or was destroyed, lost or stolen. In case any Debenture that has matured or is about to mature or is about to be converted in accordance with Article 13 shall become mutilated or be destroyed, lost or stolen, the Company may, in its sole discretion, instead of issuing a substitute Debenture, pay or authorize the payment of or convert or authorize the conversion of the same (without surrender thereof except in the case of a mutilated Debenture), as the case may be, if the applicant for such payment or conversion shall furnish to the Company, to the Trustee and, if applicable, to such authenticating agent such security or indemnity as may be required by them to save each of them harmless for any loss, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, evidence satisfactory to the Company, the Trustee and, if applicable, any Paying Agent or Conversion Agent evidence of their satisfaction of the destruction, loss or theft of such Debenture and of the ownership thereof.

Every substitute Debenture issued pursuant to the provisions of this Section 2.06 by virtue of the fact that any Debenture is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Debenture shall be found at any time, and shall be entitled to all the benefits of (but shall be subject to all the limitations set forth in) this Indenture equally and proportionately with any and all other Debentures duly issued hereunder. To the extent permitted by law, all Debentures shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement, payment or conversion of mutilated, destroyed, lost or stolen Debentures and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement, payment or conversion of negotiable instruments or other securities without their surrender.

Section 2.07. Temporary Debentures. Pending the preparation of Debentures, the Company may execute and the Trustee or an authenticating agent appointed by the Trustee shall, upon written request of the Company, authenticate and deliver temporary Debentures (printed or lithographed). Temporary Debentures shall be issuable in any authorized denomination, and substantially in the form of the Debenture but with such omissions, insertions and variations as may be appropriate for temporary Debenture, all as may be determined by the Company. Every such temporary Debenture shall be executed by the Company and authenticated by the Trustee or such authenticating agent upon the same conditions and in substantially the same manner, and with the same effect, as the Debenture. Without unreasonable delay, the Company shall execute and deliver to the Trustee or such authenticating agent Debenture and thereupon any or all temporary Debenture may be surrendered in exchange therefor, at each office or agency

maintained by the Company pursuant to Section 4.02 and the Trustee or such authenticating agent shall authenticate and deliver in exchange for such temporary Debenture an equal aggregate principal amount of Debenture. Such exchange shall be made by the Company at its own expense and without any charge therefor. Until so exchanged, the temporary Debenture shall in all respects be entitled to the same benefits and subject to the same limitations under this Indenture as Debenture authenticated and delivered hereunder.

Section 2.08. *Cancellation of Debenture Paid, Converted, Etc.* The Company shall cause all Debentures surrendered for the purpose of payment at maturity, registration of transfer or exchange or conversion, if surrendered to the Company or any of its agents or Subsidiaries, to be surrendered to the Trustee for cancellation. All Debentures delivered to the Trustee shall be canceled promptly by it in accordance with its customary procedures. Except for any Debentures surrendered for registration of transfer or exchange, or as otherwise expressly permitted by any of the provisions of this Indenture, no Debentures shall be authenticated in exchange for any Debentures surrendered to the Trustee for cancellation. The Trustee shall dispose of canceled Debentures in accordance with its customary procedures and, after such disposition, shall deliver a certificate of such disposition to the Company, at the Company's written request in a Company Order.

Section 2.09. *Additional Debentures.* The Company may, without the consent of, or notice to, the Holders and notwithstanding Section 2.01, issue up to \$3,500,000 aggregate principal amount of Debentures required to be issued by the Company pursuant to the Subscription Agreements in the event a Liquidity Event is not consummated on or prior to June 6, 2020. The Additional Debentures shall have the same terms as the Initial Debentures (other than differences in the issue date, the issue price, interest accrued prior to the issue date of such Additional Debentures, the first Interest Payment Date with respect thereto and, if applicable, restrictions on transfer in respect of such additional Debentures). The Initial Debentures and the Additional Debentures would rank equally and ratably and would be treated as a single series of debt securities for all purposes under this Indenture. Prior to the issuance of any such Additional Debentures, the Company shall deliver to the Trustee a Company Order, an Officer's Certificate and an Opinion of Counsel, such Officer's Certificate and Opinion of Counsel to cover such matters, in addition to those required by Section 15.05, as the Trustee may reasonably request.

Section 2.10. *Repurchases of Debentures.* The Company may, to the extent permitted by law, and directly or indirectly (regardless of whether such Debentures are surrendered to the Company), repurchase Debentures in the open market or otherwise, whether by the Company or its Subsidiaries or through a privately negotiated transaction or public tender or exchange offer or through counterparties to private agreements, including by cash-settled swaps or other derivatives, in each case, without prior notice to the Holders. The Company shall surrender to the Trustee for cancellation any Debentures that it may repurchase for cancellation in accordance with Section 2.08 and such Debentures shall no longer be considered outstanding under this Indenture upon their repurchase.

Section 2.11. *No Redemption of Debentures.* Without the consent of the Holder, the Company may not redeem, in whole or in part, any of the Debentures of such Holder prior to the Maturity Date.

ARTICLE 3
SATISFACTION AND DISCHARGE

Section 3.01. *Satisfaction and Discharge.* This Indenture and the Debentures shall upon request of the Company contained in an Officer's Certificate cease to be of further effect, and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when (a) (i) all Debentures theretofore authenticated and delivered (other than Debentures which have been destroyed, lost or stolen and which have been replaced, paid or converted as provided in Section 2.06) have been delivered to the Trustee for cancellation and the Company has paid all other sums due and payable under this Indenture or the Debentures by the Company; or (ii) the Company has deposited with the Paying Agent or Conversion Agent or delivered to Holders, as applicable, after the Debentures have become due and payable, whether on the Maturity Date, upon conversion or otherwise, cash and Common Shares, as applicable, sufficient to pay all of the outstanding Debentures and the Company has paid all other sums due and payable under this Indenture or the Debentures by the Company; and (b) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture and the Debentures have been complied with. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 7.06 shall survive.

ARTICLE 4
PARTICULAR COVENANTS OF THE COMPANY

Section 4.01. *Payment of Principal and Interest.* The Company covenants and agrees that it will cause to be paid the principal of, and accrued and unpaid interest on, each of the Debentures at the places, at the respective times and in the manner provided herein and in the Debentures. The Company will pay cash amounts in U.S. dollars that at the time of payment is legal tender for payment of public and private debts.

Section 4.02. *Maintenance of Office or Agency.* The Company will maintain an office or agency in the United States or Canada where the Debentures may be surrendered for registration of transfer or exchange or for presentation for payment or repurchase ("**Paying Agent**") or for conversion ("**Conversion Agent**") and where notices and demands to or upon the Company in respect of the Debentures and this Indenture may be served. The Company will give prompt written notice to the Trustee of any change in the location of such office or agency. The terms "**Paying Agent**" and "**Conversion Agent**" include any such additional or other offices or agencies, as applicable.

The Company may also from time to time designate as co-Debenture Registrars one or more other offices or agencies where the Debentures may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Company will give

prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby initially designates the Trustee as the Paying Agent, Debenture Registrar, and Conversion Agent and the Corporate Trust Office of the Trustee as the office or agency where Debentures may be surrendered for registration of transfer or exchange or for presentation for payment for conversion and where notices and demands to or upon the Company in respect of the Debentures and this Indenture may be served. The Corporate Trust Offices of the Trustee shall not be a place for service of legal process for the Company.

Section 4.03. *Appointments to Fill Vacancies in Trustee's Office.* The Company, whenever necessary to avoid or fill a vacancy in the offices of either Trustee, will appoint, in the manner provided in Section 7.09, the Trustee, so that there shall at all times be a Trustee.

Section 4.04. *Provisions as to Paying Agent.* (a) If the Company shall appoint a Paying Agent other than the Trustee, the Company will cause such Paying Agent to execute and deliver to the Trustee and the Company an instrument in which such agent shall agree with the Trustee and the Company, subject to the provisions of this Section 4.04:

(i) that it will hold all sums held by it as such agent for the payment of the principal of, and accrued and unpaid interest on, the Debentures in trust for the benefit of the Holders of the Debentures;

(ii) that it will give the Trustee prompt notice of any failure by the Company to make any payment of the principal of, and accrued and unpaid interest on, the Debentures when the same shall be due and payable; and

(iii) that at any time during the continuance of an Event of Default, upon request of the Trustee, it will forthwith pay to the Trustee all sums so held in trust.

The Company shall, on or before each due date of the principal of, or accrued and unpaid interest on, the Debentures, deposit with the Paying Agent a sum sufficient to pay such principal or accrued and unpaid interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee in writing of any failure to take such action; *provided* that if such deposit is made on the due date, such deposit must be received by the Paying Agent by 11:00 a.m., Eastern time, on such date.

(b) If the Company shall act as its own Paying Agent, it will, on or before each due date of the principal of, and accrued and unpaid interest on, the Debentures, set aside, segregate and hold in trust for the benefit of the Holders a sum sufficient to pay such principal and accrued and unpaid interest so becoming due and will promptly notify the Trustee in writing of any failure to take such action and of any failure by the Company to make any payment of the principal of, or accrued and unpaid interest on, the Debentures when the same shall become due and payable.

(c) Anything in this Section 4.04 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture, or for any other reason, pay, cause to be paid or deliver to the Trustee all sums or amounts held in trust by

the Company or any Paying Agent hereunder as required by this Section 4.04, such sums or amounts to be held by the Trustee upon the trusts herein contained and upon such payment or delivery by the Company or any Paying Agent to the Trustee, the Company or such Paying Agent shall be released from all further liability but only with respect to such sums or amounts. Upon the occurrence of any event specified in Section 6.01(g) or Section 6.01(h), the Trustee shall automatically become the Paying Agent.

(d) Subject to applicable escheatment laws, any money and Common Shares deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, accrued and unpaid interest on and the consideration due upon conversion of any Debenture and remaining unclaimed for two years after such principal, interest or consideration due upon conversion has become due and payable shall be paid to the Company on request of the Company contained in an Officer's Certificate, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Debenture shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money and Common Shares.

Section 4.05. *Existence.* Subject to Article 11, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and the corporate existence of each of its Subsidiaries, in accordance with the respective organizational documents of the Company and of each Subsidiary, and the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries; *provided, however*, that the Company shall not be required to preserve any such right, license or franchise, or the corporate existence of any Subsidiary, if in the good faith judgment of the Board of Directors such preservation or existence is no longer desirable in the conduct of business of the Company and its Subsidiaries taken as a whole.

Section 4.06. *Limitation on Indebtedness.* The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, Incur any Indebtedness; *provided, however*, that the Company may Incur:

(i) Indebtedness for the purpose of acquiring equipment (or any refinancing of such Indebtedness); *provided* that the aggregate principal amount of Indebtedness does not exceed \$5,000,000; and

(ii) Additional Debentures.

Section 4.07. *Limitation on Liens.* The Company shall not, and shall not permit any of its Subsidiaries, directly or indirectly, create, Incur, assume or suffer to exist any Lien (other than Permitted Liens) upon any of its property or assets (including Capital Stock of Subsidiaries), whether owned on the Issue Date or acquired after that date, unless contemporaneously with the Incurrence of such Liens, the Debentures are secured by a Lien on such property or assets that is senior in priority to such Liens. Any Lien created for the benefit of Holders pursuant to this Section 4.07 shall be automatically and unconditionally released and discharged upon the release and discharge of each of the Liens described in the immediately preceding sentence.

Section 4.08. *Payment of Taxes.* The Company shall pay, and shall cause its Subsidiaries to pay, prior to delinquency, all material taxes, assessments and governmental levies, except such as are being contested in good faith and by appropriate negotiations or proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Debentures.

Section 4.09. *Stay, Extension and Usury Laws.* The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law that would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Debentures as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of this Indenture; and the Company (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 4.10. *Compliance Certificate; Statements as to Defaults.* The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company (beginning with the fiscal year ending on December 31, 2019) an Officer's Certificate stating that a review has been conducted of the activities of the Company's performance under this Indenture and whether the signers thereof have knowledge of any Event of Default or Default that occurred during the previous year and, if so, specifying each such Event of Default or Default and the nature thereof.

In addition, the Company shall deliver to the Trustee, within 30 days after the occurrence of any Event of Default or Default, an Officer's Certificate setting forth the details of such Event of Default or Default, its status and the action that the Company is taking or proposing to take in respect thereof.

Section 4.11. *Further Instruments and Acts.* Upon request of either or both of the Trustee or the Collateral Agent, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

Section 4.12. *Maintenance of Properties and Insurance.* The Company shall, and shall cause its Subsidiaries to, cause all properties used or useful in the conduct of their respective businesses to be maintained and kept in good condition, repair and working order (ordinary wear and tear excepted) and supplied with all necessary equipment and shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company or such Subsidiary may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided that nothing in this Section 4.12 shall prevent the Company or any Subsidiary from discontinuing the use, operation or maintenance of any of such properties or disposing of any of them, if such discontinuance or disposal is, in the judgment of the Company or such Subsidiary, desirable in the conduct of its business. The Company agrees it shall provide or cause to be provided, for itself and the Subsidiaries, insurance (including appropriate self-insurance) against loss or

damage of the kinds customarily insured against by corporations similarly situated and owning like properties with financially-sound and reputable insurers or with the government of the United States of America, or an agency or instrumentality thereof, in such amounts, with such deductibles and by such methods as the Company in good faith shall determine to be adequate and appropriate in the circumstances.

Section 4.13. *Investments.* The Company shall not, and shall not permit any Subsidiary to, directly or indirectly, make any Investment, other than a Permitted Investment, in any Person.

Section 4.14. *Asset Sales.* The Company shall not, and shall not permit any Subsidiary to, consummate any Asset Sale.

Section 4.15. *Limitation on the Issuance and Sale of Capital Stock of Subsidiaries.* The Company shall not sell, and shall not permit any Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Subsidiary (including options, warrants or other rights to acquire shares of such Capital Stock) except (i) any sale of Paleo Paw Assets or (ii) any sale to the Company or a wholly owned Subsidiary of Capital Stock of any Subsidiary (other than any Subsidiary whose Capital Stock has been pledged (or is required to be pledged) as Collateral pursuant to the Pledge Agreement, unless such sale is to the Company or such sale is otherwise permitted by this Indenture).

Section 4.16. *Limitation on Dividend and Other Payment Restrictions Affecting Subsidiaries.* The Company shall not, and shall not permit any Subsidiary to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction of any kind on the ability of any Subsidiary to:

- (a) pay dividends or make any other distributions permitted by applicable law on any Capital Stock of such Subsidiary owned by the Company or any other Subsidiary;
- (b) pay any Indebtedness owed to the Company or any other Subsidiary;
- (c) make loans or advances to the Company or any Subsidiary; or
- (d) transfer any of its property or assets to the Company or any other Subsidiary.

The foregoing provisions shall not restrict any encumbrances or restrictions (a) in agreements existing on the Issue Date and any amendments, modifications, extensions, refinancings, renewals or replacements of such agreements; provided, however, that the encumbrances and restrictions in any such amendments, modifications, extensions, refinancings, renewals or replacements, taken as a whole, are not materially more restrictive (as determined by the Company) than those encumbrances or restrictions that are then in effect and that are being amended, modified, extended, refinanced, renewed or replaced; or (b) existing under or by reason of applicable law or required by any regulatory authority having jurisdiction over the Company or any Subsidiary.

Section 4.18. *Transactions with Affiliates.* The Company shall not, and shall not permit any Subsidiary to, directly or indirectly, enter into, renew or extend any transaction (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of

any service) with any Affiliate of the Company or any Subsidiary, except upon fair and reasonable terms no less favorable to the Company or such Subsidiary than could be obtained, at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor, in a comparable arm's length transaction with a Person that is not such an Affiliate.

ARTICLE 5

LISTS OF HOLDERS AND REPORTS BY THE COMPANY AND THE TRUSTEE

Section 5.01. *Lists of Holders.* The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee, semi-annually, not more than 15 days after each May 15 and November 15 in each year beginning with May 15, 2019, and at such other times as the Trustee may request in writing, within 30 days after receipt by the Company of any such request (or such lesser time as the Trustee may reasonably request in order to enable it to timely provide any notice to be provided by it hereunder), a list in such form as the Trustee may reasonably require of the names and addresses of the Holders as of a date not more than 15 days (or such other date as the Trustee may reasonably request in order to so provide any such notices) prior to the time such information is furnished, except that no such list need be furnished to the Trustee so long as the Trustee is acting as Debenture Registrar.

Section 5.02. *Preservation and Disclosure of Lists.* The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Holders contained in the most recent list furnished to them as provided in Section 5.01 or maintained by the Trustee in its capacity as Debenture Registrar, if so acting. The Trustee may destroy any list furnished to it as provided in Section 5.01 upon receipt of a new list so furnished.

ARTICLE 6

DEFAULTS AND REMEDIES

Section 6.01. *Events of Default.* Each of the following events shall be an “**Event of Default**” with respect to the Debentures:

- (a) default in any payment of interest on any Debenture when due and payable, and the default continues for a period of 30 days;
- (b) default in the payment of principal of any Debenture when due and payable on the Maturity Date, upon declaration of acceleration or otherwise;
- (c) failure by the Company to comply with its obligation to convert the Debentures in accordance with this Indenture upon exercise of a Holder's conversion right and such failure continues for a period of three Business Days;
- (d) failure by the Company to comply with its obligations under Article 11 and such failure continues for a period of three Business Days;

(e) except for such Events of Default referenced in clauses (a), (b), (c) and (d) of this Section 6.01, failure by the Company for 60 days after written notice from the Trustee or the Holders of at least 25% in principal amount of the Debentures then outstanding has been received by the Company to comply with any of its other agreements contained in the Debentures or this Indenture;

(f) default by the Company or any Subsidiary of the Company with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of \$750,000 (or its foreign currency equivalent) in the aggregate of the Company and/or any such Subsidiary, whether such indebtedness now exists or shall hereafter be created (i) resulting in such indebtedness becoming or being declared due and payable or (ii) constituting a failure to pay the principal or interest of any such debt when due and payable at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise;

(g) the Company or any Significant Subsidiary shall commence a voluntary case or other proceeding seeking a stay, liquidation, reorganization, compromise, arrangement or other relief with respect to the Company or any such Significant Subsidiary or its debts under any bankruptcy, insolvency, arrangement or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or any such Significant Subsidiary or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due;

(h) an involuntary case or other proceeding shall be commenced against the Company or any Significant Subsidiary seeking a stay, liquidation, reorganization, compromise, arrangement or other relief with respect to the Company or such Significant Subsidiary or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or such Significant Subsidiary or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 30 consecutive days;

(i) a final judgment or judgments for the payment of \$750,000 (or its foreign currency equivalent) or more (excluding any amounts covered by insurance) in the aggregate or enjoining or restricting the ability of the Company or any of its Subsidiaries to operate a material portion of their business, taken as a whole, is rendered against the Company or any of its Subsidiaries, which judgment is not discharged, bonded, paid, waived or stayed within 60 days after (i) the date on which the right to appeal thereof has expired if no such appeal has commenced, or (ii) the date on which all rights to appeal have been extinguished; or

(j) any Security Document covering a material portion of the Collateral for any reason (other than pursuant to the terms thereof) ceases to create a valid and perfected Lien on and security interest in any material Collateral, subject to Permitted Liens, except to the extent that any such perfection or priority is not required pursuant to this Indenture or the Security

Document and such default continues for 10 Business Days after notice in accordance with Section 6.02.

Section 6.02. *Acceleration; Rescission and Annulment.* If one or more Events of Default shall have occurred and be continuing (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), then, and in each and every such case (other than an Event of Default specified in Section 6.01(g) or Section 6.01(h) with respect to the Company or any Significant Subsidiary), unless the principal of all of the Debentures shall have already become due and payable, either the Trustee or the Holders of at least 25% in aggregate principal amount of the Debentures then outstanding determined in accordance with Section 8.04, by notice in writing to the Company (and to the Trustee if given by Holders), may (and the Trustee, at the written request of such Holders, shall) declare 100% of the principal of, and accrued and unpaid interest on, all the Debentures to be due and payable immediately, and upon any such declaration the same shall become and shall automatically be immediately due and payable, anything contained in this Indenture or in the Debentures to the contrary notwithstanding, though payment of any sums owing may be stayed by applicable bankruptcy, insolvency or reorganization laws. If an Event of Default specified in Section 6.01(g) or Section 6.01(h) with respect to the Company or any Significant Subsidiary occurs and is continuing, 100% of the principal of, and accrued and unpaid interest, if any, on, all Debentures shall become and shall automatically be immediately due and payable.

The immediately preceding paragraph, however, is subject to the conditions that if, at any time after the principal of the Debentures shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay installments of accrued and unpaid interest upon all Debentures and the principal of any and all Debentures, in each case, that shall have become due otherwise than by acceleration (with interest on overdue installments of accrued and unpaid interest to the extent that payment of such interest is enforceable under applicable law, and on such principal at the rate borne by the Debentures at such time) and amounts due to the Trustee pursuant to Section 7.06, and if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) any and all existing Events of Default under this Indenture, other than the nonpayment of the principal of and accrued and unpaid interest, if any, on Debentures that shall have become due solely by such acceleration, shall have been cured or waived pursuant to Section 6.08, then and in every such case (except as provided in the immediately succeeding sentence) the Holders of a majority in aggregate principal amount of the Debentures then outstanding, by written notice to the Company and to the Trustee, may waive all Defaults or Events of Default with respect to the Debentures and rescind and annul such declaration and its consequences and such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent Default or Event of Default, or shall impair any right consequent thereon. Notwithstanding anything to the contrary herein, no such waiver or rescission and annulment shall extend to or shall affect any Default or Event of Default resulting from (i) the nonpayment of the principal of or accrued and unpaid interest on, any Debentures, (ii) a failure to repurchase any Debentures when required, or (iii) a

failure to pay or deliver, as the case may be, the consideration due upon conversion of the Debentures.

Section 6.03. *Payments of Debentures on Default; Suit Therefor.* If an Event of Default described in clause (a) or (b) of Section 6.01 shall have occurred and be continuing, the Company shall, upon demand of the Trustee, pay to the Trustee, for the benefit of the Holders, the whole amount then due and payable on the Debentures for principal and interest, if any, with interest on any overdue principal and interest, if any, at the rate borne by the Debentures at such time and, in addition thereto, such further amount as shall be sufficient to cover any amounts due to the Trustee under Section 7.06. If the Company shall fail to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon the Debentures and collect the moneys or other property adjudged or decreed to be payable in the manner provided by law.

In the event there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or any other obligor on the Debentures under the United States Bankruptcy Code or any other applicable law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Company or such other obligor, the property of the Company or such other obligor, or in the event of any other judicial proceedings relative to the Company or such other obligor upon the Debentures, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Debentures shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 6.03, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and accrued and unpaid interest, if any, in respect of the Debentures, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents and to take such other actions as it may deem necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, their agents and counsel) and of the Holders allowed in such judicial proceedings relative to the Company or any other obligor on the Debentures, its or their creditors, or its or their property, and to collect and receive any monies or other property payable or deliverable on any such claims, and to distribute the same after the deduction of any amounts due to the Trustee under Section 7.06; and any receiver, assignee or trustee in bankruptcy or reorganization, liquidator, custodian or similar official is hereby authorized by each of the Holders to make such payments to the Trustee, as administrative expenses, and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for reasonable compensation, expenses, advances and disbursements, including agents and counsel fees, and including any other amounts due to the Trustee under Section 7.06, incurred by it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses, advances and disbursements out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, monies, securities and other property that the Holders may be entitled to

receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting such Holder or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

All rights of action and of asserting claims under this Indenture, or under any of the Debentures, may be enforced by the Trustee without the possession of any of the Debentures, or the production thereof at any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders.

In any proceedings brought by the Trustee (and in any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the Holders, and it shall not be necessary to make any Holders parties to any such proceedings.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of any waiver pursuant to Section 6.08 or any rescission and annulment pursuant to Section 6.02 or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the Holders and the Trustee shall, subject to any determination in such proceeding, be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the Holders and the Trustee shall continue as though no such proceeding had been instituted.

Section 6.04. *Application of Monies Collected by Trustee.* Any monies or property collected by the Trustee pursuant to this Article 6 with respect to the Debentures shall be applied in the following order, at the date or dates fixed by the Trustee for the distribution of such monies, upon presentation of the several Debentures, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First, to the payment of all amounts due the Trustee under Section 7.06;

Second, in case the principal of the outstanding Debentures shall not have become due and be unpaid, to the payment of interest on the Debentures in default in the order of the date due of the payments of such interest, with interest (only to the extent that such interest has been collected by the Trustee) upon such overdue payments at the rate borne by the Debentures at such time, such payments to be made ratably to the Persons entitled thereto;

Third, in case the principal of the outstanding Debentures shall have become due, by declaration or otherwise, and be unpaid to the payment of the whole amount then owing and unpaid upon the Debentures for principal and interest, if any, with interest on the overdue principal and, only to the extent that such interest has been collected by the Trustee, upon

overdue installments of interest at the rate borne by the Debentures at such time, and in case such monies shall be insufficient to pay in full the whole amounts so due and unpaid upon the Debentures, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal or of any installment of interest over any other installment of interest, or of any Debenture over any other Debenture, ratably to the aggregate of such principal and accrued and unpaid interest; and

Fourth, to the payment of the remainder, if any, to the Company.

Section 6.05. *Proceedings by Holders.* Except to enforce the right to receive payment of principal or interest when due, or the right to receive payment or delivery of the consideration due upon conversion, no Holder of any Debenture shall have any right by virtue of or by availing of any provision of this Indenture or the Debentures to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture, or for the appointment of a receiver, trustee, liquidator, custodian or other similar official, or for any other remedy hereunder, unless:

- (a) such Holder previously shall have given to the Trustee notice of an Event of Default and of the continuance thereof, as herein provided;
- (b) Holders of at least 25% in aggregate principal amount of the Debentures then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in their own name as Trustee hereunder;
- (c) such Holders shall have offered to the Trustee such security and/or indemnity satisfactory to it against any loss, liability, costs or expenses (which shall include the reasonable costs of the Trustee's legal counsel) to be incurred therein or thereby;
- (d) the Trustee for 60 days after their receipt of such notice, request and offer of such security and/or indemnity, shall have neglected or refused to institute any such action, suit or proceeding; and
- (e) no direction that, in the opinion of the Trustee, is inconsistent with such written request shall have been given to the Trustee by the Holders of a majority of the aggregate principal amount of the Debentures then outstanding within such 60-day period pursuant to Section 6.08,

it being understood and intended, and being expressly covenanted by the taker and Holder of every Debenture with every other taker and Holder and the Trustee that no one or more Holders shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder, or to obtain or seek to obtain priority over or preference to any other such Holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders (except as otherwise provided herein). For the protection and enforcement of this Section 6.05, each and every Holder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Notwithstanding any other provision of this Indenture and any provision of any Debenture, each Holder shall have the right to receive payment or delivery, as the case may be, of (x) the principal of, (y) accrued and unpaid interest, if any, on, and (z) the consideration due upon conversion of, such Debenture, on or after the respective due dates expressed or provided for in such Debenture or in this Indenture, or to institute suit for the enforcement of any such payment or delivery, as the case may be.

Section 6.06. *Proceedings by Trustee.* In case of an Event of Default, the Trustee may, in its discretion proceed to protect and enforce the rights vested in them by this Indenture by such appropriate judicial proceedings as are necessary to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 6.07. *Remedies Cumulative and Continuing.* Except as provided in the last paragraph of Section 2.06, all powers and remedies given by this Article 6 to the Trustee or to the Holders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the Holders, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any Holder of any of the Debentures to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Default or Event of Default or any acquiescence therein; and, subject to the provisions of Section 6.05, every power and remedy given by this Article 6 or by law to the Trustee or to the Holders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Holders.

Section 6.08. *Direction of Proceedings and Waiver of Defaults by Majority of Holders.* The Holders of a majority of the aggregate principal amount of the Debentures at the time outstanding determined in accordance with Section 8.04 shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Debentures; *provided, however,* that (a) such direction shall not be in conflict with any rule of law or with this Indenture, and (b) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. The Trustee may refuse to follow any direction that conflicts with law or this Indenture or that they determine is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. The Holders of a majority in aggregate principal amount of the Debentures at the time outstanding determined in accordance with Section 8.04 may on behalf of the Holders of all of the Debentures waive any past Default or Event of Default hereunder and its consequences except (i) a default in the payment of accrued and unpaid interest, if any, on, or the principal of, the Debentures when due that has not been cured pursuant to the provisions of Section 6.01, (ii) a failure by the Company to pay or deliver, as the case may be, the consideration due upon conversion of the Debentures or (iii) a default in respect of a covenant or provision hereof which under Article 10 cannot be modified or amended without the consent of each Holder of an outstanding Debenture affected. Upon any such waiver the Company, the Trustee and the Holders of the Debentures shall be restored to

their former positions and rights hereunder; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. Whenever any Default or Event of Default hereunder shall have been waived as permitted by this Section 6.08, said Default or Event of Default shall for all purposes of the Debentures and this Indenture be deemed to have been cured and to be not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

Section 6.09. *Notice of Defaults.* The Trustee shall, within 45 days after the occurrence and continuance of a Default of which a Responsible Officer has actual knowledge, deliver to all Holders notice of all Defaults known to a Responsible Officer, unless such Defaults shall have been cured or waived before the giving of such notice; *provided* that, except in the case of a Default in the payment of the principal of, or accrued and unpaid interest on, any of the Debentures or a Default in the payment or delivery of the consideration due upon conversion, the Trustee shall be protected in withholding such notice if and so long as it determines that the withholding of such notice is in the interests of the Holders.

Section 6.10. *Undertaking to Pay Costs.* All parties to this Indenture agree, and each Holder of any Debenture by its acceptance thereof shall be deemed to have agreed, that any court may, in its discretion, require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by them as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; *provided* that the provisions of this Section 6.10 (to the extent permitted by law) shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Debentures at the time outstanding determined in accordance with Section 8.04, or to any suit instituted by any Holder for the enforcement of the payment of the principal of or accrued and unpaid interest, if any, on any Debenture on or after the due date expressed or provided for in such Debenture or to any suit for the enforcement of the right to convert any Debenture, or receive the consideration due upon conversion, in accordance with the provisions of Article 13.

ARTICLE 7 CONCERNING THE TRUSTEE

Section 7.01. *Duties and Responsibilities of Trustee.* The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In the event an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs; *provided* that if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss,

liability, costs or expenses (which includes the reasonable costs of the Trustee's legal counsel) that might be incurred by it in compliance with such request or direction.

No provision of this Indenture shall be construed to relieve the Trustee from liability for their own gross negligence or willful misconduct, except that:

(a) prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default that may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of gross negligence or willful misconduct on the part of the Trustee, the Trustee may conclusively rely upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture as to the truth of the statements and the correctness of the opinions expressed therein; but, in the case of any such certificates or opinions that by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein); *provided, however*, that the Trustee need not act or refrain from acting based on any certificate or opinion that they determine to be not in conformity with the requirements of this Indenture. If presented with a non-conforming certificate or opinion, the Trustee may request the delivering party to re-issue the certificate or opinion in the manner required by this Indenture before taking any action;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless it shall be proved in a court of competent jurisdiction in a final and non-appealable decision that the Trustee was grossly negligent in ascertaining the pertinent facts;

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by them in good faith in accordance with the direction of the Holders of not less than 25% of the aggregate principal amount of the Debentures at the time outstanding determined as provided in Section 8.04 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture;

(d) whether or not therein provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Section 7.01;

(e) the Trustee shall not be liable in respect of any payment (as to the correctness of amount, calculation, entitlement to receive or any other matters relating to payment) or notice

effected by the Company or any Paying Agent or any records maintained by any co-Debenture Registrar with respect to the Debentures;

(f) if any party fails to deliver a notice relating to an event the fact of which, pursuant to this Indenture, requires notice to be sent to the Trustee, the Trustee may conclusively rely on its failure to receive such notice as reason to act as if no such event occurred, unless a Responsible Officer of the Trustee had actual knowledge of such event;

(g) in the absence of written investment direction from the Company, all cash received by the Trustee shall be placed in a non-interest bearing trust account, and in no event shall the Trustee be liable for the selection of investments or for investment losses incurred thereon or for losses incurred as a result of the liquidation of any such investment prior to its maturity date or the failure of the party directing such investments prior to its maturity date or the failure of the party directing such investment to provide timely written investment direction, and the Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of such written investment direction from the Company; and

(h) the rights and protections afforded to the Trustee pursuant to this Article 7 shall also be afforded to such Debenture Registrar, Paying Agent, Conversion Agent, Collateral Agent or transfer agent.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 7.02. *Reliance on Documents, Opinions, Etc.* Except as otherwise provided in Section 7.01:

(a) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, note, coupon or other paper or document believed by them in good faith to be genuine and to have been signed or presented by the proper party or parties;

(b) before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel, or both. The Trustee will not be liable for any action it takes or omits to take in good faith reliance on such Officer's Certificate or Opinion of Counsel;

(c) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officer's Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any Board Resolution may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;

(d) the Trustee may consult with counsel of their selection, and require an Opinion of Counsel and any advice of such counsel or Opinion of Counsel shall be full and complete

authorization and protection in respect of any action taken or omitted by them hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against the loss, liability, costs or expenses (which shall include the reasonable costs of the Trustee's legal counsel) that may be incurred therein or thereby;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, or inquiry as to the performance by the Company of any of its covenants in this Indenture;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, affiliates, custodians, nominees or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, affiliate, custodian, nominee or attorney appointed by them with due care hereunder;

(h) the permissive rights of the Trustee enumerated herein shall not be construed as duties;

(i) the Trustee may request that the Company deliver a certificate setting forth the names of individuals and/or titles of Officers authorized at such time to take specified actions pursuant the Indenture, which Officer's Certificate may be signed by any person authorized to sign an Officer's Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded;

(j) the Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture;

(k) the Trustee shall not be required to give any bond or surety in respect of its powers and duties hereunder;

(l) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder on behalf of the Trustee;

(m) the Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any agent appointed with due care;

(n) the Trustee shall have no duty to monitor, inquire as to or ascertain compliance with the Company's covenants set forth herein, other than with respect to payments described in Section 4.01; and

(o) nothing herein contained shall impose any obligation on the Trustee to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any Security Document, or any instrument ancillary or supplemental hereto.

In no event shall the Trustee be responsible or liable for any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee have been advised of the likelihood of such loss or damage and regardless of the form of action other than any such loss or damage caused by the Trustee's willful misconduct or gross negligence. The Trustee shall not be charged with knowledge of any Default or Event of Default with respect to the Debentures, unless either (1) a Responsible Officer shall have actual knowledge of such Default or Event of Default or (2) written notice of such Default or Event of Default shall have been given to the Trustee by the Company or by any Holder of the Debentures in the manner required under this Indenture.

Section 7.03. *No Responsibility for Recitals, Etc.* The recitals contained herein and in the Debentures (except in the Trustee's certificate of authentication) shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Debentures. The Trustee shall not be accountable for the use or application by the Company of any Debentures or the proceeds of any Debentures authenticated and delivered by the Trustee in conformity with the provisions of this Indenture.

Section 7.04. *Trustee, Paying Agents, Conversion Agents or Debenture Registrar May Own Debentures.* The Trustee, any Paying Agent, any Conversion Agent or any Debenture Registrar, in their individual or any other capacity, may become the owner or pledgee of Debentures with the same rights they would have if they were not the Trustee, Paying Agent, Conversion Agent or Debenture Registrar.

Section 7.05. *Monies and Common Shares to Be Held in Trust.* All monies and Common Shares received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received. Money and Common Shares held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money or Common Shares received by them hereunder except as may be agreed from time to time by the Company and the Trustee.

Section 7.06. *Compensation and Expenses of Trustee.* The Company covenants and agrees to pay to the Trustee from time to time and the Trustee shall receive such compensation for all services rendered by them hereunder in any capacity (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) as mutually agreed to in writing between the Trustee and the Company, and the Company will pay or reimburse the Trustee upon their request for all reasonable expenses, disbursements and advances reasonably incurred or made by the Trustee in accordance with any of the provisions of this Indenture in any capacity thereunder (including the reasonable compensation and the expenses and disbursements of their agents and counsel and of all Persons not regularly in their employ) except any such expense, disbursement or advance as shall have been determined to have been caused by the Trustee's gross negligence or willful misconduct. 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 Trustee against unpaid invoices and shall be payable upon demand. The Company also covenants to indemnify the Trustee or any predecessor Trustee in any capacity under this Indenture and any other document or transaction entered into in connection herewith and its agents and any authenticating agent for, and to hold them harmless against, any and all loss, claim, demand, assessment, interest, penalty, action, suit, proceeding, damage, liability, cost or expense, including, without limiting the foregoing, expert, consultant and reasonable counsel fees and disbursements on a solicitor and client basis as well as taxes (other than taxes based on the income of the Trustee) incurred without gross negligence or willful misconduct on the part of the Trustee, its affiliates, officers, directors, agents or employees, or such agent or authenticating agent, as the case may be, and arising out of or in connection with the acceptance or administration of this Indenture or in any other capacity hereunder, including the costs and expenses of defending themselves against any claim of liability in connection with the exercise or performance of any of its powers or duties hereunder, including the reasonable costs and expenses of enforcing this Indenture against the Company (including this Section 7.06). The obligations of the Company under this Section 7.06 to compensate or indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall be secured by a senior claim to which the Debentures are hereby made subordinate on all money or property held or collected by the Trustee, except, subject to the effect of Section 6.04, funds held in trust herewith for the benefit of the Holders of particular Debentures. The Trustee's right to receive payment of any amounts due under this Section 7.06 shall not be subordinate to any other liability or indebtedness of the Company. The obligation of the Company under this Section 7.06 shall survive the satisfaction and discharge of this Indenture and the earlier resignation or removal of the Trustee. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld. The indemnification provided in this Section 7.06 shall extend to the affiliates, officers, directors, agents and employees of the Trustee.

Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee and their agents and any authenticating agent incur expenses or render services after an Event of Default specified in Section 6.01(g) or Section 6.01(h) occurs, the expenses (including reasonable charges and expense of its counsel) of and the compensation for the services are intended to constitute expenses of administration under any bankruptcy, insolvency or similar laws.

The provisions of this Section 7.06 shall survive the termination of this Indenture and resignation or removal of the Trustee (or any agent, as applicable).

Section 7.07. Officer's Certificate as Evidence. Except as otherwise provided in Section 7.01, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by an Officer's Certificate delivered to the Trustee, and such Officer's Certificate, in the absence of gross negligence or willful misconduct on the part of the Trustee, shall be full warrant to the Trustee for any action taken or omitted by them under the provisions of this Indenture upon the faith thereof.

Section 7.08. *Eligibility of Trustee.* There shall at all times be a Trustee hereunder which is a corporation organized and doing business under the laws of the Canada or of any province or territory thereof that is authorized under such laws to exercise corporate trustee powers and that is subject to supervision or examination by federal or provincial authorities. If at any time such Trustee shall cease to be eligible in accordance with the provisions of this Section 7.08, it shall resign immediately in the manner and with the effect hereinafter specified in this Article 7.

Section 7.09. *Resignation or Removal of Trustee.* (a) The Trustee may at any time resign by giving written notice of such resignation to the Company and by delivering notice thereof to the Holders. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 45 days after the giving of such notice of resignation to the Holders, the resigning Trustee may, upon ten Business Days' notice to the Company and the Holders, petition any court of competent jurisdiction, at the expense of the Company, for the appointment of a successor trustee, or any Holder who has been a bona fide Holder for at least six months (or since the date of this Indenture) may, subject to the provisions of Section 6.10, on behalf of himself or herself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(i) there shall no longer be a Trustee eligible in accordance with the provisions of Section 7.08 and the Trustee shall fail to resign after written request therefor by the Company or Holders in the manner required by Section 7.09(c), or

(ii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in either case, the Company may by a Board Resolution remove such Trustee and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 6.10, any Holder who has been a bona fide holder of a Debenture or Debentures for at least six months (or since the date of this Indenture) may, on behalf of himself or herself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The Holders of a majority in aggregate principal amount of the Debentures at the time outstanding, as determined in accordance with Section 8.04, may at any time remove one or both of the Trustee and nominate a successor trustee that shall be deemed appointed as successor trustee unless within ten days after notice to the Company of such nomination the Company

objects thereto, in which case the Trustee so removed or any Holder, upon the terms and conditions and otherwise as in Section 7.09(a) provided, may petition any court of competent jurisdiction for an appointment of a successor trustee.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 7.09 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 7.10.

Section 7.10. *Acceptance by Successor Trustee.* Any successor trustee appointed as provided in Section 7.09 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the trustee ceasing to act shall, upon payment of all amounts then due it pursuant to the provisions of Section 7.06, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a senior claim to which the Debentures are hereby made subordinate on all money or property held or collected by such trustee as such, except for funds held in trust for the benefit of Holders of particular Debentures, to secure any amounts then due it pursuant to the provisions of Section 7.06.

No successor trustee shall accept appointment as provided in this Section 7.10 unless at the time of such acceptance such successor trustee shall be eligible under the provisions of Section 7.08.

Upon acceptance of appointment by a successor trustee as provided in this Section 7.10, each of the Company and the successor trustee, at the written direction and at the expense of the Company shall deliver or cause to be delivered notice of the succession of such trustee hereunder to the Holders. If the Company fails to deliver such notice within ten days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be delivered at the expense of the Company.

No resigning Trustee shall be responsible or liable for any action or inaction of a Successor Trustee.

Section 7.11. *Succession by Merger, Etc.* Any corporation or other entity into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or other entity resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or other entity succeeding to all or substantially all of the corporate trust business of the Trustee (including the administration of this Indenture), shall be the successor to the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto; *provided* that in the case of any corporation or other

entity succeeding to all or substantially all of the corporate trust business of the Trustee such corporation or other entity shall be eligible under the provisions of Section 7.08.

In case at the time a successor to the Trustee shall succeed to the trusts created by this Indenture, any of the Debentures shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee or authenticating agent appointed by such predecessor trustee, and deliver such Debentures so authenticated; and in case at that time any of the Debentures shall not have been authenticated, any successor to the Trustee or an authenticating agent appointed by such successor trustee may authenticate such Debentures either in the name of any predecessor trustee hereunder or in the name of the successor trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Debentures or in this Indenture provided that the certificate of the Trustee shall have; *provided, however*, that the right to adopt the certificate of authentication of any predecessor trustee or to authenticate Debentures in the name of any predecessor trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 7.12. *Trustee's Application for Instructions from the Company.* Any application by the Trustee for written instructions from the Company (other than with regard to any action proposed to be taken or omitted to be taken by any Trustee that affects the rights of the Holders of the Debentures under the Indenture) may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. In the absence of gross negligence or willful misconduct on the part of the Trustee, the Trustee shall not be liable to the Company for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three Business Days after the date any officer that the Company has indicated to the Trustee should receive such application actually receives such application, unless any such officer shall have consented in writing to any earlier date), unless, prior to taking any such action (or the effective date in the case of any omission), the Trustee shall have received written instructions in accordance with this Indenture in response to such application specifying the action to be taken or omitted.

Section 7.13. *Anti-Money Laundering.* Each party to this Indenture other than the Trustee hereby represents to the Trustee that any account to be opened by, or interest to be held by the Trustee in connection with this Indenture, 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 Trustee's prescribed form as to the particulars of such third party.

The Trustee 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 Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Trustee, 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 or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 30 days' written notice to the other parties to this Indenture, provided (i) that the Trustee's written notice shall describe the

circumstances of such non-compliance; (ii) that if such circumstances are rectified to the Trustee's satisfaction within such 30 day period, then such resignation shall not be effective.

Section 7.14. *Privacy.* The Company acknowledges that the Trustee 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 Trustee manage its servicing relationships with such individuals;
- (c) to meet the Trustee's legal and regulatory requirements; and
- (d) if Social Insurance Numbers are collected by the Trustee, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

The Company acknowledges and agrees that the Trustee may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as trustee hereunder for the purposes described above and, generally, in the manner and on the terms described in its privacy policy, which the Company shall make available on its website or upon request, including revisions thereto. Further, the Company agrees that it shall not provide or cause to be provided to the Trustee any personal information relating to an individual who is not a party to this Indenture unless the Company has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

ARTICLE 8 CONCERNING THE HOLDERS

Section 8.01. *Action by Holders.* Whenever in this Indenture it is provided that the Holders of a specified percentage of the aggregate principal amount of the Debentures may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action, the Holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Holders in person or by agent or proxy appointed in writing, or (b) by the record of the Holders voting in favor thereof at any meeting of Holders duly called and held in accordance with the provisions of Article 9, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Holders. Whenever the Company or the Trustee solicit the taking of any action by the Holders of the Debentures, the Company or the Trustee may, but shall not be required to, fix in advance of such solicitation, a date as the record date for determining Holders entitled to take such action. The record date if one is selected shall be not more than fifteen days prior to the date of commencement of solicitation of such action.

Section 8.02. *Proof of Execution by Holders.* Subject to the provisions of Section 7.01, Section 7.02, Section 7.07 and Section 9.05, proof of the execution of any instrument or writing by a Holder or its agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The holding of Debentures shall be proved by the Debenture Register or by a certificate of the Debenture Registrar. The record of any Holders' meeting shall be proved in the manner provided in Section 9.06.

Section 8.03. *Who Are Deemed Absolute Owners.* The Company, the Trustee, any authenticating agent, any Paying Agent, any Conversion Agent and any Debenture Registrar may deem the Person in whose name a Debenture shall be registered upon the Debenture Register to be, and may treat it as, the absolute owner of such Debenture (whether or not such Debenture shall be overdue and notwithstanding any notation of ownership or other writing thereon made by any Person other than the Company or any Debenture Registrar) for the purpose of receiving payment of or on account of the principal of and (subject to Section 2.03) accrued and unpaid interest on such Debenture, for conversion of such Debenture and for all other purposes under this Indenture; and neither the Company nor the Trustee nor any Paying Agent nor any Conversion Agent nor any Debenture Registrar shall be affected by any notice to the contrary. All such payments or deliveries so made to any Holder, or upon its order, shall be valid, and, to the extent of the sums or Common Shares so paid or delivered, effectual to satisfy and discharge the liability for monies payable or shares deliverable upon any such Debenture.

Section 8.04. *Company-Owned Debentures Disregarded.* In determining whether the Holders of the requisite aggregate principal amount of Debentures have concurred in any direction, consent, waiver or other action under this Indenture, Debentures that are owned by the Company, by any Subsidiary thereof or by any Affiliate of the Company or any Subsidiary thereof shall be disregarded and deemed not to be outstanding for the purpose of any such determination. Debentures so owned that have been pledged in good faith may be regarded as outstanding for the purposes of this Section 8.04 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to so act with respect to such Debentures and that the pledgee is not the Company, a Subsidiary thereof or an Affiliate of the Company or a Subsidiary thereof. In the case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Company shall furnish to the Trustee promptly an Officer's Certificate listing and identifying all Debentures, if any, known by the Company to be owned or held by or for the account of any of the above described Persons; and, subject to Section 7.01, Section 7.02 and Section 7.07, the Trustee shall be entitled to accept such Officer's Certificate as conclusive evidence of the facts therein set forth and of the fact that all Debentures not listed therein are outstanding for the purpose of any such determination.

Section 8.05. *Revocation of Consents; Future Holders Bound.* At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the Holders of the percentage of the aggregate principal amount of the Debentures specified in this Indenture in connection with such action, any Holder of a Debenture that is shown by the evidence to be included in the Debentures the Holders of which have consented to such action may, by filing written notice with the Trustee at their respective Corporate Trust Offices and upon proof of holding as provided in Section 8.02, revoke such action so far as concerns such

Debenture. Except as aforesaid, any such action taken by the Holder of any Debenture shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Debenture and of any Debentures issued in exchange or substitution therefor or upon registration of transfer thereof, irrespective of whether any notation in regard thereto is made upon such Debenture or any Debenture issued in exchange or substitution therefor or upon registration of transfer thereof.

ARTICLE 9 HOLDERS' MEETINGS

Section 9.01. *Purpose of Meetings.* A meeting of Holders may be called at any time and from time to time pursuant to the provisions of this Article 9 for any of the following purposes:

- (a) to give any notice to the Company or to the Trustee or to give any directions to the Trustee permitted under this Indenture, or to consent to the waiving of any Default or Event of Default hereunder (in each case, as permitted under this Indenture) and its consequences, or to take any other action authorized to be taken by Holders pursuant to any of the provisions of Article 6;
- (b) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article 7;
- (c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 10.02; or
- (d) to take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Debentures under any other provision of this Indenture or under applicable law.

Section 9.02. *Call of Meetings by Trustee.* The Trustee may at any time call a meeting of Holders to take any action specified in Section 9.01, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Holders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting and the establishment of any record date pursuant to Section 8.01, shall be delivered by the Trustee to Holders of such Debentures. Such notice shall also be delivered to the Company. Such notices shall be delivered not less than 20 nor more than 90 days prior to the date fixed for the meeting.

Any meeting of Holders shall be valid without notice if the Holders of all Debentures then outstanding are present in person or by proxy or if notice is waived before or after the meeting by the Holders of all Debentures then outstanding, and if the Company and the Trustee are either present by duly authorized representatives or have, before or after the meeting, waived notice.

Section 9.03. *Call of Meetings by Company or Holders.* In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least 10% of the aggregate

principal amount of the Debentures then outstanding, shall have requested the Trustee to call a meeting of Holders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have delivered the notice of such meeting within 20 days after receipt of such request, then the Company or such Holders may determine the time and the place for such meeting and may call such meeting to take any action authorized in Section 9.01, by delivering notice thereof as provided in Section 9.02.

Section 9.04. *Qualifications for Voting.* To be entitled to vote at any meeting of Holders a Person shall (a) be a Holder of one or more Debentures on the record date pertaining to such meeting or (b) be a Person appointed by an instrument in writing as proxy by a Holder of one or more Debentures on the record date pertaining to such meeting. The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 9.05. *Regulations.* Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders, in regard to proof of the holding of Debentures and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders as provided in Section 9.03, in which case the Company or the Holders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority in aggregate principal amount of the outstanding Debentures represented at the meeting and entitled to vote at the meeting.

Subject to the provisions of Section 8.04, at any meeting of Holders each Holder or proxyholder shall be entitled to one vote for each \$1,000 principal amount of Debentures held or represented by him or her; *provided, however*, that no vote shall be cast or counted at any meeting in respect of any Debenture challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Debentures held by it or instruments in writing as aforesaid duly designating it as the proxy to vote on behalf of other Holders. Any meeting of Holders duly called pursuant to the provisions of Section 9.02 or Section 9.03 may be adjourned from time to time by the Holders of a majority of the aggregate principal amount of Debentures represented at the meeting, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

Section 9.06. *Voting.* The vote upon any resolution submitted to any meeting of Holders shall be by written ballot on which shall be subscribed the signatures of the Holders or of their representatives by proxy and the outstanding aggregate principal amount of the Debentures held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall

make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Holders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more Persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was delivered as provided in Section 9.02. The record shall show the aggregate principal amount of the Debentures voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 9.07. *No Delay of Rights by Meeting.* Nothing contained in this Article 9 shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Holders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders under any of the provisions of this Indenture or of the Debentures.

ARTICLE 10 AMENDMENT OF INDENTURE AND SECURITY DOCUMENTS

Section 10.01. *Supplemental Indentures and Amendments to Security Documents Without Consent of Holders.* The Company, the Trustee and the Collateral Agent, at the Company's expense, may from time to time and at any time enter into an indenture or indentures supplemental hereto or amend, supplement or restate any Security Document for one or more of the following purposes:

- (a) to cure any ambiguity, omission, defect or inconsistency;
- (b) to provide for the assumption by a Successor Company of the obligations of the Company under this Indenture pursuant to Article 11;
- (c) to secure the Debentures, to add guarantees with respect to the Debentures or add to the Collateral;
- (d) to release Collateral as required or permitted by this Indenture or any Security Document;
- (e) to add to the covenants or Events of Default of the Company for the benefit of the Holders or surrender any right or power conferred upon the Company;
- (f) to make any change that does not adversely affect the rights of any Holder;

- (g) to evidence and provide the acceptance to the appointment of a successor Trustee under this Indenture;
- (h) to make provisions with respect to adjustments to the Conversion Rate as required by this Indenture or to increase the Conversion Rate in accordance with this Indenture;
- (i) to comply with the requirements of the Commission, any Canadian securities regulatory authority;
- (j) to provide for the issuance of Additional Debentures in accordance with the limitations set forth in this Indenture;
- (k) to comply with the requirements of any applicable stock exchange or market on which Common Shares may be listed or traded, *provided* that no such amendment or supplement materially and adversely affects the rights of any Holder;
- (l) to make any amendment to the provisions of this Indenture relating to the transfer and legend of Debentures *provided, however*, that (a) compliance with this Indenture as so amended would not result in Debentures being transferred in violation of the Securities Act or any other applicable securities law and (b) no such amendment materially and adversely affects rights of any Holder; or
- (m) make adjustments in accordance with this Indenture to the right to convert the Debentures upon certain reclassifications or changes in the Common Shares and certain consolidations, arrangements, amalgamations, mergers and binding share exchanges and upon the sale, transfer, lease, conveyance or other disposition of all or substantially all of the Company's property or assets.

Upon the written request of the Company, the Trustee and the Collateral Agent are hereby authorized to join with the Company in the execution of any such supplemental indenture or amendment, supplement or restatement of any Security Document and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee and the Collateral Agent shall not be obligated to, but may in their discretion, enter into any supplemental indenture or amendment, supplement or restatement of any Security Document that affects the Trustee's or Collateral Agent's own rights, duties or immunities under this Indenture, the Security Documents or otherwise.

Any supplemental indenture or amendment, supplement or restatement of any Security Document authorized by the provisions of this Section 10.01 may be executed by the Company, the Trustee or the Collateral Agent, as applicable, without the consent of the Holders of any of the Debentures at the time outstanding, notwithstanding any of the provisions of Section 10.02.

Section 10.02. *Supplemental Indentures and Amendments to Security Documents with Consent of Holders.* With the consent (evidenced as provided in Article 8 of the Holders of at least a majority of the aggregate principal amount of the Debentures then outstanding (determined in accordance with Article 8 and including, without limitation, consents obtained in connection with a repurchase of, or tender or exchange offer for, Debentures), the Company, the Trustee and the Collateral Agent, at the Company's expense, may from time to time and at any

time enter into an indenture or indentures supplemental hereto or any amendment, supplement or restatement of any Security Document for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture, the Debentures or any supplemental indenture or of modifying in any manner the rights of the Holders or amend, supplement or restate any Security Document; *provided, however*, that, without the consent of each Holder of an outstanding Debenture affected, no such supplemental indenture shall:

- (a) reduce the amount of Debentures whose Holders must consent to an amendment;
- (b) reduce the rate of or extend the stated time for payment of interest on any Debenture;
- (c) reduce the principal of or extend the Maturity Date of any Debenture;
- (d) make any change that adversely affects the conversion rights of any Debentures;
- (e) make any Debenture payable in money, or at a place of payment, other than that stated in the Debenture;
- (f) change the ranking of the Debentures; or
- (g) make any change in this Article 10 that requires each Holder's consent or in the waiver provisions in Section 6.02 or Section 6.08.

Upon the written request of the Company, and upon the filing with the Trustee and the Collateral Agent of evidence satisfactory to the Trustee and the Collateral Agent of the consent of Holders as aforesaid and subject to Section 10.05, the Trustee and the Collateral Agent, as applicable, shall join with the Company in the execution of such supplemental indenture or such amendment, supplement or restatement of any Security Document, unless such supplemental indenture or such amendment, supplement or restatement of such Security Document affects the Trustee's or the Collateral Agent's own rights, duties or immunities under this Indenture, such Security Document or otherwise, in which case the Trustee or Collateral Agent, as applicable, may in its discretion, but shall not be obligated to, enter into such supplemental indenture or amendment, supplement or restatement of such Security Document.

Holders do not need under this Section 10.02 to approve the particular form of any proposed supplemental indenture or proposed amendment, supplement or restatement of any Security Document. It shall be sufficient if such Holders approve the substance thereof. After any such supplemental indenture or amendment, supplement or restatement of such Security Document becomes effective, the Company shall deliver to the Holders a notice briefly describing such supplemental indenture or amendment, supplement or restatement of such Security Document. However, the failure to give such notice to all the Holders, or any defect in the notice, will not impair or affect the validity of the supplemental indenture or amendment, supplement or restatement of any Security Document.

Section 10.03. *Effect of Supplemental Indentures and Amendments of Security Documents.* Upon the execution of any supplemental indenture or amendment, supplement or restatement of any Security Document pursuant to the provisions of this Article 10, this

Indenture or the Security Document, as the case may be, shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under this Indenture or the Security Document, as the case may be, of the Trustee, the Collateral Agent, the Company and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments and all the terms and conditions of any such supplemental indenture or amendment, supplement or restatement of such Security Document shall be and be deemed to be part of the terms and conditions of this Indenture or of such Security Document, as the case may be, for any and all purposes.

Section 10.04. *Notation on Debentures.* Debentures authenticated and delivered after the execution of any supplemental indenture or amendment, supplement or restatement of any Security Document pursuant to the provisions of this Article 10 may, at the Company's expense, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Debentures so modified as to conform, in the opinion of the Trustee and the Company, to any such modification may, at the Company's expense, be prepared and executed by the Company, authenticated by the Trustee (or an authenticating agent duly appointed by the Trustee pursuant to Section 15.09) and delivered in exchange for the Debentures then outstanding, upon surrender of such Debentures then outstanding.

Section 10.05. *Evidence of Compliance of Supplemental Indenture to Be Furnished to Trustee.* In addition to the documents required by Section 15.05, the Trustee shall receive an Officer's Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant hereto complies with the requirements of this Article 10 and is permitted or authorized by this Indenture.

ARTICLE 11 CONSOLIDATION, MERGER, SALE, CONVEYANCE AND LEASE

Section 11.01. *Company May Consolidate, Etc. on Certain Terms.* Subject to the provisions of Section 11.02, the Company shall not consolidate or amalgamate with, merge with or into, or sell, convey, transfer or lease all or substantially all of its properties and assets to another Person, unless:

(a) the resulting, surviving or transferee Person (the "**Successor Company**"), if not the Company, shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, the laws of Canada or any province or territory thereof, and the Successor Company (if not the Company) shall expressly assume, by supplemental indenture, all of the obligations of the Company under the Debentures, this Indenture and the Security Documents; and

(b) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing under this Indenture.

For purposes of this Section 11.01, the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of one or more Subsidiaries of the Company to another Person, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Company to another Person.

Section 11.02. *Successor Corporation to Be Substituted.* In case of any such consolidation, amalgamation, merger, sale, conveyance, transfer or lease and upon the assumption by the Successor Company, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the due and punctual payment of the principal of and accrued and unpaid interest on all of the Debentures, the due and punctual delivery or payment, as the case may be, of any consideration due upon conversion of the Debentures and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Company, such Successor Company (if not the Company) shall succeed to and, except in the case of a lease of all or substantially all of the Company's properties and assets, shall be substituted for the Company, with the same effect as if it had been named herein, and may thereafter exercise every right and power, of the Company under this Indenture. Such Successor Company thereupon may cause to be signed, and may issue either in its own name or in the name of the Company any or all of the Debentures issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such Successor Company instead of the Company and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver, or cause to be authenticated and delivered, any Debentures that previously shall have been signed and delivered by the Officers of the Company to the Trustee for authentication, and any Debentures that such Successor Company thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Debentures so issued shall in all respects have the same legal rank and benefit under this Indenture as the Debentures theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Debentures had been issued at the date of the execution hereof. In the event of any such consolidation, amalgamation, merger, sale, conveyance or transfer (but not in the case of a lease), upon compliance with this Article 11 the Person named as the "Company" in the first paragraph of this Indenture (or any successor that shall thereafter have become such in the manner prescribed in this Article 11) may be dissolved, wound up and liquidated at any time thereafter and, except in the case of a lease, such Person shall be released from its liabilities as obligor and maker of the Debentures and from its obligations under this Indenture and the Debentures.

In case of any such consolidation, amalgamation, merger, sale, conveyance, transfer or lease, such changes in phraseology and form (but not in substance) may be made in the Debentures thereafter to be issued as may be appropriate.

ARTICLE 12

IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

Section 12.01. *Indenture and Debentures Solely Corporate Obligations.* No recourse for the payment of the principal of or accrued and unpaid interest on any Debenture, nor for any

claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture or in any supplemental indenture or in any Debenture, nor because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, employee, agent, officer or director or Subsidiary, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Debentures.

ARTICLE 13 CONVERSION OF DEBENTURES

Section 13.01. *Conversion.*

- (a) Subject to and upon compliance with the provisions of this Article 13:
- (i) each Holder of a Debenture shall have the right, at such Holder's option, to convert all or any portion (if the portion to be converted is \$1,000 principal amount or an integral multiple thereof) of such Debenture into Common Shares subject to satisfaction of the conditions described in Section 13.01(b), at any time prior to the close of business on the Business Day immediately preceding the Maturity Date; and
 - (ii) the Company shall have the right, at the Company's election, to convert all of the outstanding Debentures into Common Shares subject to satisfaction of the conditions described in Section 13.01(c), at any time prior to the close of business on the Business Day immediately preceding the Maturity Date,

in each case, at the initial Conversion Rate per \$1,000 principal amount of Debentures. As used herein, "**Conversion Rate**" means \$1,000 principal amount of Debentures, divided by the Conversion Price, and "**Conversion Price**" means the *lesser* of (i) the price that is a 25% discount to the applicable Liquidity Event Price and (ii) the price determined based on a pre-money enterprise value of the Company of \$150,000,000, as determined at the time of consummation of a Liquidity Event. The initial Conversion Rate shall be determined immediately upon the consummation of a Liquidity Event, and thereafter the Conversion Rate shall be subject to adjustment as provided in Article 13.

(b) If a Liquidity Event is consummated, then the Company shall notify all Holders of the Debentures, the Trustee and the Conversion Agent (if other than the Trustee) in writing not more than five Business Days after the consummation of a Liquidity Event. Once the Company has given such notice, a Holder may surrender all or any portion of its Debentures for conversion ("**Optional Conversion**") into Common Shares at any time prior to the close of business on the Business Day immediately preceding the Maturity Date. A Holder may convert a portion of the principal amount of a Debenture if such portion is \$1,000 principal amount or an integral multiple of \$1,000 principal amount. Provisions of this Indenture that apply to conversion of all

of a Debenture also apply to conversion of a portion of such Debenture. To convert a Debenture pursuant to Optional Conversion, a Holder must (1) complete and sign the Conversion Notice with appropriate signature guarantee, on the back of the Debenture, (2) surrender the Debenture to a Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Debenture Registrar or Conversion Agent, (4) pay the amount of interest, if any, the Holder must pay in accordance with the Indenture and (5) pay any tax or duty if required pursuant to the Indenture. A Holder may convert a portion of a Debenture if the portion is \$1,000 principal amount or an integral multiple of \$1,000 principal amount.

(c) The Company may elect to mandatorily convert all of the outstanding Debentures (“**Mandatory Conversion**”) on any date (the “**Mandatory Conversion Date**”) specified by the Company (which date must be a Business Day) that is 30 days following the date of the Company Conversion Notice, if all of the following conditions are satisfied:

- (i) a Liquidity Event has been consummated;
- (ii) the Liquidity Event Price with respect to such Liquidity Event is at least 100% greater than the Conversion Price;
- (iii) the Common Shares are listed on a recognized Canadian stock exchange or a national United States stock exchange; and
- (iv) the Daily VWAP of the Common Shares is 20% greater than the Liquidity Event Price with respect to such Liquidity Event for at least 10 consecutive Trading Days immediately prior to the date of the Company Conversion Notice.

If the Company elects to mandatorily convert the Debentures pursuant to this Section 13.01(c), then the Company shall deliver or cause to be delivered to all Holders of outstanding Debentures at their addresses shown in the Debenture Register a written notice containing the information set forth in below (the “**Company Conversion Notice**”) with respect to Mandatory Conversion. The Company shall also deliver a copy of the Company Conversion Notice to the Trustee and the Conversion Agent (if other than the Trustee). The Company Conversion Notice may be given by the Company or, at the Company’s written request, the Trustee shall give such Company Conversion Notice in the Company’s name and at the Company’s expense; *provided* that the text of the Company Conversion Notice shall be prepared by the Company. No failure of the Company or the Trustee to give the foregoing notices and no defect therein shall limit the Company’s Mandatory Conversion right or affect the validity of the proceedings for Mandatory Conversion of the Debentures pursuant to this Section 13.01(c).

Notwithstanding anything in this Article 13 to the contrary, Debentures converted pursuant to Mandatory Conversion will be converted automatically, with no further action by the Holders, on the Mandatory Conversion Date. The Company will cause the settlement of Mandatory Conversion to occur within three (3) Business Days after the Mandatory Conversion Date.

In connection with Mandatory Conversion, the Company Conversion Notice shall state:

- (i) the events causing Mandatory Conversion;
- (ii) the Mandatory Conversion Date;
- (iii) that Debentures converted pursuant to Mandatory Conversion will be converted automatically, with no further action by the Holders, on the Mandatory Conversion Date; and
- (iv) the Conversion Rate in effect on the date of the Company Conversion Notice.

Upon conversion, interest on the Debentures so called for Mandatory Conversion shall cease to accrue and the Holders thereof shall have no right in respect of such Debentures except the right to receive the Common Shares to which they are entitled pursuant to this Section 13.01(c) and the right to receive cash in lieu of any fractional Common Shares.

Section 13.02. *Payment Upon Conversion.*

(a) Upon any Optional Conversion or Mandatory Conversion in accordance with this Article 13:

(i) The Company shall deliver, to each converting Holder, as soon as practicable after the Conversion Date of such conversion, a number of Common Shares equal to (1) (A) the aggregate principal amount of Debentures to be converted, *divided by* (B) \$1,000, *multiplied by* (2) the Conversion Rate in effect on the relevant Conversion Date (*provided* that the Company shall deliver cash in lieu of fractional shares as described in clause (ii) below).

(ii) The Company will not issue a fractional Common Share upon conversion of a Debenture. Instead, the Company shall pay cash in lieu of fractional shares based on the Closing Sale Price of Common Shares on the Conversion Date (or if the Conversion Day is not a Trading Day, on the next succeeding Trading Day).

(b) Except as provided in this Article 13, no payment or adjustment will be made for accrued interest on a converted Debenture or for dividends on any Common Shares issued on or prior to conversion. Upon conversion, the Holder of a Debenture will be entitled to receive, together with any other consideration payable upon conversion, accrued and unpaid interest through, but excluding, the Conversion Date; *provided*, that if any Holder surrenders a Debenture for Optional Conversion after the close of business on the Record Date for the payment of an installment of interest and prior to the related Interest Payment Date, then, notwithstanding such conversion, the interest payable with respect to such Debenture on such Interest Payment Date shall be paid on such Interest Payment Date to the Holder of record of such Debenture at the close of business on such Record Date, and such Debenture, when surrendered for conversion, must be accompanied by payment to the Conversion Agent on behalf of the Company of an amount equal to the interest payable on such Interest Payment Date on the portion so converted, from and including the Conversion Date to, but excluding, such Interest Payment Date, unless such Debenture is surrendered for conversion after the close of business on the Record Date immediately preceding the Maturity Date; *provided further, however*, that, if the Company shall

have, prior to the Conversion Date with respect to a Debenture, defaulted in a payment of interest on such Debenture, then in no event shall the Holder of such Debenture who surrenders such Debenture for Optional Conversion be required to pay Defaulted Amounts or the interest that shall have accrued on such Defaulted Amounts pursuant to Section 2.03 or otherwise (it being understood that nothing in this Section 13.02(d) shall affect the Company's obligations under Section 2.03).

(c) If a Holder converts more than one Debenture at the same time, the number of full Common Shares issuable upon such conversion, if any, shall be based on the total principal amount of all Debentures converted.

(d) Upon surrender of a Debenture that is converted in part, the Trustee shall authenticate for the Holder a new Debenture equal in principal amount to the unconverted portion of the Debenture surrendered.

(e) If the last day on which a Debenture may be converted is not a Business Day in a place where a Conversion Agent is located, the Debenture may be surrendered to that Conversion Agent on the next succeeding day that is a Business Day.

Section 13.03. *Taxes on Conversion.* Upon the conversion of a Debenture, the Company shall pay any documentary, stamp or similar issue or transfer tax or duty due on the issue, if any, of Common Shares upon the conversion. However, such Holder shall pay any such tax, duty or transfer fee which is due because such shares are issued in a name other than such Holder's name. The Company may refuse to deliver a certificate representing the Common Shares to be issued in a name other than such Holder's name until the Company receives a sum sufficient to pay any tax or duty which will be due because such shares are to be issued in a name other than such Holder's name. Nothing herein shall preclude any tax withholding required by law or regulation.

Section 13.04. *Company to Provide Common Shares.*

(a) The Company shall at all times reserve out of its authorized but unissued Common Shares enough Common Shares to permit the conversion, in accordance herewith, of all of the Debentures into Common Shares.

(b) All Common Shares which may be issued upon conversion of the Debentures shall be validly issued, fully paid and non-assessable and shall be free of preemptive or similar rights and free of any lien or adverse claim.

(c) The Company shall comply with all securities laws regulating the offer and delivery of Common Shares upon conversion of Debentures and shall list such shares on each national securities exchange or automated quotation system on which the Common Shares are then listed.

Section 13.05. *Adjustment of Conversion Rate.* The Conversion Rate shall be subject to adjustment from time to time, without duplication, upon the occurrence of any of the following events occurring after the consummation of a Liquidity Event (no adjustment to the Conversion

Rate under this Section 13.05 shall be made for any event announced, declared or occurring prior to the consummation of a Liquidity Event):

(a) If the Company exclusively issues Common Shares as a dividend or distribution on all or substantially all of the outstanding Common Shares, or if the Company effects a share split or share combination, the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{OS'}{OS_0}$$

where

- CR₀ = the Conversion Rate in effect immediately prior to the open of business on the Ex Date for such dividend or distribution, or the open of business on the effective date of such share split or share combination, as the case may be;
- CR' = the Conversion Rate in effect immediately after the open of business on the Ex Date for such dividend or distribution, or the open of business on the effective date of such share split or share combination, as the case may be;
- OS₀ = the number of Common Shares outstanding immediately prior to the open of business on the Ex Date for such dividend or distribution, or the open of business on the effective date of such share split or share combination, as the case may be; and
- OS' = the number of Common Shares outstanding immediately after such dividend or distribution, or such share split or share combination, as the case may be.

Any adjustment made under this Section 13.05(a) shall become effective immediately after the open of business on the Ex Date for such dividend or distribution, or immediately after the open of business on the effective date for such share split or share combination, as the case may be. If any dividend or distribution of the type described in this Section 13.05(a) is declared but not so paid or made, or any share split or combination of the type described in this Section 13.05(a) is announced but the outstanding Common Shares are not split or combined, as the case may be, the Conversion Rate shall be immediately readjusted, effective as of the date the Board of Directors determines not to pay such dividend or distribution, or not to split or combine the outstanding Common Shares, as the case may be, to the Conversion Rate that would then be in effect if such dividend, distribution, share split or share combination had not been declared or announced.

(b) If the Company distributes to all or substantially all holders of the Common Shares any rights, options or warrants (other than in connection with a shareholder rights plan) entitling them, for a period expiring not more than forty-five (45) days immediately following the record date of such distribution, to purchase or subscribe for Common Shares, at a price per share that is less than the average of the Closing Sale Prices of the Common Shares over the ten (10) consecutive Trading Day period ending on, and including, the Trading Day immediately

preceding the Company's announcement of such distribution, the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where

- CR₀ = the Conversion Rate in effect immediately prior to the open of business on the Ex Date for such distribution;
- CR' = the Conversion Rate in effect immediately after the open of business on the Ex Date for such distribution;
- OS₀ = the number of Common Shares that are outstanding immediately prior to the open of business on the Ex Date for such distribution;
- X = the total number of Common Shares issuable pursuant to such rights, options or warrants; and
- Y = the number of Common Shares equal to the aggregate price payable to exercise such rights, options or warrants, *divided by* the average of the Closing Sale Prices of the Common Shares over the ten (10) consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Company's announcement of such distribution.

Any increase made under this Section 13.05(b) shall be made successively whenever any such rights, options or warrants are distributed and shall become effective immediately after the open of business on the Ex Date for such distribution. The Company shall not issue any such rights, options, or warrants in respect of Common Shares held in treasury by the Company. To the extent that Common Shares are not delivered after the expiration of such rights, options or warrants, the Conversion Rate shall be readjusted to the Conversion Rate that would then be in effect had the increase with respect to the distribution of such rights, options or warrants been made on the basis of delivery of only the number of Common Shares actually delivered. If such rights, options or warrants are not so distributed, the Conversion Rate shall be decreased to be the Conversion Rate that would then be in effect if such Ex Date for such distribution had not occurred.

In determining whether any rights, options or warrants entitle the holders to subscribe for or purchase Common Shares at less than such average of the Closing Sale Prices for the ten (10) consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Company's announcement of such distribution, and in determining the aggregate offering price of such Common Shares, there shall be taken into account any consideration received by the Company for such rights, options or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the Board of Directors. In no event shall the Conversion Rate be decreased pursuant to this Section 13.05(b), except for readjustments as set forth herein.

(c) If the Company distributes shares of its capital stock, evidences of its indebtedness or other of its assets or property or rights, options or warrants to acquire its capital stock or other

securities, but excluding (i) dividends or distributions covered by Sections 13.05(a) and 13.05(b), (ii) dividends or distributions paid exclusively in cash covered by Section 13.05(d), (iii) distributions of Reference Property in exchange for Common Shares in connection with a transaction described in Section 13.11 and (iv) Spin-Offs to which the provisions set forth in the latter portion of this Section 13.05(c) shall apply (any of such shares of capital stock, indebtedness or other assets or property, rights options or warrants, the “**Distributed Property**”), to all or substantially all holders of Common Shares, then, in each such case the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where

- CR₀ = the Conversion Rate in effect immediately prior to the open of business on the Ex Date for such distribution;
- CR' = the Conversion Rate in effect immediately after the open of business on the Ex Date for such distribution;
- SP₀ = the average of the Closing Sale Prices of the Common Shares over the ten (10) consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex Date for such distribution; and
- FMV = the fair market value (as determined by the Board of Directors and subject to the approval of the TSX) of the shares of capital stock, evidences of indebtedness, other assets or property, rights, options or warrants distributed with respect to each of the outstanding Common Shares as of the open of business on the Ex Date for such distribution.

Notwithstanding the foregoing, if “**FMV**” (as defined above) is equal to or greater than the “**SP₀**” (as defined above), in lieu of the foregoing increase, each Holder of a Debenture shall receive, for each \$1,000 principal amount of Debentures, at the same time and upon the same terms as the holders of the Common Shares, the amount and kind of Distributed Property that such Holder would have received as if such Holder owned a number of Common Shares equal to the Conversion Rate in effect immediately prior to the open of business on the Ex Date for such distribution.

Any increase made under the portion of this Section 13.05(c) above shall become effective immediately after the open of business on the Ex Date for such distribution. If such distribution is not so paid or made, the Conversion Rate shall be decreased to be the Conversion Rate that would then be in effect if such distribution had not been declared.

With respect to an adjustment pursuant to this Section 13.05(c) where there has been a payment of a dividend or other distribution on the Common Shares of Capital Shares of any class or series, or similar equity interest, of or relating to any Subsidiary or other business unit of the Company, where such capital stock or similar equity interest is listed or traded (or will be listed or traded upon consummation of the Spin-Off) on a U.S. national securities exchange or reasonably comparable non-U.S. equivalent (a “**Spin-Off**”), the Conversion Rate in effect

immediately before the close of business on the tenth (10th) Trading Day immediately following, and including, the Ex Date of the Spin-Off shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where

- CR₀ = the Conversion Rate in effect immediately prior to the close of business on the tenth (10th) Trading Day immediately following, and including, the Ex Date for the Spin-Off;
- CR' = the Conversion Rate in effect immediately after the close of business on the tenth (10th) Trading Day immediately following, and including, the Ex Date for the Spin-Off;
- FMV₀ = the average of the Closing Sale Prices of the capital stock or similar equity interest distributed to holders of the Common Shares applicable to one Common Share over the first ten (10) consecutive Trading Day period immediately following, and including, the Ex Date for the Spin-Off; and
- MP₀ = the average of the Closing Sale Prices of the Common Shares over the first ten (10) consecutive Trading Day period immediately following, and including, the Ex Date for the Spin-Off.

The adjustment to the Conversion Rate under the preceding paragraph shall become effective at the close of business on the tenth (10th) Trading Day immediately following, and including, the Ex Date for the Spin-Off; *provided* that, for purposes of determining the Conversion Rate, in respect of any conversion during the ten (10) Trading Days immediately following and including, the Ex Date of any Spin-Off, references in the portion of this Section 13.05(c) related to Spin-Offs to ten (10) consecutive Trading Days shall be deemed replaced, solely in respect of that conversion, with such lesser number of consecutive Trading Days as have elapsed between the Ex Date of such Spin-Off and the Conversion Date for such conversion.

For purposes of this Section 13.05(c), rights, options or warrants distributed by the Company to all holders of its Common Shares entitling the holders thereof to subscribe for or purchase shares of the Company's capital stock, including Common Shares (either initially or under certain circumstances), which rights, options or warrants, until the occurrence of a specified event or events (“**Trigger Event**”): (i) are deemed to be transferred with such Common Shares; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of the Common Shares, shall be deemed not to have been distributed for purposes of this Section 13.05(c) (and no adjustment to the Conversion Rate under this Section 13.05(c) will be required) until the occurrence of the earliest Trigger Event, whereupon such rights, options or warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 13.05(c). If any such right, option or warrant, including any such existing rights, options or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such rights, options or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of

distribution and Ex Date with respect to new rights, options or warrants with such rights (and a termination or expiration of the existing rights, options or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights, options or warrants, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 13.05(c) was made, (1) in the case of any such rights, options or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final redemption or repurchase as if such rights, options or warrants had not been issued and shall then be readjusted to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Shares with respect to such rights, options or warrants (assuming such holder had retained such rights, options or warrants), made to all holders of Common Shares as of the date of such redemption or repurchase, and (2) in the case of such rights, options or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights, options or warrants had not been issued.

For purposes of Section 13.05(a), Section 13.05(b) and this Section 13.05(c), if any dividend or distribution to which this Section 13.05(c) is applicable also includes one or both of:

(i) a dividend or distribution of Common Shares to which Section 13.05(a) is applicable (the “**Clause A Distribution**”); or

(ii) a dividend or distribution of rights, options or warrants to which Section 13.05(b) is applicable (the “**Clause B Distribution**”),

then, in either case, (1) such dividend or distribution, other than the Clause A Distribution and the Clause B Distribution, shall be deemed to be a dividend or distribution to which this Section 13.05(c) is applicable (the “**Clause C Distribution**”) and any Conversion Rate adjustment required by this Section 13.05(c) with respect to such Clause C Distribution shall then be made and (2) the Clause A Distribution and Clause B Distribution shall be deemed to immediately follow the Clause C Distribution and any Conversion Rate adjustment required by Section 13.05(a) and Section 13.05(b) with respect thereto shall then be made, except that, if determined by the Board of Directors (I) the Ex Date of the Clause A Distribution and the Clause B Distribution shall be deemed to be the Ex Date of the Clause C Distribution and (II) any Common Shares included in the Clause A Distribution or Clause B Distribution shall be deemed not to be “outstanding immediately prior to the open of business on the Ex Date for such dividend or distribution, or the open of business on the effective date of such share split or share combination, as the case may be” within the meaning of Section 13.05(a) or “outstanding immediately prior to the open of business on the Ex Date for such distribution” within the meaning of Section 13.05(b).

In no event shall the Conversion Rate be decreased pursuant to this Section 13.05(c) except for readjustments as set forth herein.

(d) If any cash dividend or distribution (other than dividends or distributions as to which an adjustment was made pursuant to Section 13.05(c) or Section 13.05(e)) is made to all

or substantially all holders of the Common Shares, the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where

- CR₀ = the Conversion Rate in effect immediately prior to the open of business on the Ex Date for such dividend or distribution;
- CR' = the Conversion Rate in effect immediately after the open of business on the Ex Date for such dividend or distribution;
- SP₀ = the average of the Closing Sale Prices of the Common Shares over the ten (10) consecutive Trading Day period immediately preceding the Ex Date for such dividend or distribution; and
- C = the amount in cash per Common Share the Company distributes to all or substantially all holders of its Common Shares.

Any increase to the Conversion Rate under this provision shall become effective immediately after the open of business on the Ex Date for such dividend or distribution. If such dividend or distribution is not so paid, the Conversion Rate shall be decreased to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

Notwithstanding the foregoing, if “C” (as defined above) is equal to or greater than “SP₀” (as defined above), in lieu of the foregoing increase, each Holder of a Debenture shall receive, for each \$1,000 principal amount of Debentures, at the same time and upon the same terms as holders of the Common Shares, the amount of cash such Holder would have received as if such Holder owned a number of Common Shares equal to the Conversion Rate in effect immediately prior to the open of business on the Ex Date for such dividend or distribution.

In no event shall the Conversion Rate be decreased pursuant to this Section 13.05(d) except for readjustments as set forth herein.

(e) If the Company or any of its Subsidiaries makes a payment in respect of a tender offer or exchange offer for the Common Shares, to the extent that the cash and value of any other consideration included in the payment per Common Share exceeds the average of the Closing Sale Prices of the Common Shares over the ten (10) consecutive Trading-Day period commencing on, and including, the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{AC + (SP' \times OS')}{OS_0 \times SP'}$$

where

- CR₀ = the Conversion Rate in effect immediately prior to the close of business on the last Trading Day of the ten (10) consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires;
- CR' = the Conversion Rate in effect immediately after the close of business on the last Trading Day of the ten (10) consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires;
- AC = the aggregate value of all cash and any other consideration (as determined by the Board of Directors) paid or payable for Common Shares purchased in such tender or exchange offer;
- OS₀ = the number of Common Shares outstanding immediately prior to the date such tender or exchange offer expires (prior to giving effect to the purchase or exchange of all Common Shares accepted for purchase or exchange in such tender or exchange offer);
- OS' = the number of Common Shares outstanding immediately after the date such tender or exchange offer expires (after giving effect to the purchase or exchange of all Common Shares accepted for purchase or exchange in such tender or exchange offer); and
- SP' = the average of the Closing Sale Prices of the Common Shares over the ten (10) consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires.

The increase to the Conversion Rate under this Section 13.05(e) shall occur at the close of business on the tenth (10th) Trading Day immediately following, but excluding, the date such tender or exchange offer expires; *provided* that, for purposes of determining the Conversion Rate, in respect of any conversion during the ten (10) Trading Days immediately following, but excluding, the date that any such tender or exchange offer expires, references in this Section 13.05(e) to ten (10) Trading Days shall be deemed replaced, solely in respect of that conversion, with such lesser number of Trading Days as have elapsed between the date that such tender or exchange offer expires and the Conversion Date for such conversion. In no event shall the Conversion Rate be decreased pursuant to this Section 13.05(e) except for readjustments as set forth herein.

(f) Notwithstanding this Section 13.05 or any other provision of this Indenture or the Debentures, if a Conversion Rate adjustment becomes effective on any Ex Date, and a Holder that has converted its Debentures on or after such Ex Date and on or prior to the related record date would be treated as the record holder of Common Shares as of the related Conversion Date as described under Section 13.02 based on an adjusted Conversion Rate for such Ex Date, then, notwithstanding the Conversion Rate adjustment provisions in this Section 13.05, the Conversion Rate adjustment relating to such Ex Date shall not be made for such converting Holder. Instead, such Holder shall be treated as if such Holder were the record owner of the Common Shares on an unadjusted basis and participate, following conversion, as a holder of Common Shares, in the related dividend, distribution or other event giving rise to such adjustment.

(g) In addition to the foregoing adjustments in subsections (a), (b), (c), (d) and (e) above, the Company may, from time to time and to the extent permitted by law and the continued listing requirements of any applicable stock exchange on which Common Shares may be listed or traded, increase the Conversion Rate by any amount for a period of at least twenty (20) Business Days or any longer period as may be permitted or required by law, if the Board of Directors has made a determination, which determination shall be conclusive, that such increase would be in the best interests of the Company. Such Conversion Rate increase shall be irrevocable during such period. The Company shall give written notice to the Trustee and cause notice of such increase to be mailed to each Holder of Debentures at such Holder's address as the same appears on the registry books of the Debenture Registrar, at least fifteen (15) days prior to the date on which such increase commences.

(h) Any such increases in the Conversion Rate by the Board of Directors shall not, without the approval of Company's shareholders, if required by the rules of any applicable stock exchange on which Common Shares may be listed or traded, result in the sale or issuance of Common Shares in excess of the highest percentage permitted under applicable listing rules.

(i) All calculations under this Article 13 shall be made to the nearest cent or to the nearest one-millionth of a share, as the case may be. Adjustments to the Conversion Rate will be calculated to the nearest 1/10,000th.

Section 13.06. *No Adjustment.* Notwithstanding anything herein or in the Debentures to the contrary, in no event shall the Conversion Rate be adjusted:

(i) upon the issuance of any Common Shares pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Company's securities;

(ii) upon the issuance of any Common Shares or restricted stock, restricted stock units, non-qualified stock options, incentive stock options or any other options or rights or other derivatives (including stock appreciation rights, deferred share units and performance share units) to purchase Common Shares pursuant to any present or future employee, director or consultant benefit plan or program of, or assumed by, the Company or any of the Subsidiaries;

(iii) upon the issuance of any Common Shares pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in clause (ii) above and outstanding as of the date the Debentures were first issued;

(iv) for accrued and unpaid interest, if any;

(v) upon the repurchase of any Common Shares pursuant to an open-market share repurchase program or other buy-back transaction that is not a tender offer or exchange offer of the nature described in Section 13.05; or

(vi) for a change in the par value of Common Shares.

No adjustment in the Conversion Rate pursuant to Section 13.05 shall be required until cumulative adjustments amount to one percent (1%) or more of the Conversion Rate as last adjusted (or, if never adjusted, the initial Conversion Rate); *provided, however*, that any adjustments to the Conversion Rate which by reason of this Section 13.06 are not required to be made shall be carried forward and taken into account in any subsequent adjustment to the Conversion Rate; *provided further*, that at the end of each fiscal year of the Company, beginning with the fiscal year during which a Liquidity Event is consummated, any adjustments to the Conversion Rate that have been, and at such time remain, deferred pursuant to this Section 13.06 shall be given effect, and such adjustments, if any, shall no longer be carried forward and taken into account in any subsequent adjustment to the Conversion Rate. All calculations under this Article 13 shall be made to the nearest cent or to the nearest one-millionth of a share, as the case may be. Notwithstanding anything in this Indenture, no adjustment to the Conversion Rate shall be made under Section 13.05 for any event announced, declared or occurring prior to the consummation of a Liquidity Event.

If any rights, options or warrants issued by the Company and requiring an adjustment to the Conversion Rate in accordance with Section 13.05 are only exercisable upon the occurrence of certain triggering events, then the Conversion Rate will not be adjusted as provided in Section 13.05 until the earliest of such triggering event occurs. Upon the expiration or termination of any such rights, options or warrants without the exercise of such rights, options or warrants, the Conversion Rate then in effect shall be adjusted immediately to the Conversion Rate which would have been in effect at the time of such expiration or termination had such rights, options or warrants, to the extent outstanding immediately prior to such expiration or termination, never been issued.

If any dividend or distribution is declared and the Conversion Rate is adjusted pursuant to Section 13.05 on account of such dividend or distribution, but such dividend or distribution is thereafter not paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect had such dividend or distribution not been declared.

The Company shall not be required to adjust the Conversion Rate for any of the transactions described in Section 13.05 (other than for share splits or share combinations) if the Company makes provision for each Holder to participate in the transaction, at the same time as holders of the Common Shares participate, without conversion, as if such Holder held a number of the Common Shares equal to the Conversion Rate in effect on the Ex Date or effective date, as the case may be, for such transaction, multiplied by the principal amount (expressed in thousands) of Debentures held by such Holder.

Section 13.07. *Other Adjustment.* In the event that, as a result of an adjustment made pursuant to this Article 13, the Holder of any Debenture thereafter surrendered for conversion shall become entitled to receive any Share Capital other than Common Shares, thereafter the Conversion Rate of such other shares so receivable upon conversion of any Debenture shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to Common Share contained in this Article 13.

Section 13.08. *Adjustments for Tax Purposes.* Except as prohibited by law or by the rules of the applicable stock exchange on which Common Shares may be listed or traded, the Company may make such increases in the Conversion Rate, in addition to those required by Section 13.05 hereof, as it determines to be advisable in order that any stock dividend,

subdivision of shares, distribution of rights to purchase stock or securities or distribution of securities convertible into or exchangeable for stock made by the Company or to its shareholders will not be taxable to the recipients thereof.

Section 13.09. *Notice of Adjustment.* Whenever the Conversion Rate is adjusted, the Company shall promptly mail to Holders at the addresses appearing on the Debenture Registrar's books a notice of the adjustment and file with the Trustee an Officer's Certificate briefly stating the facts requiring the adjustment and the manner of computing it. The certificate shall be conclusive evidence of the correctness of such adjustment.

Section 13.10. *Notice of Certain Transactions.* In the event that:

- (1) the Company takes any action, or becomes aware of any event, which would require an adjustment in the Conversion Rate,
- (2) the Company takes any action that would require a supplemental indenture pursuant to Section 13.11, or
- (3) there is a dissolution or liquidation of the Company,

the Company shall mail to Holders at the addresses appearing on the Debenture Registrar's books and the Trustee a written notice stating the proposed record, effective or expiration date, as the case may be, of any transaction referred to in clause (1), (2) or (3) of this Section 13.10. The Company shall mail such notice at least twenty (20) days before such date; however, failure to mail such notice or any defect therein shall not affect the validity of any transaction referred to in clause (1), (2) or (3) of this Section 13.10.

Section 13.11. *Effect of Reclassifications, Consolidations, Mergers, Binding Share Exchanges or Sales on Conversion Privilege.* If any of the following shall occur, namely: (i) any reclassification or change in the Common Shares issuable upon conversion of Debentures (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination of Common Shares), (ii) any consolidation, amalgamation, statutory arrangement, merger or binding share exchange involving a third party in which the Company is not the surviving party or (iii) any sale, transfer, lease, conveyance or other disposition of all or substantially all of the Company's property or assets, in each case pursuant to which the Common Shares would be converted into or exchanged for, or would constitute solely the right to receive, cash, securities or other property, then the Company or such successor or purchasing Person, as the case may be, shall, as a condition precedent to such reclassification, change, consolidation, amalgamation, statutory arrangement, merger, binding share exchange, sale, transfer, lease, conveyance or disposition, execute and deliver to the Trustee a supplemental indenture in form reasonably satisfactory to the Trustee providing that, at and after the effective time of such reclassification, change, consolidation, amalgamation, statutory arrangement, merger, binding share exchange, sale, transfer, lease, conveyance or disposition, the Holder of each Debenture then outstanding shall have the right to convert such Debenture into the kind and amount of cash, securities or other property (collectively, "**Reference Property**") receivable upon such reclassification, change, consolidation, amalgamation, statutory arrangement, merger, binding share exchange, sale, transfer, lease, conveyance or disposition by a holder of a number of Common Shares equal to a fraction whose denominator is one thousand (1,000) and whose numerator is the product of the principal amount

of such Debenture and the Conversion Rate in effect immediately prior to such reclassification, change, consolidation, merger, binding share exchange, sale, transfer, lease, conveyance or disposition (assuming, if holders of Common Shares shall have the opportunity to elect the form of consideration to be received pursuant to such reclassification, change, consolidation, merger, binding share exchange, sale, transfer, lease, conveyance or disposition, that the Collective Election shall have been made with respect to such election). In the event that the Company is the surviving party in a consolidation, amalgamation, statutory arrangement, merger or binding share exchange involving a third party, such supplemental indenture shall provide that the Reference Property to be provided for upon conversion, if other than the Common Shares, would be payable by another party to the transaction. If the Reference Property consists solely of cash, such consideration shall be paid by the Company no later than the third (3rd) Trading Day after the relevant Conversion Date. If holders of Common Shares shall have the opportunity to elect the form of consideration to be received pursuant to such reclassification, change, consolidation, amalgamation, statutory arrangement, merger, binding share exchange, sale, transfer, lease, conveyance or disposition, then the Company shall make adequate provision to give Holders, treated as a single class, a reasonable opportunity to elect (the “**Collective Election**”) the form of such consideration for purposes of determining the composition of the Reference Property referred to in the immediately preceding sentence, and once such election is made, such election shall apply to all Holders after the effective time of such reclassification, change, consolidation, amalgamation, statutory arrangement, merger, binding share exchange, sale, transfer, lease, conveyance or disposition.

The Company shall give notice to the Holders at least 30 calendar days prior to the effective date of any transaction set forth in this Section 13.11 in writing and by release to a business newswire stating the consideration into which the Debentures will be convertible after the effective date of such transaction. After such notice, the Company or the successor or acquirer, as the case may be, may not change the consideration to be delivered upon conversion of the Debenture except in accordance with any other provision of this Indenture.

The supplemental indenture referred to in the first sentence of this Section 13.11 shall provide for adjustments of the Conversion Rate which shall be as nearly equivalent as may be practicable to the adjustments of the Conversion Rate provided for in this Article 13. The foregoing, however, shall not in any way affect the right a Holder of a Debenture may otherwise have, pursuant to Section 13.13, to receive rights or warrants upon conversion of a Debenture. If, in the case of any such consolidation, amalgamation, statutory arrangement, merger, binding share exchange, sale, transfer, lease, conveyance or disposition, the stock or other securities and property (including cash) receivable thereupon by a holder of Common Shares includes shares of stock or other securities and property of a Person other than the successor or purchasing Person, as the case may be, in such consolidation, amalgamation, statutory arrangement, merger, binding share exchange, sale, transfer, lease, conveyance or disposition, then such supplemental indenture shall also be executed by such other Person and shall contain such additional provisions to protect the interests of the Holders of the Debentures as the Board of Directors in good faith shall reasonably determine necessary by reason of the foregoing (which determination shall be described in a Board Resolution). The provisions of this Section 13.11 shall similarly apply to successive consolidations, amalgamations, statutory arrangements, mergers, binding share exchanges, sales, transfers, leases, conveyances or dispositions.

In the event the Company shall execute a supplemental indenture pursuant to this Section 13.11, the Company shall promptly file with the Trustee an Officer's Certificate briefly stating the reasons therefor, the kind or amount of shares of stock or securities or property (including cash) receivable by Holders of the Debentures upon the conversion of their Debentures after any such reclassification, change, consolidation, amalgamation, statutory arrangement, merger, binding share exchange, sale, transfer, lease, conveyance or disposition and any adjustment to be made with respect thereto.

The Company shall not become a party to any such reclassification, change, consolidation, amalgamation, statutory arrangement, merger, binding share exchange, sale, transfer, lease, conveyance or disposition unless the terms thereof are consistent with this Section 13.11.

The Trustee shall not be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture executed pursuant to this Section 13.11, but may accept as conclusive evidence of the correctness thereof, and shall be protected in relying upon, the Officer's Certificate with respect thereto which the Company is obligated to file with the Trustee pursuant to this Section 13.11.

Section 13.12. *Trustee's Disclaimer.* Neither the Trustee nor the Conversion Agent has any duty to determine when an adjustment under this Article 13 should be made, how it should be made or what such adjustment should be, but may accept as conclusive evidence of the correctness of any such adjustment, and shall be protected in relying upon, the Officer's Certificate with respect thereto which the Company is obligated to file with the Trustee pursuant to Section 13.09. Neither the Trustee nor the Conversion Agent makes any representation as to the validity or value of any securities or assets issued upon conversion of Debentures, and neither the Trustee nor the Conversion Agent shall be responsible for the failure by the Company to comply with any provisions of this Article 13.

Section 13.13. *Rights Distributions Pursuant to Shareholders' Rights Plans.* Upon conversion of any Debenture or a portion thereof, the Company shall make provision for the Holder thereof, to the extent such Holder is to receive Common Shares upon such conversion, to receive, in addition to, and concurrently with the delivery of, the consideration otherwise payable hereunder upon such conversion, the rights described in any shareholders' rights plan the Company may have in effect at such time with respect to the Common Shares, unless such rights are Ineligible Consideration or unless such rights have separated from the Common Shares at the time of such conversion, in which case the Conversion Rate shall be adjusted upon such separation in accordance with Section 13.05(c), subject to readjustment in the event of the expiration, termination or redemption of such rights.

ARTICLE 14 COLLATERAL AND SECURITY

Section 14.01. *Collateral and Security Documents.*

(a) To secure the due and punctual payment of principal of and interest on the Debentures by the Company when and as the same shall be due and payable, whether on an

Interest Payment Date, at maturity, by acceleration or otherwise, and interest on the overdue principal of and interest (to the extent permitted by law), on the Debentures and performance of all other obligations of the Company to the Holders of the Debentures, the Trustee or the Collateral Agent under this Indenture, the Debentures and the Security Documents, according to the terms hereunder or thereunder, the Company will enter into the Security Documents, to create the security interests with respect to the Collateral. The Trustee, the Collateral Agent and the Company hereby acknowledge and agree that the Collateral Agent holds the Collateral in trust for the benefit of the Holders and the Trustee, among others, pursuant to the terms of the Security Documents.

(b) Each Holder, by accepting a Debenture, agrees to all of the terms and provisions of the Security Documents (including, without limitation, the provisions providing for foreclosure and release of Collateral) as the same may be in effect or may be amended from time to time in accordance with the terms thereof and hereof, and authorizes and directs the Collateral Agent, to perform their respective obligations and exercise their respective rights under the Security Documents in accordance therewith.

(c) As more fully set forth in, and subject to the provisions of, the Security Documents, the Holders, and the Trustee and the Collateral Agent on behalf of such Holders, will have rights in and to the Collateral that are subject to the rights that have been or may be created in favor of the holders of other Indebtedness and obligations of the Company

(d) As among the Holders, the Collateral shall be held for the equal and ratable benefit of the Holders without preference, priority or distinction of any thereof over any other.

(e) The Company will do or cause to be done all such acts and things as may be necessary or proper, or as may be required by the provisions of the Security Documents to which it is a party, to assure and confirm to the Collateral Agent, the Liens on the Collateral contemplated by the Security Documents to which it is a party, as from time to time constituted, so as to render the same available for the security and benefit of this Indenture and of the Debentures, according to the intent and purposes herein and therein expressed. The Company will take, as required by applicable law, any and all reasonable actions required to cause the Security Documents to create and maintain, as security for the Obligations of the Company under this Indenture, the Debentures and the Security Documents, valid and enforceable, perfected (except as expressly provided herein and therein) Liens in and on all the Collateral in favor of the Collateral Agent for the benefit of the Trustee and for the equal and ratable benefit of the Holders of the Debentures. The Company shall, as promptly as practicable, cause to be executed and delivered, filed and recorded all instruments and do all acts and other things as may be required by law to perfect, maintain and protect the Liens under the applicable Security Documents to which it is party (except as otherwise expressly provided herein and therein) to the extent contemplated by the Security Documents.

Section 14.02. *Release of Collateral.* Collateral will be automatically released from the Liens created by the Security Documents at any time or from time to time:

(i) in whole upon:

(A) payment in full of the principal of, together with accrued and unpaid interest on, the Debentures and all other obligations under this Indenture and the Security Documents that are due and payable at or prior to the time such principal, together with accrued and unpaid interest, are paid; or

(B) satisfaction and discharge of this Indenture as set forth under Article 3;

(ii) in whole or in part, with the consent of the requisite Holders of the Debentures in accordance with Article 10; or

(iii) in part, as to:

(A) any asset constituting Collateral that is sold, transferred or otherwise disposed of in compliance with the provisions of this Indenture, provided that the aggregate net book value of all such assets in any fiscal year of the Company shall not exceed 15% of the Net Tangible Assets of the Company and its Subsidiaries on a consolidated basis; and

(B) any assets constituting Paleo Paw Assets.

Upon receipt of such Officer's Certificate and Opinion of Counsel, the Collateral Agent will execute, deliver and acknowledge any necessary or proper instruments of termination or release to evidence the release of any Collateral permitted to be released pursuant to this Indenture or the Security Documents. The release of any Collateral from the terms hereof and/or of the Security Documents or the release of, in whole or in part, the Liens created by the Security Documents, or the termination of the Security Documents, will not be deemed to impair the Liens on the Collateral in contravention of the provisions hereof if and to the extent that the Liens on Collateral are released, or the Security Documents are terminated, pursuant to this Indenture or the applicable Security Documents. The Trustee and each of the Holders acknowledge that a release of Collateral or a Lien in accordance with the terms hereof and/or of the Security Documents will not be deemed for any purpose to be an impairment of the Lien on the Collateral in contravention of the terms of this Indenture and/or the Security Documents. In releasing any Collateral pursuant to the terms of this Indenture or any Security Document, the Collateral Agent shall be entitled to receive, and shall be fully protected in relying upon, the Officer's Certificate certifying that such release is authorized or permitted by this Indenture and/or the Security Documents and that all conditions precedent, if any, to such release have been satisfied.

Section 14.03. *Further Assurances and Security.* The Company will execute, acknowledge and deliver to the Collateral Agent, at the Company's expense, at any time and from time to time such further assignments, transfers, assurances or other instruments as may be reasonably required to effectuate the terms of this Indenture and the Security Documents, and will at any time and from time to time do or cause to be done all such acts and things as may be necessary or proper, or as may be reasonably required by the Collateral Agent, to assure and confirm to the Collateral Agent, the Liens in the Collateral contemplated hereby and by the Security Documents, all to the extent contemplated by the Security Documents.

Section 14.04. *Intercreditor Arrangements.* If Indebtedness is incurred under Section 4.06 that is permitted to be secured on a junior priority basis by property or assets of the Company, including the Collateral, then the Collateral Agent, at the written request of the Company, will enter into an intercreditor agreement, with customary terms and provisions which are reasonably satisfactory to the Collateral Agent, with the representative of holders of such Indebtedness.

Section 14.05. *Authorization of Actions to be Taken by Collateral Agent Under the Security Documents.* The Collateral Agent may, in its sole discretion and without the consent of the Holders, on behalf of the Holders, take all actions it deems necessary or appropriate in order to (a) enforce any of the terms of the Security Documents and (b) collect and receive any and all amounts payable in respect of the obligations of the Company hereunder. The Collateral Agent, shall have the power to institute and to maintain such suits and proceedings as such Person may deem expedient to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Security Documents or this Indenture, and such suits and proceedings as the Collateral Agent may deem expedient to preserve or protect its interests and the interests of the Trustee and the Holders in the Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other government enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders or of the Trustee).

Notwithstanding anything in the Indenture or Security Documents to the contrary, the Collateral Agent shall have no responsibility for the preparation, filing or recording of any instrument, document or financing statement.

Section 14.06. *Authorization of Receipt of Funds by the Trustee under the Security Documents.* The Collateral Agent is authorized to receive any funds for the benefit of the Holders distributed under the Security Documents, and to make further distributions of such funds to the Holders according to the provisions of this Indenture and the Security Documents.

No provision of this Indenture, or any of the other Security Documents shall require the Collateral Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under this Indenture, any of the other Security Documents or the exercise of any of its rights or powers. If it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability including an advance of moneys necessary to perform work or to take the action requested is not reasonably assured to it, the Collateral Agent may decline to act unless it receives indemnity satisfactory to it in its sole discretion, including an advance of moneys necessary to take the action requested.

The Collateral Agent shall be under no obligation or duty to take any action under this Indenture, any of the other Security Documents or otherwise if taking such action (i) would subject the Collateral Agent to a tax in any jurisdiction where it is not then subject to a tax or (ii)

would require the Collateral Agent to qualify to do business in any jurisdiction where it is not then so qualified.

Notwithstanding anything else to the contrary herein, whenever reference is made in this Indenture to any discretionary action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken or to be (or not to be) suffered or omitted by the Collateral Agent or to any election, decision, opinion, acceptance, use of judgment, expression of satisfaction, reasonable satisfaction or other exercise of discretion, rights or remedies to be made (or not to be made) by the Collateral Agent, it is understood that in all cases the Collateral Agent shall be fully justified in failing or refusing to take any such action under this Indenture if it shall not have received such written instruction, advice or concurrence of the Company or the Holders of the requisite aggregate principal amount of Debentures, as it deems appropriate. This provision is intended solely for the benefit of the Collateral Agent and its successors and permitted assigns and is not intended to and will not entitle the other parties hereto to any defense, claim or counterclaim, or confer any rights or benefits on any party hereto.

ARTICLE 15 MISCELLANEOUS PROVISIONS

Section 15.01. *Provisions Binding on Company's Successors.* All the covenants, stipulations, promises and agreements of the Company contained in this Indenture shall bind its successors and assigns whether so expressed or not.

Section 15.02. *Official Acts by Successor Corporation.* Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or Officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation or other entity that shall at the time be the lawful sole successor of the Company.

Section 15.03. *Addresses for Notices, Etc.* Any notice or demand that by any provision of this Indenture is required or permitted to be given or served by the Trustee, Collateral Agent, or by the Holders on the Company shall be deemed to have been sufficiently given or made, for all purposes if given or served by overnight courier or by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company with the Trustee) to Leef Holdings, Inc., 5666 La Jolla Boulevard, La Jolla, California 92037, Attention: Chief Executive Officer.

Any notice, direction, request or demand hereunder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed to the respective Corporate Trust Office of such Trustee or sent electronically in PDF format.

The Trustee, by notice to the Company, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication delivered or to be delivered to a Holder shall be mailed to it by first class mail, postage prepaid, at its address as it appears on the Debenture Register and shall be sufficiently given to it if so mailed within the time prescribed.

Failure to mail or deliver a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed or delivered, as the case may be, in the manner provided above, it is duly given, whether or not the addressee receives it.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice to Holders by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

Section 15.04. *Governing Law; Jurisdiction.* THIS INDENTURE AND EACH DEBENTURE, AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS INDENTURE AND EACH DEBENTURE, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF BRITISH COLUMBIA.

The Company irrevocably consents and agrees, for the benefit of the Holders from time to time of the Debentures and the Trustee, that any legal action, suit or proceeding against it with respect to obligations, liabilities or any other matter arising out of or in connection with this Indenture or the Debentures may be brought in any British Columbia court located in the City of Vancouver and, until amounts due and to become due in respect of the Debentures have been paid, hereby irrevocably consents and submits to the non-exclusive jurisdiction of each such court with respect to any such legal action, suit or proceeding for itself in respect of its properties, assets and revenues.

The Company irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or in connection with this Indenture brought in any British Columbia court located in the City of Vancouver and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

The Company shall appoint the Trustee as its agent for service of process in any suit, action or proceeding with respect to this Indenture and the Debentures and for actions brought in any British Columbia court located in the City of Vancouver. Service of any process on the Trustee in any such action (and written notice of such service to the Company) shall be effective service of process against the Company for any suit, action or proceeding brought in any such court.

Section 15.05. *Evidence of Compliance with Conditions Precedent; Certificates and Opinions of Counsel to Trustee.* Upon any application or demand by the Company to the Trustee or the Collateral Agent to take any action under any of the provisions of this Indenture, the Company shall, if requested by the Trustee or the Collateral Agent, furnish to the Trustee or the

Collateral Agent an Officer's Certificate stating that such action is permitted by the terms of this Indenture.

Each Officer's Certificate and Opinion of Counsel provided for, by or on behalf of the Company in this Indenture and delivered to the Trustee or the Collateral Agent with respect to compliance with this Indenture (other than the Officer's Certificates provided for in Section 4.09) shall include: (a) a statement that the person signing such certificate is familiar with the requested action and this Indenture; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statement contained in such certificate is based; (c) a statement that, in the judgment of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed judgment as to whether or not such action is permitted by this Indenture; and (d) a statement as to whether or not, in the judgment of such person, such action is permitted by this Indenture and that all conditions precedent to such action have been complied with; *provided* that no Opinion of Counsel shall be required to be delivered in connection with (1) the original issuance of the Initial Debentures on the Issue Date under this Indenture or (2) a request by the Company that the Trustee deliver a notice to Holders under this Indenture where the Trustee receives an Officer's Certificate with respect to such notice. With respect to matters of fact, an Opinion of Counsel may rely on an Officer's Certificate or certificates of public officials.

Notwithstanding anything to the contrary in this Section 15.05, if any provision in this Indenture specifically provides that the Trustee or Collateral Agent shall or may receive an Opinion of Counsel in connection with any action to be taken by the Trustee or the Collateral Agent or the Company hereunder, the Trustee or the Collateral Agent shall be entitled to, or entitled to request, such Opinion of Counsel.

Section 15.06. *Legal Holidays.* In any case where any Interest Payment Date or the Maturity Date is not a Business Day, then any action to be taken on such date need not be taken on such date, but may be taken on the next succeeding Business Day with the same force and effect as if taken on such date, and no interest shall accrue in respect of the delay.

Section 15.07. *Benefits of Indenture.* Nothing in this Indenture or in the Debentures, expressed or implied, shall give to any Person, other than the Holders, the parties hereto, any Paying Agent, any Conversion Agent, any authenticating agent, any Debenture Registrar and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 15.08. *Table of Contents, Headings, Etc.* The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 15.09. *Authenticating Agent.* The Trustee may appoint an authenticating agent that shall be authorized to act on behalf of the Trustee and subject to its direction in the authentication and delivery of Debentures in connection with the original issuance thereof and transfers and exchanges of Debentures hereunder, including under Section 2.04, Section 2.05, Section 2.06, Section 2.07, Section 10.04 and Section 15.04 as fully to all intents and purposes as

though the authenticating agent had been expressly authorized by this Indenture and those Sections to authenticate and deliver Debentures. For all purposes of this Indenture, the authentication and delivery of Debentures by the authenticating agent shall be deemed to be authentication and delivery of such Debentures “by the Trustee” and a certificate of authentication executed on behalf of the Trustee by an authenticating agent shall be deemed to satisfy any requirement hereunder or in the Debentures for the Trustee’s certificate of authentication. Such authenticating agent shall at all times be a Person eligible to serve as trustee hereunder pursuant to Section 7.08.

Any corporation or other entity into which any authenticating agent may be merged or converted or with which it may be consolidated, or any corporation or other entity resulting from any merger, consolidation or conversion to which any authenticating agent shall be a party, or any corporation or other entity succeeding to the corporate trust business of any authenticating agent, shall be the successor of the authenticating agent hereunder, if such successor corporation or other entity is otherwise eligible under this Section 15.09, without the execution or filing of any paper or any further act on the part of the parties hereto or the authenticating agent or such successor corporation or other entity.

Any authenticating agent may at any time resign by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of any authenticating agent by giving written notice of termination to such authenticating agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any authenticating agent shall cease to be eligible under this Section 15.09, the Trustee may appoint a successor authenticating agent, shall give written notice of such appointment to the Company and shall deliver notice of such appointment to all Holders.

The Company agrees to pay to the authenticating agent from time to time reasonable compensation for its services although the Company may terminate the authenticating agent, if it determines such agent’s fees to be unreasonable.

The provisions of Section 7.02, Section 7.03, Section 7.04, Section 8.03 and this Section 15.09 shall be applicable to any authenticating agent.

If an authenticating agent is appointed pursuant to this Section 15.09, the Debentures may have endorsed thereon, in lieu of the Trustee’s certificate of authentication, an alternative certificate of authentication in the following form:

_____,
as Authenticating Agent, certifies that this is one of the Debentures described
in the within-named Indenture.

By: _____
Authorized Officer

Section 15.10. *Execution in Counterparts.* This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile, PDF or other electronic transmission shall constitute effective

execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Indenture as to the other parties hereto shall be deemed to be their original signatures for all purposes.

Section 15.11. *Severability.* In the event any provision of this Indenture or in the Debentures shall be invalid, illegal or unenforceable, then (to the extent permitted by law) the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.

Section 15.12. *Waiver of Jury Trial.* EACH OF THE COMPANY AND THE TRUSTEE, ON BEHALF OF THEMSELVES AND THE HOLDERS, HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE DEBENTURES OR THE TRANSACTIONS CONTEMPLATED HEREBY.. *Force Majeure.* In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, or loss or malfunctions of utilities; it being understood that the Trustee shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 15.14. *Calculations.* Except as otherwise provided herein, the Company shall be responsible for making all calculations called for under the Debentures. These calculations include, but are not limited to, determinations of the Common Share price for purposes of the Daily VWAP, the Liquidity Event Price, the Closing Sale Price, the Conversion Price, adjustments to the Conversion Rate, the amount of conversion consideration deliverable in respect to any conversion, and accrued interest payable on the Debentures. The Company shall make all these calculations in good faith and, absent manifest error, the Company's calculations shall be final and binding on Holders. The Company shall provide a schedule of its calculations to the Trustee, the Paying Agent and the Conversion Agent, as applicable, and each of the Trustee, the Paying Agent, the Conversion Agent and the Debenture Registrar is entitled to rely conclusively upon the accuracy of the Company's calculations without independent verification. The Trustee or the Conversion Agent, as applicable, will forward the Company's calculations to any Holder upon the request of that Holder at the sole cost and expense of the Company

Any share price that is reported in Canadian dollars shall be deemed to be a reference to the amount, in U.S. dollars, into which such amount of Canadian dollars would be converted based on the most recently published daily average exchange rate of the Bank of Canada on the date of such share price.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the date first written above.

LEEF HOLDINGS, INC.

By: (signed) "Micah Anderson"
Name: Micah Anderson
Title: President and Chief Executive Officer

ODYSSEY TRUST COMPANY, as
Trustee

By: (signed) "Dan Sander"
Name: Dan Sander
Title: Vice President, Corporate Trust

ODYSSEY TRUST COMPANY, as
Collateral Agent

By: (signed) "Jacquie Fisher"
Name: Jacquie Fisher
Title: Director, Client Services

APPENDIX A

Section 1.1. *Definitions.* Capitalized terms used but not defined in this Appendix A have the meanings given to them in this Indenture. The following capitalized terms have the following meanings:

“**Canadian Resale Restriction Termination Date**” means, with respect to any Debenture, the date that is four months and one day following the issue date of such Debenture.

“**Canadian Restricted Legend**” shall have the meaning specified in Section 2.2.

“**Distribution Compliance Period**” shall have the meaning specified in Regulation S.

“**Qualified Institutional Buyer**” means a “qualified institutional buyer” as defined in Rule 144A.

“**Regulation D**” means Regulation D promulgated under the Securities Act.

“**Regulation S**” means Regulation S promulgated under the Securities Act.

“**Regulation S Debentures**” shall have the meaning specified in Section 2.2.

“**Restricted Legends**” shall have the meaning specified in Section 2.2.

“**Rule 144**” means Rule 144 as promulgated under the Securities Act, as such rule may be amended from time to time.

“**Rule 144A**” means Rule 144A as promulgated under the Securities Act, as such rule may be amended from time to time.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**U.S. Debentures**” shall have the meaning specified in Section 2.1.

“**U.S. Persons**” shall have the meaning specified in Regulation S.

“**U.S. Accredited Investor**” means an institutional “accredited investor” (as defined) in Rule 501(a) under the Securities Act.

“**U.S. Restricted Legend**” shall have the meaning specified in Section 2.2.

Section 2.1. *Form and Dating.* The Initial Debentures shall be (i) offered and sold by the Company to only (i) to U.S. Accredited Investors and Qualified Institutional Buyers, in each case pursuant to the exemption from registration requirements of the Securities Act provided by Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D thereunder (“**U.S. Debentures**”) and (2) outside the United States to Persons other than U.S. Persons in reliance on Regulation S (“**Regulation S Debentures**”). U.S. Debentures and Regulation S Debentures shall be issued as permanent certificated Debentures in registered form without coupons and

bearing the Restricted Legends, and registered in the name of the Holder, duly executed by the Company and authenticated by the Trustee as provided in the Indenture.

Section 2.2. *Legends.*

(a) *Legends on the Debentures.*

(i) Except as permitted by this Section 2.2, each Debenture shall bear legends in substantially the following form (each defined term in the legend being defined as such for purposes of the legend only) (the first legend below, the “**U.S. Restricted Legend**” and the second legend, the “**Canadian Restricted Legend**” and collectively, “**Restricted Legends**”):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER. HEDGING TRANSACTIONS INVOLVING SUCH SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE U.S. SECURITIES ACT.

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE COMPANY, THE DEBENTURE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS THE COMPANY, THE DEBENTURE REGISTRAR AND SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) [INSERT: ISSUE DATE] AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

(ii) Upon a sale or transfer after the expiration of the Canadian Resale Restriction Termination Date of any Initial Debenture or Additional Debenture, all requirements that such Initial Debenture or Additional Debenture bear the Canadian Restricted Debentures Legend shall cease to apply.

(b) *Legends on Common Shares.* Any share certificate representing Common Shares issued upon conversion of a Debenture that bears the U.S. Restrictive Legend shall bear a legend in substantially the following form (unless agreed by the Company with written notice thereof to the Trustee and any transfer agent for the Common Shares):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER. HEDGING TRANSACTIONS INVOLVING SUCH SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE U.S. SECURITIES ACT.

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE COMPANY, THE DEBENTURE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS THE COMPANY, THE DEBENTURE REGISTRAR AND SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

[THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE LISTED ON THE TORONTO STOCK EXCHANGE (“TSX”); HOWEVER, THE SAID SECURITIES CANNOT BE TRADED THROUGH THE FACILITIES OF TSX SINCE THEY ARE NOT FREELY TRANSFERABLE, AND CONSEQUENTLY ANY CERTIFICATE REPRESENTING SUCH SECURITIES IS NOT “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON TSX,]

provided that if the Common Shares, are being sold in compliance with the requirements of Rule 904 of Regulation S, if available, and in compliance with applicable local laws and regulations, and the Company was a “foreign issuer” (as such term is defined in Rule 902(e) of Regulation S) at the time of acquisition of the Common Shares, the first and second legends above may be removed by providing a declaration to the Company and to the share transfer agent for the Common Shares, in the form attached as Attachment 3 (or as the Company may prescribe from time to time); *provided further*, if any of the Common Shares are being sold pursuant to Rule 144, if available, the legends may be removed by delivering to the Company and the share transfer agent for the Common Shares an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, to the effect that the first and second legends above are no longer required under applicable requirements of the Securities Act.

Further, any stock certificate representing Common Shares issued upon conversion of a Debenture that bears the Canadian Restrictive Legend shall, if the conversion occurs prior to the date referenced in the Canadian Restrictive Legend, bear a legend in substantially the following form:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) [INSERT: ISSUE

DATE] AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.¹

(b) *Restrictions on Transfer of Regulation S Debenture.*

(i) During the one-year Distribution Compliance Period described in Regulation S, the Regulation S Debentures may only be offered, sold, transferred or otherwise disposed of only (1) to the Company or any of its subsidiaries; (2) to or for the account or benefit of a person outside the United States and not a U.S. Person and in compliance with Regulation S, (ii) pursuant to an effective registration statement under the Securities Act and in compliance with all applicable state securities laws; or (iii) pursuant to an available exemption from registration under the Securities Act and all applicable state securities laws, and in each case, the Company has consented to such sale, transfer or other disposition. The Company may refuse to transfer the Debentures absent compliance with the foregoing.

(ii) Upon the expiration of the one-year Distribution Compliance Period described in Regulation S, the Regulation S Debenture shall be transferable in accordance with all applicable securities laws of Canada and other jurisdictions and the other terms of the Indenture.

(c) *No Obligation of the Trustee.* The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under the Indenture or under applicable law with respect to any transfer of any interest in any Debenture other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of the Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(d) *Canadian Resale Restrictions.* Initial Debentures and Additional Debentures may not be transferred in Canada prior to the applicable Canadian Resale Restriction Termination Date except pursuant to an exemption from the prospectus requirements of Canadian securities laws or otherwise in compliance with such laws.

¹ In the case of any Additional Debentures, the actual Canadian Resale Restriction Termination Date for such Additional Debentures will be inserted.

EXHIBIT A

[FORM OF FACE OF DEBENTURE]

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER. HEDGING TRANSACTIONS INVOLVING SUCH SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE U.S. SECURITIES ACT.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) [INSERT: ISSUE DATE] AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE COMPANY, THE DEBENTURE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS THE COMPANY, THE DEBENTURE REGISTRAR AND SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

Leef Holdings, Inc.

9.0% Convertible Senior Secured Debenture due 2022

No. [_____]

[\$_____]

Leef Holdings, Inc., a Nevada corporation (the “**Company**,” which term includes any successor corporation or other entity under the Indenture referred to on the reverse hereof), for value received hereby promises to pay to [_____], or registered assigns, the principal sum of \$[_____], which amount, taken together with the principal amounts of all other outstanding Debentures, shall not, unless permitted by the Indenture, exceed \$35,000,000 in aggregate at any time, on June 6, 2022, and interest thereon as set forth below.

This Debenture shall bear cash interest at the rate of 9.0% per year from June 6, 2019, or from the most recent date to which interest had been paid or provided for to, but excluding, the next scheduled Interest Payment Date until June 6, 2022. Interest is payable semi-annually in arrears on each June 1 and December 1, commencing on December 1, 2019, to Holders of record at the close of business on the preceding May 15 and November 15 (whether or not such day is a Business Day), respectively.

Any Defaulted Amounts shall accrue interest per annum at the rate borne by the Debentures, subject to the enforceability thereof under applicable law, from, and including, the relevant payment date to, but excluding, the date on which such Defaulted Amounts shall have been paid by the Company, at its election, in accordance with Section 2.03(c) of the Indenture.

The Company shall pay the principal of any Debentures at the office or agency designated by the Company for that purpose. The Company has initially designated the Trustee as its Paying Agent and Debenture Registrar in respect of the Debentures and its Corporate Trust Office as a place where Debentures may be presented for payment or for registration of transfer and exchange.

Reference is made to the further provisions of this Debenture set forth on the reverse hereof, including, without limitation, provisions giving the Holder of this Debenture the right to convert this Debenture into Common Shares on the terms and subject to the limitations set forth in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Debenture, and any claim, controversy or dispute arising under or related to this Debenture, shall be construed in accordance with and governed by the laws of the Province of British Columbia.

In the case of any conflict between this Debenture and the Indenture, the provisions of the Indenture shall control and govern.

This Debenture shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed manually by the Trustee or a duly authorized authenticating agent under the Indenture.

IN WITNESS WHEREOF, the Company has caused this Debenture to be duly executed.

LEEF HOLDINGS, INC.

By: _____
Name:
Title:

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

ODYSSEY TRUST COMPANY,
as Trustee, certifies that this is one of the Debentures described
in the within-named Indenture.

By: _____
Authorized Officer

[FORM OF REVERSE OF DEBENTURE]

Leef Holdings, Inc.
9.0% Convertible Senior Secured Debenture due 2022

This Debenture is one of a duly authorized issue of Debentures of the Company, designated as its 9.0% Convertible Senior Secured Debentures due 2022 (the “**Debentures**”), limited to the aggregate principal amount of \$35,000,000 all issued or to be issued under and pursuant to an Indenture dated as of June 6, 2019 (the “**Indenture**”), among the Company, Odyssey Trust Company (the “**Trustee**”) and Odyssey Trust Company (the “**Collateral Agent**”), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Debentures. Additional Debentures may be issued, subject to certain conditions specified in the Indenture. Capitalized terms used in this Debenture and not defined in this Debenture shall have the respective meanings set forth in the Indenture.

In case certain Events of Default shall have occurred and be continuing, the principal of, and interest on, all Debentures may be declared, by either the Trustee or Holders of at least 25% in aggregate principal amount of Debentures then outstanding, and upon said declaration shall become, due and payable, in the manner, with the effect and subject to the conditions and certain exceptions set forth in the Indenture.

Subject to the terms and conditions of the Indenture, the Company will make all payments and deliveries in respect of the principal amount on the Maturity Date to the Holder who surrenders a Debenture to a Paying Agent to collect such payments in respect of the Debenture. The Company will pay cash amounts in United States dollars that at the time of payment is legal tender for payment of public and private debts.

The Indenture contains provisions permitting the Company, the Trustee in certain circumstances, without the consent of the Holders of the Debentures, and in certain other circumstances, with the consent of the Holders of not less than a majority in aggregate principal amount of the Debentures at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures modifying the terms of the Indenture and the Debentures as described therein. It is also provided in the Indenture that, subject to certain exceptions, the Holders of a majority in aggregate principal amount of the Debentures at the time outstanding may on behalf of the Holders of all of the Debentures waive any past Default or Event of Default under the Indenture and its consequences.

Each Holder shall have the right to receive delivery of Common Shares upon conversion of this Debenture at the place, at the respective times and at the rate herein prescribed.

The Debentures are issuable in registered form without coupons in denominations of \$1,000 principal amount and integral multiples thereof. At the office or agency of the Company referred to on the face hereof, and in the manner and subject to the limitations provided in the Indenture, Debentures may be exchanged for a like aggregate principal amount of Debentures of other authorized denominations, without payment of any service charge but, if required by the

Company or the Trustee, with payment of a sum sufficient to cover any transfer or similar tax that may be imposed in connection therewith as a result of the name of the Holder of the new Debentures issued upon such exchange of Debentures being different from the name of the Holder of the old Debentures surrendered for such exchange.

No sinking fund is provided for the Debentures.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Debenture, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM = as tenants in common

UNIF GIFT MIN ACT = Uniform Gifts to Minors Act

TEN ENT = as tenants by the entireties

JT TEN = joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

ATTACHMENT 1

[FORM OF NOTICE OF CONVERSION]

To: Odyssey Trust Company
350, 300 5th Avenue SW
Calgary, Alberta T2P 3C4

The undersigned registered owner of this Debenture hereby exercises the option to convert this Debenture, or the portion hereof (that is \$1,000 principal amount or an integral multiple thereof) below designated, into Common Shares in accordance with the terms of the Indenture referred to in this Debenture, and directs that any cash for any fractional share, and any Debentures representing any unconverted principal amount hereof, be issued and delivered to the registered Holder hereof unless a different name has been indicated below. If any Common Shares or any portion of this Debenture not converted are to be issued in the name of a Person other than the undersigned, the undersigned will pay all documentary, stamp or similar issue or transfer taxes, if any in accordance with Section 13.03 of the Indenture. Any amount required to be paid to the undersigned on account of interest accompanies this Debenture. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

The certificate numbers of the Debentures to be converted are as set forth below:

Dated: _____

Signature(s)

Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if shares of Common Shares are to be issued, or

Debentures are to be delivered, other than to and in the name of the registered holder.

Fill in for registration of shares if to be issued, and Debentures if to be delivered, other than to and in the name of the registered holder:

(Name)

(Street Address)

(City, State and Zip Code)
Please print name and address

Principal amount to be converted (if less than all):
\$_____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Debenture in every particular without alteration or enlargement or any change whatever.

Social Security or Other Taxpayer
Identification Number

ATTACHMENT 2

[FORM OF ASSIGNMENT AND TRANSFER]

For value received _____ hereby sell(s), assign(s) and transfer(s) unto _____ (Please insert social security or Taxpayer Identification Number of assignee) the within Debenture, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Debenture on the books of the Company, with full power of substitution in the premises.

In connection with any transfer of the within Restricted Debenture, the undersigned confirms that such Debenture is being transferred:

1. To Leef Holdings, Inc. or a subsidiary thereof; or
2. Pursuant to a registration statement that has become or been declared effective under the Securities Act of 1933, as amended; or
3. Pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or
4. Pursuant to and in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act of 1933, as amended; or
5. Pursuant to and in compliance with Rule 144 under the Securities Act of 1933, as amended, or any other available exemption from the registration requirements of the Securities Act of 1933, as amended.

The undersigned further confirms that such Debenture is being transferred outside Canada, or pursuant to an exemption from the prospectus requirements of Canadian securities laws if the Debentures remain subject to any restriction on transfer under Canadian securities laws.

If items (3), (4) or (5) are checked, the consent of the Company shall be required in connection with any such sale, transfer or other disposition. The Company and/or the Trustee may require, prior to registering any such transfer of the Debentures, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made in compliance with all transfer restrictions applicable to the Debentures. The Company may refuse to transfer the Debentures absent compliance with the foregoing.

Dated: _____

Signature(s)

Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if Debentures are to be delivered, other than to and in the name of the registered holder.

NOTICE: The signature on the assignment must correspond with the name as written upon the face of the Debenture in every particular without alteration or enlargement or any change whatever.

FORM OF CERTIFICATE TO BE DELIVERED
IN CONNECTION WITH CERTAIN TRANSFERS
PURSUANT TO REGULATION S

[_____] , Registrar and Transfer Agent for the Company's Common Shares
[_____]

Ladies and Gentlemen:

The undersigned seller (i) acknowledges that the sale of [_____] common shares] of Leef Holdings, Inc. to which this declaration relates[, represented by certificate no. ____], is being made in reliance on Rule 904 of Regulation S ("Regulation S") under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and (ii) certifies that: (A) it is not an affiliate (as defined in Rule 405 under the Securities Act) of Leef Holdings, Inc. (except for any officer or director who is an affiliate solely by virtue of holding such position); (B) the offer of the securities was not made to a person in the United States and either (1) 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 (2) the transaction was executed on or through the facilities of the Toronto Stock Exchange (or another "designated offshore securities market" (as such term is defined in Regulation S)), 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; (C) 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" (as such term is defined in Regulation S) in the United States in connection with the offer and sale of the securities; (D) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as that term is defined in Rule 144(a)(3) under the Securities Act); (E) the seller does not intend to replace the securities sold in reliance on Rule 904 of Regulation S with fungible unrestricted securities; and (F) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the Securities Act.

You, the Company and counsel for the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Dated: _____

Signature(s)

Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if Securities are to be delivered, other than to and in the name of the registered holder.

NOTICE: The signature on the assignment must correspond with the name as written upon the face of the Security in every particular without alteration or enlargement or any change whatever.