
CONVERTIBLE DEBENTURE INDENTURE

Made as of September 8, 2022

Between

ICANIC BRANDS COMPANY INC.
(the “**Corporation**”)

and

ODYSSEY TRUST COMPANY
(the “**Trustee and Collateral Agent**”)

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CONVERTIBLE DEBENTURE INDENTURE

(the “**Indenture**”)

This Agreement is made as of September 8, 2022 between

ICANIC BRANDS COMPANY INC.

a company existing under the laws of the province of British Columbia having its registered and records office in the City of Vancouver in the Province of British Columbia

(the “**Corporation**”)

AND

ODYSSEY TRUST COMPANY

a trust company incorporated under the laws of the *Loan and Trust Corporations Act* (Alberta) with an office in the City of Calgary in the Province of Alberta (the “**Trustee and Collateral Agent**” or “**Odyssey**”)

WHEREAS:

- A. the Corporation intends to issue an aggregate of \$4,000,000 Debentures (as defined herein) in connection with its non-brokered private placement (the “**Offering**”)
- B. the Corporation, under the laws relating thereto, is duly authorized to create and issue the Debentures to be issued as herein provided;
- C. when authenticated by the Trustee and Collateral Agent and issued in accordance with this Indenture, all necessary steps of the Corporation have been duly enacted, passed and/or confirmed and other necessary proceedings taken and conditions complied with to make the creation and issue of the Debentures proposed to be issued hereunder legal, valid and binding on the Corporation in accordance with the laws relating to the Corporation; and
- D. the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Trustee and Collateral Agent.

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

ARTICLE 1 – INTERPRETATION

Section 1.1 Definitions

In this Indenture and in the Debentures, unless there is something in the subject matter or context inconsistent therewith, the expressions following shall have the following meanings:

- (1) **“90% Redemption Right”** has the meaning ascribed thereto in Section 2.5(8)(b);
- (2) **“Additional Amounts”** has the meaning ascribed to it in Section 7.11.
- (3) **“Additional Debentures”** means Debentures of any one or more series issued under this Indenture, other than the Initial Debentures;
- (4) **“Affiliate”** means 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;
- (5) **“Applicable Securities Legislation”** means applicable securities laws (including rules, regulations, policies and instruments) in each of the applicable provinces and territories of Canada;
- (6) **“Auditors of the Corporation”** means an independent firm of chartered accountants duly appointed as auditors of the Corporation;
- (7) **“Authenticated”** means with respect to the issuance of certificated Debentures, one which has been authenticated by manual signature of an authorized officer of the Trustee and Collateral Agent and the terms **“Authenticate”**, **“Authenticating”** and **“Authentication”** have meanings correlative to the foregoing;
- (8) **“Beneficial Holder”** means any Person who holds a beneficial interest in a Debenture that is represented by a Debenture Certificate or an Uncertificated Debenture registered in the name of such person’s nominee;
- (9) **“Board of Directors”** means the board of directors of the Corporation;
- (10) **“Book Based Only Debentures”** means Debentures issued under this Indenture in non-certificated form which are held only by way of book based (electronic) register maintained by the Trustee and Collateral Agent;

- (11) **“Business Day”** means any day other than a Saturday, Sunday or any other day that the Trustee and Collateral Agent in Vancouver, British Columbia, Calgary, Alberta or Toronto, Ontario is not generally open for business;
- (12) **“CS”** means the lawful currency of Canada;
- (13) **“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;
- (14) **“CSE”** means the Canadian Securities Exchange;
- (15) **“Change of Control”** means: (i) any event as a result of or following which any person, or group of persons “acting jointly or in concert” within the meaning of applicable Canadian securities laws, beneficially owns or exercises control or direction over an aggregate of more than 50% of the then outstanding Common Shares; or (ii) the sale or other transfer of all or substantially all of the consolidated assets of the Corporation. A Change of Control will not include a sale, merger, reorganization or other similar transaction if the previous holders of the Common Shares hold at least 50% of the voting shares of such merged, reorganized or other continuing entity;
- (16) **“Change of Control Notice”** has the meaning ascribed thereto in Section 2.5(8);
- (17) **“Change of Control Offer”** has the meaning ascribed thereto in Section 2.5(8);
- (18) **“Change of Control Purchase Date”** has the meaning ascribed thereto in Section 2.5(8);
- (19) **“Collateral”** has the meaning given to it in the Security Agreements;
- (20) **“Common Shares”** means the common shares in the capital of the Corporation, as such common shares are constituted on the date of execution and delivery of this Indenture; provided that in the event of a change or a subdivision, revision, reduction, combination or consolidation thereof, any reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up, or such successive changes, subdivisions, redivisions, reductions, combinations or consolidations, reclassifications, capital reorganizations, consolidations, amalgamations, arrangements, mergers, sales or conveyances or liquidations, dissolutions or windings-up;
- (21) **“Conversion Price”** means the dollar amount for which each Unit may be issued upon the conversion of Debentures or any series of Debentures which are by their terms convertible in accordance with the provisions of Article 6;
- (22) **“Corporation”** means Icanic Brands Company Inc. and includes any successor to or of the Corporation which shall have complied with the provisions of Article 10;

- (23) **“Counsel”** means a barrister or solicitor or firm of barristers or solicitors retained or employed by the Trustee and Collateral Agent or retained or employed by the Corporation and reasonably acceptable to the Trustee and Collateral Agent;
- (24) **“Current Market Price”** means, generally, the VWAP of the Common Shares on the CSE if the Common Shares are listed on the CSE, for the five consecutive trading days ending on the trading day preceding the applicable date. If the Common Shares are not listed on the CSE, reference shall be made for the purpose of the above calculation to the principal securities exchange or market on which the Common Shares are listed or quoted or if no such prices are available
- (25) **“Date of Conversion”** has the meaning ascribed thereto in Section 6.4(2);
- (26) **“Debenture Certificate”** means a certificate evidencing Debentures substantially in the form attached as Schedule A hereto;
- (27) **“Debentureholders”** or **“holders”** means the Persons for the time being entered in the register for Debentures as registered holders of Debentures or any transferees of such Persons by endorsement or delivery;
- (28) **“Debentures”** means the debentures, notes or other evidence of indebtedness of the Corporation issued and certified hereunder, or deemed to be issued and certified hereunder, including, without limitation, the Initial Debentures, and for the time being outstanding, whether in definitive, uncertificated or interim form;
- (29) **“deemed year”** has the meaning ascribed thereto in Section 2.12(2).
- (30) **“Defeased Debentures”** has the meaning ascribed thereto in Section 9.6(2);
- (31) **“Depository”** or **“CDS”** means CDS Clearing and Depository Services Inc. and its successors in interest;
- (32) **“Depository Participants”** means a broker, dealer, bank, other financial institution or other Person for whom, from time to time, a Depository effects book entries for a Global Debenture deposited with the Depository;
- (33) **“Distributed Securities”** has the meaning ascribed to it in Section 6.5(d);
- (34) **“DRS”** means the direct registration system of the Trustee and Collateral Agent;
- (35) **“Event of Default”** has the meaning ascribed thereto in Section 8.1;
- (36) **“Expiration Date”** has the meaning ascribed to it in Section 6.5(e);
- (37) **“Expiration Time”** has the meaning ascribed to it in Section 6.5(e);
- (38) **“Extraordinary Resolution”** has the meaning ascribed thereto in Section 11.12;

- (39) **“Global Debenture”** means a Debenture that is issued to and registered in the name of the Depository for the purpose of being held by or on behalf of the Depository as custodian for participants in the Depository’s book-entry only registration system or non-certificated inventory system;
- (40) **“Guarantee”** means the guarantee dated on or about the date hereof amongst the Guarantors, the Trustee and Collateral Agent, as amended, modified, supplemented, restated or replaced from time to time.;
- (41) **“Guarantors”** means each of the Corporation, Leef Holdings, Inc., Paleo Paw Corp. d/b/a Leef Organics, Payne’s Distribution LLC d/b/a Leef Distribution, Seven Zero Seven LLC d/b/a Leef Labs, Willits Retail, LLC, EC Retail LLC, Anderson Development SB, LLC, Leef Management, LLC, Preferred Brand LLC, de Krown Enterprises LLC, 1200665 B. C. Ltd, 1127466 B. C. Ltd., THC Engineering Holdings LLC, X-Spray Industries Inc., THC Engineering LLC and AYA Biosciences, Inc;
- (42) **“IFRS”** means International Financial Reporting Standards issued by the International Accounting Standards Board (including as further described in Section 1.16);
- (43) **“Indenture Documents”** means this Indenture, the supplemental indentures, the Security Documents and all other certificates, instruments, notices, agreements and documents delivered or to be delivered pursuant to this Indenture or the Security Documents, each as amended, modified, supplemented, restated or replaced from time to time;
- (44) **“Initial Closing Date”** means September 8, 2022;
- (45) **“Initial Debentures”** means the Debentures designated as “11.0% Secured Convertible Debentures” and described in Section 2.5;
- (46) **“Interest Payment Date”** means a date specified in a Debenture as the date on which interest on such Debenture shall become due and payable;
- (47) **“Internal Procedures”** means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register of Debentureholders at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Trustee and Collateral Agent’s internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed by the time by the Trustee and Collateral Agent, it being understood that neither preparation and issuance shall constitute part of such procedures for any purpose of this definition;
- (48) **“issuer bid”** has the meaning ascribed to it in Section 6.5(e);
- (49) **“Lien”** means with respect to any Person, any mortgage, charge, pledge, lien, assignment, hypothecation, privilege, title retention arrangement, security interest, arrangement having the same or equivalent commercial effect as a grant of security interest or other encumbrance of any nature or kind and howsoever created or arising

(including by operation of law), in respect of such Person's property or asset, or any agreement or arrangement to grant, create or give any of the foregoing;

- (50) **“Material Subsidiary”** means any Subsidiary of the Corporation which has consolidated assets equal to or greater than 10% of the consolidated assets of the Corporation and its Subsidiaries;
- (51) **“Maturity Account”** means an account or accounts required to be established by the Corporation (and which shall be maintained by and subject to the control of the Trustee and Collateral Agent) for each series of Debentures issued pursuant to and in accordance with this Indenture;
- (52) **“Maturity Date”** has the meaning ascribed thereto in Section 2.5(2);
- (53) **“NI 62-104”** means National Instrument 62-104 — *Take-Over Bids and Issuer Bids*;
- (54) **“Offering”** means the non brokered private placement of up to \$4,000,000 Debentures of the Corporation;
- (55) **“Offer Price”** has the meaning ascribed thereto in Section 2.5(8);
- (56) **“Officer’s Certificate”** means a certificate of the Corporation signed by any authorized officer or director of the Corporation, in their capacity as an officer or director of the Corporation, and not in their personal capacity;
- (57) **“Participant”** means a Person recognized by CDS as a participant in the non-certificated inventory system administered by CDS;
- (58) **“Periodic Offering”** means an offering of Debentures of a series from time to time, the specific terms of which Debentures, including, without limitation, the rate or rates of interest, if any, thereon, the stated maturity or maturities thereof and the redemption provisions, if any, with respect thereto, are to be determined by the Corporation upon the issuance of such Debentures from time to time;
- (59) **“Permitted Liens”** means any of the following:
 - (a) Liens for taxes, assessments or governmental charges or levies that are not yet due or that if due are being contested or litigated in good faith and with respect to which an adequate reserve has been taken in accordance with generally accepted accounting principles;
 - (b) undetermined or inchoate Liens, rights of distress and charges incidental to current operations which have not at such time been filed or exercised and of which the Trustee and Collateral Agent has not been given notice, or which relate to obligations not due or payable, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings;

- (c) any Lien resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings, or to secure workers' compensation, employment insurance, surety or appeal bonds, costs of litigation when required by law, liens and claims incidental to current construction, mechanics', warehousemen's, carriers' and other similar liens, and public, statutory and other like obligations incurred in the ordinary course of business;
 - (d) any Lien created by a judgment of a court of competent jurisdiction, as long as the judgment is being contested diligently and in good faith by appropriate proceedings;
 - (e) Liens granted pursuant to the Security Documents;
 - (f) Liens and renewals thereof to secure payment of the purchase price or the repayment of monies borrowed to pay the purchase price of any property or properties hereafter acquired by the Corporation in the ordinary course of its business;
 - (g) Liens granted in respect of other indebtedness of the Corporation that is expressly subordinated to the obligations under the Indenture Documents or otherwise subject to the terms of an intercreditor agreement in form and substance satisfactory to the Trustee and Collateral Agent;
 - (h) any other Lien consented to in writing by the Trustee and Collateral Agent;
- (60) **"Person"** includes an individual, corporation, company, partnership, joint venture, association, trust, Trustee and Collateral Agent, unincorporated organization or government or any agency or political subdivision thereof (and for the purposes of the definition of **"Change of Control"**, in addition to the foregoing, **"Person"** shall include any syndicate or group that would be deemed to be a **"Person"** under NI 62-104);
- (61) **"Purchased Common Shares"** has the meaning ascribed to it in Section 6.5(f);
- (62) **"Qualified Institutional Buyer"** means a "qualified institutional buyer" as such term is defined in Rule 144A under the U.S. Securities Act;
- (63) **"Qualified Institutional Buyer Letter"** means a letter substantially in the form attached as Schedule F to this Indenture;
- (64) **"Recognized Stock Exchange"** means a stock exchange recognized by the British Columbia Securities Commission under the *Securities Act* (British Columbia);
- (65) **"Redemption Date"** has the meaning ascribed to it in Section 4.3;
- (66) **"Redemption Notice"** has the meaning ascribed to it in Section 4.3;

- (67) **“Redemption Price”** means, in respect of a Debenture being redeemed in accordance with the terms of Article 4, the amount payable by the Corporation for such Debenture on the relevant Redemption Date in accordance with this Indenture;
- (68) **“Regulation S”** means Regulation S adopted by the SEC under the U.S. Securities Act;
- (69) **“Restricted Debentures”** means collectively the Restricted Uncertificated Debentures and Restricted Physical Debentures;
- (70) **“Restricted Physical Debenture”** means a definitive Debenture that bears the U.S. Legend;
- (71) **“Restricted Uncertificated Debenture”** means an Uncertificated Debenture that is marked to bear the U.S. Legend;
- (72) **“Restricted Security Agreements”** – has the meaning ascribed thereto in Schedule F;
- (73) **“SEC”** means the United States Securities and Exchange Commission;
- (74) **“Section 3(a)(10) Exemption”** means the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act;
- (75) **“Security Agreements”** means one or multiple general security agreements dated on or about the date hereof between the Corporation, the Guarantors and the Trustee and Collateral Agent, as amended, modified, supplemented, restated or replaced from time to time;
- (76) **“Security Documents”** means, collectively, (a) the Guarantee, (b) the Security Agreements, and (c) all such other agreements, instruments and documents that may reasonably be required to ensure that the Trustee and Collateral Agent has a first ranking Lien on the Collateral (subject to Permitted Liens).
- (77) **“Securities”** has the meaning ascribed thereto in Section 2.15(1);
- (78) **“Serial Meeting”** has the meaning ascribed thereto in Section 11.2(2)(a);
- (79) **“Subsidiary”** has the meaning ascribed thereto in the *Securities Act* (British Columbia);
- (80) **“Tax Act”** means the *Income Tax Act* (Canada), as amended, and the rules and regulations promulgated thereunder;
- (81) **“this Indenture”, “hereto”, “herein”, “hereby”, “hereunder”, “hereof”** and similar expressions refer to this Indenture and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto;

- (82) **“Time of Expiry”** means the time of expiry of certain rights with respect to the conversion of Debentures under Article 6 which is to be set forth separately in the form and terms for each series of Debentures which by their terms are to be convertible, and has the meaning ascribed thereto in Section 2.5(6) with respect to the Initial Debentures;
- (83) **“trading day”** means, with respect to the CSE or other market for securities, any day on which such exchange or market is open for trading or quotation;
- (84) **“Trustee and Collateral Agent”** means Odyssey Trust Company, or its successor or successors for the time being as Trustee and Collateral Agent hereunder;
- (85) **“United States”** or **“U.S.”** means, as the context requires, the United States of America, its territories and possessions, any state of the United States, or any political subdivision thereof, and/or the District of Columbia;
- (86) **“Uncertificated Debenture”** means any Debenture which is not issued as part of a Debenture Certificate which includes, but is not limited to, any Debenture held through DRS;
- (87) **“Unit”** means the unit issuable upon conversion of the Debentures, with each Unit comprised of a Common Share and a Warrant;
- (88) **“Unrestricted Physical Debenture”** means a definitive Debenture that does not bear the U.S. Legend;
- (89) **“Unrestricted Uncertificated Debenture”** means a Debenture that is not marked to bear the U.S. Legend;
- (90) **“U.S. Legend”** has the meaning ascribed thereto in Section 2.15;
- (91) **“U.S. Person”** means a “U.S. person” within the meaning of Rule 902(k) of Regulation S;
- (92) **“U.S. Purchaser”** means (a) any U.S. Person that purchased Debentures, (b) any person that purchased Debentures on behalf of any U.S. Person or any person in the United States, (c) any purchaser of Debentures that received an offer for the Debentures while in the United States, (d) any person that was in the United States at the time the purchaser’s buy order was made or the subscription agreement for Debentures was executed or delivered;
- (93) **“U.S. Securities Act”** means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
- (94) **“U.S. Securities Exchange Act”** means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

- (95) **“VWAP”** means the per share volume weighted average trading price of the Common Shares for the applicable period (which must be calculated utilizing days in which the Common Shares actually trade) on the CSE (or if the Common Shares are no longer traded on the CSE, on such other exchange as the Common Shares are then traded);
- (96) **“Withholding Taxes”** has the meaning ascribed to it in Section 7.11; and
- (97) **“Written Direction of the Corporation”** means an instrument in writing signed by any one officer or director of the Corporation.
- (98) **“Warrant”** means a Common Share purchase warrant comprising part of a Unit, exercisable at a price of \$0.15 per Common Share for a period of 24 months from the date of issuance;
- (99) **“Warrant Indenture”** means the warrant indenture entered into by the Corporation and the Trustee and Collateral Agents of the date hereof, governing the Warrants;

Section 1.2 Meaning of “Outstanding”

Every Debenture certified and delivered by the Trustee and Collateral Agent or every Uncertificated Debenture Authenticated by the Trustee and Collateral Agent by completing its Internal Procedures hereunder shall be deemed to be outstanding until it is cancelled, converted or redeemed or delivered to the Trustee and Collateral Agent for cancellation, conversion or redemption for Common Shares, as the case may be, or the payment thereof shall have been set aside under Section 9.2, provided that:

- (a) Debentures which have been partially redeemed, purchased or converted shall be deemed to be outstanding only to the extent of the unredeemed, unpurchased or unconverted part of the principal amount thereof;
- (b) when a new Debenture has been issued in substitution for a Debenture which has been lost, stolen or destroyed, only one of such Debentures shall be counted for the purpose of determining the aggregate principal amount of Debentures outstanding; and
- (c) for the purposes of any provision of this Indenture entitling holders of outstanding Debentures to vote, sign consents, requisitions or other instruments or take any other action under this Indenture, or to constitute a quorum of any meeting of Debentureholders, Debentures owned directly or indirectly, legally or equitably, by the Corporation shall be disregarded except that:
 - (i) for the purpose of determining whether the Trustee and Collateral Agent shall be protected in relying on any such vote, consent, requisition or other instrument or action, or on the holders of Debentures present or represented at any meeting of Debentureholders, only the Debentures which the Trustee and Collateral Agent knows are so owned shall be so disregarded; and

- (ii) Debentures so owned which have been pledged in good faith other than to the Corporation shall not be so disregarded if the pledgee shall establish to the satisfaction of the Trustee and Collateral Agent the pledgee's right to vote such Debentures, sign consents, requisitions or other instruments or take such other actions in its discretion free from the control of the Corporation or a Subsidiary of the Corporation.

Section 1.3 Interpretation

In this Indenture:

- (a) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa;
- (b) all references to Articles and Schedules refer, unless otherwise specified, to articles of and schedules to this Indenture;
- (c) all references to Sections, subsections or clauses refer, unless otherwise specified, to Sections, subsections or clauses of this Indenture;
- (d) words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by and do not imply limitation of their context or the words or phrases which precede or succeed them;
- (e) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;
- (f) unless otherwise indicated, reference to a statute shall be deemed to be a reference to such statute as amended, re-enacted or replaced from time to time; and
- (g) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated by including the day on which the period commences and excluding the day on which the period ends.

Section 1.4 Headings, etc.

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

Section 1.5 Time of Essence

Time shall be of the essence of this Indenture.

Section 1.6 Monetary References

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of Canada unless otherwise expressed.

Section 1.7 Invalidity, etc.

Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof.

Section 1.8 Language

Each of the parties hereto hereby acknowledges that it has consented to and requested that this Indenture and all documents relating hereto, including, without limiting the generality of the foregoing, the schedules to this Indenture, be drawn up in the English language only.

Section 1.9 Successors and Assigns

All covenants and agreements of the Corporation in this Indenture and the Debentures shall bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Trustee and Collateral Agent in this Indenture shall bind its successors.

Section 1.10 Severability

In case any provision in this Indenture or in the Debentures shall be invalid, illegal or unenforceable, such provision shall be deemed to be severed herefrom or therefrom and the validity, legality and enforceability of the remaining provisions shall not in any way be affected, prejudiced or impaired thereby.

Section 1.11 Entire Agreement

This Indenture and all supplemental indentures and Schedules hereto and thereto, and the Debentures issued hereunder and thereunder, together constitute the entire agreement between the parties hereto with respect to the indebtedness created hereunder and thereunder and under the Debentures and supersedes as of the date hereof all prior memoranda, agreements, negotiations, discussions and term sheets, whether oral or written, with respect to the indebtedness created hereunder or thereunder and under the Debentures.

Section 1.12 Benefits of Indenture

Nothing in this Indenture or in the Debentures, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any paying agent, the holders of Debentures and (to the extent provided in Section 8.11) the holders of Common Shares, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.13 Applicable Law and Attornment

This Indenture, any supplemental indenture and the Debentures shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and shall be treated in all respects as British Columbia contracts, with respect to any suit, action or proceedings relating to this Indenture, any supplemental indenture or any Debenture, the Corporation, the Trustee and Collateral Agent and each holder irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

Section 1.14 Currency of Payment

Unless otherwise indicated in a supplemental indenture with respect to any particular series of Debentures, all payments to be made under this Indenture or a supplemental indenture shall be made in United States dollars.

Section 1.15 Non-Business Days

Whenever any payment to be made hereunder shall be due, any period of time would begin or end, any calculation is to be made or any other action is to be taken on, or as of, or from a period ending on, a day other than a Business Day, such payment shall be made, such period of time shall begin or end, such calculation shall be made and such other action shall be taken, as the case may be, unless otherwise specifically provided herein, on or as of the next succeeding Business Day.

Section 1.16 Accounting Terms

Except as hereinafter provided or as otherwise indicated in this Indenture, all calculations required or permitted to be made hereunder pursuant to the terms of this Indenture shall be made in accordance with IFRS. For greater certainty, IFRS shall include any accounting standards that may from time to time be approved for general application by the Canadian Institute of Chartered Accountants.

Section 1.17 Calculations

The Corporation shall be responsible for making all calculations called for hereunder including, without limitation, calculations of Current Market Price. The Corporation shall make such calculations in good faith and, absent manifest error, the Corporation's calculations shall be final and binding on holders and the Trustee and Collateral Agent. The Corporation will provide a schedule of its calculations to the Trustee and Collateral Agent and the Trustee and Collateral Agent shall be entitled to rely conclusively on the accuracy of such calculations without independent verification.

Section 1.18 No Deemed Subordination

Notwithstanding anything to the contrary contained herein (including any provision for, reference to, or acknowledgement of, any Lien or Permitted Lien), nothing herein and no

approval by the Trustee and Collateral Agent or any holder of Debentures of any Lien or Permitted Lien (whether such approval is oral or in writing) shall be construed as or deemed to constitute a subordination by the Trustee and Collateral Agent or any holder of Debentures of any security interest or other right or interest in or to the Collateral or any part thereof in favour of any Lien or Permitted Lien or any holder of any Lien or Permitted Lien.

Section 1.19 Schedules

(1) The following Schedules are incorporated into and form part of this Indenture:

Schedule A – Form of Debenture

Schedule B – Form of Redemption Notice

Schedule C – Form of Notice of Conversion

Schedule D – [Intentionally Deleted]

Schedule E – Form of Certificate of Transfer

Schedule F – Form of Certificate of Exchange

Schedule G – Form of Qualified Institutional Buyer Letter

Schedule H – Form of Warrant Indenture

(2) In the event of any inconsistency between the provisions of any Section of this Indenture and the provisions of the Schedules which form a part hereof, the provisions of this Indenture shall prevail to the extent of the inconsistency.

ARTICLE 2 – THE DEBENTURES

Section 2.1 Issue of Global Debentures

(1) The Corporation may specify that the Debentures are to be issued in whole or in part as one or more Global Debentures, that may or may not be Debenture Certificates or Book Based Only Debentures, registered in the name of a Depository, or its nominee, designated by the Corporation in the Written Direction of the Corporation delivered to the Trustee and Collateral Agent at the time of issue of such Debentures, and in such event the Corporation shall execute and the Trustee and Collateral Agent shall certify and deliver one or more Global Debentures that are not Debenture Certificates or Book Based Only Debentures that shall:

- (a) represent an aggregate amount equal to the principal amount of the outstanding Debentures to be represented by one or more Global Debentures;
- (b) be released by the Trustee and Collateral Agent as instructed by the Corporation for further delivery to such Depository or pursuant to such Depository's instructions; and

- (c) bear a legend substantially to the following effect, or as may otherwise be required by the Depositary:

“THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE TRUST INDENTURE DATED AS OF THE 8 DAY OF SEPTEMBER, 2022 BETWEEN ICANIC BRANDS COMPANY INC. AND ODYSSEY TRUST COMPANY (THE “**INDENTURE**”). EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“**CDS**”) TO ICANIC BRANDS COMPANY INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.”

- (2) Each Depositary designated for a Global Debenture must, at the time of its designation and at all times while it serves as such Depositary, be a clearing agency registered or

designated under the Applicable Securities Legislation of the jurisdiction where the Depository has its principal offices.

Section 2.2 Limit of Debentures

The aggregate principal amount of Debentures authorized to be issued under this Indenture is \$16,500,000, subject to increase at the sole discretion of the Board of Directors, but Debentures may be issued only upon and subject to the conditions and limitations herein set forth.

Section 2.3 Terms of Debentures of any Series

- (1) The Debentures may be issued in one or more series. There shall be established herein or in or pursuant to one or more indentures supplemental hereto, prior to the initial issuance of Debentures of any particular series:
 - (a) the designation of the Debentures of the series (which need not include the term “Debentures”), which shall distinguish the Debentures of the series from the Debentures of all other series;
 - (b) any limit upon the aggregate principal amount of the Debentures of the series that may be certified and delivered under this Indenture (except for Debentures certified and delivered upon registration of, transfer of, amendment of, or in exchange for, or in lieu of, other Debentures of the series pursuant to Section 2.10, Section 2.11, Section 3.1, Section 3.6 and Article 6;
 - (c) the date or dates on which the principal of the Debentures of the series is payable;
 - (d) the rate or rates at which the Debentures of the series shall bear interest, if any, the date or dates from which such interest shall accrue, on which such interest shall be payable and on which record date, if any, shall be taken for the determination of holders to whom such interest shall be payable and/or the method or methods by which such rate or rates or date or dates shall be determined;
 - (e) the place or places where the principal of and any interest on Debentures of the series shall be payable or where any Debentures of the series may be surrendered for registration of transfer or exchange;
 - (f) the right, if any, of the Corporation to redeem Debentures of the series, in whole or in part, at its option and the period or periods within which, the price or prices at which and any terms and conditions upon which, Debentures of the series may be so redeemed;
 - (g) the obligation, if any, of the Corporation to redeem, purchase or repay Debentures of the series pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of a holder thereof and the price or prices at which, the

period or periods within which, the date or dates on which, and any terms and conditions upon which, Debentures of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligations;

- (h) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which Debentures of the series shall be issuable;
 - (i) subject to the provisions of this Indenture, any trustee, depositories, authenticating or paying agents, transfer agents or registrars or any other agents with respect to the Debentures of the series;
 - (j) any events of default or covenants with respect to the Debentures of the series;
 - (k) whether and under what circumstances the Debentures of the series will be convertible into or exchangeable for securities of any Person;
 - (l) the form and terms of the Debentures of the series;
 - (m) if applicable, that the Debentures of the series shall be issuable in certificated or uncertificated form;
 - (n) if other than United States currency, the currency in which the Debentures of the series are issuable; and
 - (o) any other terms of the Debentures of the series (which terms shall not be inconsistent with the provisions of this Indenture).
- (2) All Debentures of any one series shall be substantially identical, except as may otherwise be established herein or by or pursuant to a resolution of the Board of Directors, Officer's Certificate or in an indenture supplemental hereto. All Debentures of any one series need not be issued at the same time and may be issued from time to time, including pursuant to a Periodic Offering, consistent with the terms of this Indenture, if so provided herein, by or pursuant to such resolution of the Board of Directors, Officer's Certificate or in an indenture supplemental hereto.

Section 2.4 Form of Debentures

- (1) Except in respect of the Initial Debentures, the form of which is provided for herein, the Debentures of each series shall be substantially in such form or forms (not inconsistent with this Indenture) as shall be established herein or by or pursuant to one or more resolutions of the Board of Directors (or to the extent established pursuant to, rather than set forth in, a resolution of the Board of Directors, in an Officer's Certificate detailing such establishment) or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations

pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform to general usage, all as may be determined by the directors or officers of the Corporation executing such Debentures on behalf of the Corporation, as conclusively evidenced by their execution of such Debentures.

- (2) Each Debenture Certificate and each Global Debenture held by the Depository on the date hereof or per written order of the Corporation (and each such Debenture Certificate or Global Debenture, as the case may be, issued in exchange therefore or in substitution thereof) may bear or be deemed to bear the following legends or such variations thereof as the Corporation may prescribe from time to time:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY UNTIL [INSERT DATE THAT IS 4 MONTHS AND ONE DAY AFTER DATE OF ISSUE]”

Section 2.5 Form and Terms of Initial Debentures

- (1) The first series of Debentures (the “**Initial Debentures**”) authorized for issue immediately is limited to an aggregate principal amount of up to \$16,500,000 and shall be designated as “11.0% Secured Convertible Debentures”.
- (2) The Initial Debentures shall be dated as of the Initial Closing Date and shall mature on September 8, 2024 (the “**Maturity Date**” for the Initial Debentures).
- (3) The Initial Debentures shall bear interest from the date of issue at the rate of 11.0% per annum (based on a year of 360 days composed of twelve 30-day months), payable at the Maturity Date. Interest payments will be satisfied by the Corporation in cash.
- (4) The Initial Debentures will not be redeemable prior to the Maturity Date except in the event of a Change of Control pursuant to the 90% Redemption Right, as provided in Section 2.5(8)(b). The Redemption Notice for the Initial Debentures shall be substantially in the form of Schedule B. Any redemption or notice of redemption may, at the Corporation’s option, be subject to the following conditions precedent: (i) completion of a Change of Control; or (ii) completion of a financing of equity or indebtedness.
- (5) The Initial Debentures will be direct secured obligations of the Corporation. The Initial Debentures will rank *pari passu* in right of payment of principal and interest with all other Debentures issued under the Offering (regardless of their actual date or terms of issue).
- (6) Upon and subject to the provisions and conditions of Article 6 and Section 3.7, the Initial Debentures may be converted into Units on the following terms and subject to the following conditions
 - (a) The holder of each Initial Debenture shall have the right at such holder’s option, at any time prior to the close of business on the earliest of (i) the third Business

Day immediately preceding the Maturity Date of the Initial Debentures; or (ii) if subject to redemption pursuant to a Change of Control, on the Business Day immediately preceding the payment date, subject to the satisfaction of certain conditions, by notice to the holders of Initial Debentures in accordance with Section 2.5(8) (the earlier of which will be the “**Time of Expiry**” for the purposes of Article 6 in respect of the Initial Debentures), to convert any part, being \$1,000 or an integral multiple thereof, of the principal amount of a Debenture into Units at the Conversion Price in effect on the Date of Conversion.

- (b) The Conversion Price in effect on the date hereof for each Unit to be issued upon the conversion of Initial Debentures shall be equal to \$0.10 per Unit. Except as provided below, no adjustment in the number of Units to be issued upon conversion will be made for dividends or distributions on Common Shares forming part of the Units issuable upon conversion, the record date for the payment of which precedes the date upon which the holder becomes a holder of Common Shares in accordance with Article 6, or for interest accrued on Initial Debentures surrendered. No fractional Common Shares will be issued, and the number of Common Shares so issuable will be rounded down to the nearest whole number, on any conversion of the Debentures. The Conversion Price applicable to, and the Units, securities or other property receivable on the conversion of, the Initial Debentures is subject to adjustment pursuant to the provisions of Section 6.5. Debentureholders converting their Initial Debentures will receive, in addition to the applicable number of Units, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Initial Debentures surrendered for conversion up to and including the Date of Conversion from, and including, the most recent Interest Payment Date. The Conversion Price will not be adjusted for accrued interest.
 - (c) Notwithstanding any other provisions of this Indenture, if a Debenture is surrendered for conversion on an Interest Payment Date or during the five Business Days preceding each Interest Payment Date, the Person or Persons entitled to receive Units in respect of the Debenture so surrendered for conversion shall not become the holder or holders of record of such Common Shares or Warrants comprising the Units until the Business Day following such Interest Payment Date and, for clarity, any interest payable on such Debentures will be for the account of the holder of record of such Debentures at the close of business on the relevant record date.
 - (d) An Initial Debenture in respect of which a holder has accepted a notice in respect of a Change of Control Purchase Offer pursuant to the provisions of a Section 2.5(8) may be surrendered for conversion only if such notice is withdrawn in accordance with this Indenture.
- (7) The Initial Debentures shall be issued in denominations of \$1,000 and integral multiples of \$1,000 (or such other amount as the Corporation may determine in its sole discretion). Each Initial Debenture and the certificate of the Trustee and Collateral Agent endorsed

thereon shall be issued in substantially the form set out in Schedule A, with such insertions, omissions, substitutions or other variations as shall be required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Board of Directors executing such Initial Debenture in accordance with Section 2.8 hereof, as conclusively evidenced by their execution of an Initial Debenture. Each Initial Debenture shall additionally bear such distinguishing letters and numbers as the Trustee and Collateral Agent shall approve. Notwithstanding the foregoing, an Initial Debenture may be in such other form or forms as may, from time to time, be, approved by a resolution of the Board of Directors, or as specified in an Officer's Certificate. The Initial Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.

The Initial Debentures shall be issued in the form of one or more Debenture Certificates and/or as Uncertificated Debentures. Notwithstanding the foregoing, Initial Debentures issued to U.S. Purchasers (other than to Qualified Institutional Buyers) shall be issued only as Debenture Certificates.

- (8) Upon the occurrence of a Change of Control, and subject to the provisions and conditions of this Section 2.5(8), the Corporation shall be obligated to offer to purchase or convert all of the outstanding Initial Debentures on the following terms and conditions:
- (a) Not less than 30 days prior to the consummation of a Change of Control, the Corporation shall deliver to the Trustee and Collateral Agent, and the Trustee and Collateral Agent shall promptly deliver to the holders of the Initial Debentures, a notice stating that there has been a Change of Control and specifying the date on which such Change of Control occurred and the circumstances or events giving rise to such Change of Control (a "**Change of Control Notice**"). Prior to the Change of Control Purchase Date (as defined below), the Debentureholders shall, in their sole discretion, have the right to require the Corporation to purchase the Debentures in whole or in part (the "**Change of Control Offer**") at 100% of the principal amount thereof plus accrued and unpaid interest if the Change of Control (the "**Offer Price**"). The "**Change of Control Purchase Date**" shall be the date that is 30 days following the date that the Change of Control Notice is delivered to holders of Initial Debentures;
 - (b) If 90% or more in aggregate principal amount of Initial Debentures outstanding on the date the Corporation provides the Change of Control Notice to holders of the Initial Debentures have been surrendered for purchase pursuant to the Change of Control Offer on the expiration thereof, the Corporation has the right upon written notice provided to the Trustee and Collateral Agent within 10 days following the expiration of the Change of Control Offer, to redeem all the Initial Debentures remaining outstanding on the expiration of the Change of Control

Offer at the Offer Price as at the Change of Control Purchase Date (the “**90% Redemption Right**”).

- (c) Upon receipt of notice that the Corporation has exercised or is exercising the 90% Redemption Right and is acquiring the remaining Initial Debentures:
 - (i) the Trustee and Collateral Agent shall promptly provide written notice to each Debentureholder that did not previously accept the Change of Control Offer that the Corporation has exercised the 90% Redemption Right and is purchasing all outstanding Initial Debentures effective on the expiry of the Change of Control Offer at the Offer Price, and shall include a calculation of the amount payable to such holder as payment of the Offer Price as at the Change of Control Purchase Date;
 - (ii) each such holder must transfer their Initial Debentures to the Trustee and Collateral Agent on the same terms as those holders that accepted the Change of Control Offer and must send their respective Initial Debentures, duly endorsed for transfer, to the Trustee and Collateral Agent within 10 days after receipt of such notice; and
 - (iii) the rights of such holder under the terms of the Initial Debentures and this Indenture cease effective as of the date of expiry of the Change of Control Offer provided the Corporation has, on or before the time of notifying the Trustee and Collateral Agent of the exercise of the 90% Redemption Right, paid the Offer Price to, or to the order of, the Trustee and Collateral Agent and thereafter the Initial Debentures shall not be considered to be outstanding and the holder shall not have any right except to receive such holder’s Offer Price upon surrender and delivery of such holder’s Initial Debentures in accordance with the Indenture.
- (d) The Corporation shall, on or before 10:00 a.m. (Vancouver time) on the Business Day immediately prior to the Change of Control Purchase Date, deposit with the Trustee and Collateral Agent or any paying agent to the order of the Trustee and Collateral Agent, such sums of money as may be sufficient to pay the Offer Price of the Initial Debentures to be purchased or redeemed by the Corporation on the Change of Control Purchase Date (less any tax required by law to be deducted in respect of accrued and unpaid interest), provided the Corporation may elect to satisfy this requirement by providing the Trustee and Collateral Agent with a certified cheque or wire transfer for such amounts required under this Section 2.5(8)(d) post-dated to the date of expiry of the Change of Control Offer. The Corporation shall also deposit with the Trustee and Collateral Agent a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee and Collateral Agent in connection with such purchase. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee and Collateral Agent shall pay or cause to be paid to the holders of such Initial Debentures, the Offer Price to which they are entitled (less any tax required by

law to be deducted in respect of accrued and unpaid interest) on the Corporation's purchase.

- (e) In the event that one or more of such Initial Debentures being purchased in accordance with this Section 2.5(8) becomes subject to purchase in part only, upon surrender of such Initial Debentures for payment of the Offer Price, the Corporation shall execute and the Trustee and Collateral Agent shall certify and deliver without charge to the holder thereof or upon the holder's order, one or more new Initial Debentures for the portion of the principal amount of the Initial Debentures not purchased.
- (f) Initial Debentures for which holders have accepted the Change of Control Offer and Initial Debentures which the Corporation has elected to redeem in accordance with this Section 2.5(8) shall become due and payable at the Offer Price on the Change of Control Purchase Date, in the same manner and with the same effect as if it were the date of maturity specified in such Initial Debentures, anything therein or herein to the contrary notwithstanding, and from and after the Change of Control Purchase Date, if the money necessary to purchase or redeem, or the Common Shares necessary to purchase or redeem, the Initial Debentures shall have been deposited as provided in this Section 2.5(8) and affidavits or other proofs satisfactory to the Trustee and Collateral Agent as to the publication and/or mailing of such notices shall have been lodged with it, interest on the Initial Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Trustee and Collateral Agent whose decision shall be final and binding upon all parties in interest.
- (g) In case the holder of any Initial Debenture to be purchased or redeemed in accordance with this Section 2.5(8) shall fail on or before the Change of Control Purchase Date to so surrender such holder's Initial Debenture or shall not within such time accept payment of the monies payable, or give such receipt therefor, if any, as the Trustee and Collateral Agent may require, such monies may be set aside in trust, without interest, either in the deposit department of the Trustee and Collateral Agent or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum so set aside and the Debentureholder shall have no other right except to receive payment of the monies so paid and deposited, upon surrender and delivery of such holder's Initial Debenture. In the event that any money required to be deposited hereunder with the Trustee and Collateral Agent or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Initial Debentures issued hereunder shall remain so deposited for a period of six years from the Change of Control Purchase Date, then such monies, together with any accumulated interest thereon, or any distributions paid thereon, shall at the end of such period be paid over or delivered over by the Trustee and Collateral Agent or such depository or paying agent to the Corporation and the Trustee and Collateral Agent shall not be responsible to Debentureholders for any amounts owing to them.

- (h) Subject to the provisions above related to Initial Debentures purchased in part, all Initial Debentures redeemed and paid under this Section 2.5(8) shall forthwith be delivered to the Trustee and Collateral Agent and cancelled and no Initial Debentures shall be issued in substitution therefor.
- (9) A Debenture in respect of which a holder has accepted a notice in respect of a Change of Control Offer pursuant to the provisions of Section 2.5(8) may be surrendered for conversion only if such notice is withdrawn in accordance with this Indenture.

Section 2.6 Certification and Delivery of Additional Debentures

- (1) The Corporation may from time to time request the Trustee and Collateral Agent to certify and deliver Additional Debentures of any series by delivering to the Trustee and Collateral Agent the documents referred to below in this Section 2.6 whereupon the Trustee and Collateral Agent shall certify such Debentures and cause the same to be delivered in accordance with the Written Direction of the Corporation referred to below or pursuant to such procedures acceptable to the Trustee and Collateral Agent as may be specified from time to time by a Written Direction of the Corporation. The maturity date, issue date, interest rate (if any) and any other terms of the Debentures of such series shall be set forth in or determined by or pursuant to such Written Direction of the Corporation and procedures. In certifying such Debentures, the Trustee and Collateral Agent shall be entitled to receive and shall be fully protected in relying upon, unless and until such documents have been superseded or revoked:
 - (a) an Officer's Certificate and/or executed supplemental indenture by or pursuant to which the form and terms of such Additional Debentures were established;
 - (b) a Written Direction of the Corporation requesting certification and delivery of such Additional Debentures and setting forth delivery instructions, provided that, with respect to Debentures of a series subject to a Periodic Offering:
 - (i) such Written Direction of the Corporation may be delivered by the Corporation to the Trustee and Collateral Agent prior to the delivery to the Trustee and Collateral Agent of such Additional Debentures of such series for certification and delivery;
 - (ii) the Trustee and Collateral Agent shall certify and deliver Additional Debentures of such series for original issue from time to time, in an aggregate principal amount not exceeding the aggregate principal amount, if any, established for such series, pursuant to a Written Direction of the Corporation or pursuant to procedures acceptable to the Trustee and Collateral Agent as may be specified from time to time by a Written Direction of the Corporation;
 - (iii) the maturity date or dates, issue date or dates, interest rate or rates (if any) and any other terms of Additional Debentures of such series shall be

determined by an executed supplemental indenture or by Written Direction of the Corporation or pursuant to such procedures; and

- (iv) if provided for in such procedures, such Written Direction of the Corporation may authorize certification and delivery pursuant to oral or electronic instructions from the Corporation which oral or electronic instructions shall be promptly confirmed in writing;
- (c) an opinion of Counsel, in form and substance satisfactory to the Trustee and Collateral Agent, acting reasonably, to the effect that all requirements imposed by this Indenture and by law in connection with the proposed issue of Additional Debentures have been complied with, subject to the delivery of certain documents or instruments specified in such opinion; and
- (d) an Officer's Certificate (which Officer's Certificate shall be in such form that satisfies all applicable laws) certifying that the Corporation is not in default under this Indenture, that the terms and conditions for the certification and delivery of Additional Debentures (including those set forth in Section 13.4), have been complied with subject to the delivery of any documents or instruments specified in such Officer's Certificate and that no Event of Default exists or will exist upon such certification and delivery.

Section 2.7 Non-Certificated Deposit

- (1) Subject to the provisions hereof, at the Corporation's option, Debentures may be issued and registered in the name of CDS or its nominee and:
 - (a) the deposit of which may be confirmed electronically by the Trustee and Collateral Agent to a particular Participant through CDS; and
 - (b) shall be identified by a specific CUSIP/ISIN as requested by the Corporation from CDS to identify each specific series of Debentures.
- (2) If the Corporation issues Debentures to the Depository, Beneficial Holders of such Debentures registered and deposited with CDS shall not receive Debenture Certificates in definitive form and shall not be considered owners or holders thereof under this Indenture or any supplemental indenture. Beneficial interests in Debentures registered and deposited with CDS will be represented only through the non-certificated inventory system administered by CDS. Transfers of Debentures registered and deposited with CDS between Participants shall occur in accordance with the rules and procedures of CDS. Neither the Corporation nor the Trustee and Collateral Agent shall have any responsibility or liability for any aspects of the records relating to or payments made by CDS or its nominee, on account of the beneficial interests in Debentures registered and deposited with CDS. Nothing herein shall prevent the Beneficial Holders of Debentures registered and deposited with CDS from voting such Debentures using duly executed proxies or voting instruction forms.

- (3) All references herein to actions by, notices given or payments made to Debentures shall, where Debentures are held through CDS, refer to actions taken by, or notices given or payments made to, CDS upon instruction from the Participants in accordance with its rules and procedures. For the purposes of any provision hereof requiring or permitting actions with the consent of or the direction of Debentureholders evidencing a specified percentage of the aggregate Debentures outstanding, such direction or consent may be given by Beneficial Holders acting through CDS and the Participants owning Debentures evidencing the requisite percentage of the Debentures. The rights of a Beneficial Holder whose Debentures are held established by law and agreements between such holders and CDS and the Participants upon instructions from the Participants. Each Trustee and Collateral Agent and the Corporation may deal with CDS for all purposes (including the making of payments) as the authorized representative of the respective Debentures and such dealing with CDS shall constitute satisfaction or performance, as applicable, of their respective obligations hereunder.
- (4) For so long as Debentures are held through CDS, if any notice or other communication is required to be given to Debentureholders, the Trustee and Collateral Agent will give such notices and communications to CDS.
- (5) If CDS resigns or is removed from its responsibility as Depository and the Trustee and Collateral Agent is unable or does not wish to locate a qualified successor, CDS shall provide the Trustee and Collateral Agent with instructions for registration of Debentures in the names and in the amounts specified by CDS and the Corporation shall issue and the Trustee and Collateral Agent shall certify and deliver the aggregate number of Debentures then outstanding in the form of definitive Debentures Certificates representing such Debentures.
- (6) The rights of Beneficial Holders who hold securities entitlements in respect of the Debentures through non-certificated inventory system administered by CDS shall be limited to those established by applicable law and agreements between the Depository and the Participants and between such Participants and the Beneficial Holders who hold securities entitlements in respect of the Debentures through the non-certificated inventory system administered by CDS, and such rights must be exercised through a Participant in accordance with the rules and procedures of the Depository.
- (7) Notwithstanding anything herein to the contrary, none of the Corporation nor the Trustee and Collateral Agent nor any agent thereof shall have any responsibility or liability for:
 - (a) the electronic records maintained by the Depository relating to any ownership interests or other interests in the Debentures or the depository system maintained by the Depository, or payments made on account of any ownership interest or any other interest of any Person in any Debenture represented by an electronic position in the non-certificated inventory system administered by CDS (other than Depository or its nominee);

- (b) for maintaining, supervising or reviewing any records of the Depository or any Participant relating to any such interest; or
 - (c) any advice or representation made or given by the Depository or those contained herein that relate to the rules and regulations of the Depository or any action to be taken by the Depository on its own direction or at the direction of any Participant.
- (8) The Corporation may terminate the application of this Section 2.7 in its sole discretion in which case the Corporation shall issue or shall cause to be issued Debenture Certificates representing all Debentures registered in the names of the Persons who beneficially own such Debentures and deliver or cause to be delivered such Debenture Certificates to such Persons.

Section 2.8 Execution of Debentures

All Debentures shall be signed (either manually or electronic signature) by any one authorized director or officer of the Corporation holding office at the time of signing. An electronic signature upon a Debenture shall for all purposes of this Indenture be deemed to be the signature of the Person whose signature it purports to be. Notwithstanding that any Person whose signature, either manual or electronic form, appears on a Debenture as a director or officer may no longer hold such office at the date of the Debenture or at the date of the certification and delivery thereof, such Debenture shall be valid and binding upon the Corporation and the holder thereof and entitled to the benefits of this Indenture.

Section 2.9 Certification

- (1) No Debenture shall be issued or, if issued, shall be obligatory or shall entitle the holder to the benefits of this Indenture, until it has been certified by manual signature by or on behalf of the Trustee and Collateral Agent substantially in the form set out in this Indenture, in the relevant supplemental indenture, or in some other form approved by the Trustee and Collateral Agent. Such certification or authentication of any Debenture shall be conclusive evidence that such Debenture is duly issued, is a valid obligation of the Corporation and the holder is entitled to the benefits hereof. Debentures will be Authenticated on a Written Direction of the Corporation.
- (2) The certificate of the Trustee and Collateral Agent signed on the Debentures, or interim Debentures hereinafter mentioned, and the authentication of Uncertificated Debentures, shall not be construed as a representation or warranty by the Trustee and Collateral Agent as to the validity of this Indenture or of the Debentures or interim Debentures or as to the issuance of the Debentures or interim Debentures and the Trustee and Collateral Agent shall in no respect be liable or answerable for the use made of the Debentures or interim Debentures or any of them or the proceeds thereof. The certificate of the Trustee and Collateral Agent on the Debentures or interim Debentures, and the authentication of Uncertificated Debentures, shall, however, be a representation and warranty by the Trustee and Collateral Agent that the Debentures or interim Debentures have been duly

certified by or on behalf of the Trustee and Collateral Agent pursuant to the provisions of this Indenture.

- (3) The Trustee and Collateral Agent shall certify Uncertificated Debentures (whether upon original issuance, exchange, registration of transfer or otherwise) by completing its Internal Procedures and the Corporation shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Debentures have been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Debentures with respect to which this Indenture requires the Trustee and Collateral Agent to maintain records or accounts. In case of differences between the register at any time and any other time the register at the later time shall be controlling, absent manifest error and such Uncertificated Debentures are binding on the Corporation.

Section 2.10 Interim Debentures or Certificates

Pending the delivery of definitive Debentures of any series to the Trustee and Collateral Agent, the Corporation may issue and the Trustee and Collateral Agent certify in lieu thereof interim Debentures in such forms and in such denominations and signed in such manner as provided herein, entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; or the Corporation may execute and the Trustee and Collateral Agent certify a temporary Debenture for the whole principal amount of Debentures of the series then authorized to be issued hereunder and deliver the same to the Trustee and Collateral Agent and thereupon the Trustee and Collateral Agent may issue its own interim certificates in such form and in such amounts, not exceeding in the aggregate the principal amount of the temporary Debenture so delivered to it, as the Corporation and the Trustee and Collateral Agent may approve entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; and, when so issued and certified, such interim or temporary Debentures or interim certificates shall, for all purposes but without duplication, rank in respect of this Indenture equally with Debentures duly issued hereunder and, pending the exchange thereof for definitive Debentures, the holders of the interim or temporary Debentures or interim certificates shall be deemed without duplication to be Debentureholders and entitled to the benefit of this Indenture to the same extent and in the same manner as though the said exchange had actually been made. Forthwith after the Corporation shall have delivered the definitive Debentures to the Trustee and Collateral Agent, the Trustee and Collateral Agent shall cancel such temporary Debentures, if any, and shall call in for exchange all interim Debentures or certificates that shall have been issued and forthwith after such exchange shall cancel the same. No charge shall be made by the Corporation or the Trustee and Collateral Agent to the holders of such interim or temporary Debentures or interim certificates for the exchange thereof. All interest paid upon interim or temporary Debentures or interim certificates shall be noted thereon as a condition precedent to such payment unless paid by cheque to the registered holders thereof.

Section 2.11 Mutilation, Loss, Theft or Destruction

In case any of the Debentures issued hereunder shall become mutilated or be lost, stolen or destroyed, the Corporation shall issue, and thereupon the Trustee and Collateral Agent shall certify and deliver, a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Trustee and Collateral Agent and shall be entitled to the benefits of this Indenture and rank equally in accordance with its terms with all other Debentures issued or to be issued hereunder. In case of loss, theft or destruction the applicant for a substituted Debenture shall furnish to the Corporation and to the Trustee and Collateral Agent such evidence of the loss, theft or destruction of the Debenture as shall be satisfactory to them in their discretion, acting reasonably, and shall also furnish an indemnity and surety bond satisfactory to them in their discretion, acting reasonably. The applicant shall pay all reasonable expenses incidental to the issuance of any substituted Debenture.

Section 2.12 Concerning Interest

- (1) All Debentures issued hereunder, whether originally or upon exchange or in substitution for previously issued Debentures which are interest bearing, shall bear interest (i) from and including their issue date, or (ii) from and including, if applicable, the last Interest Payment Date to which interest shall have been paid or made available for payment on the outstanding Debentures of that series, whichever shall be the later, or, in respect of Debentures subject to a Periodic Offering, from and including their issue date or from and including, if applicable, the last Interest Payment Date to which interest shall have been paid or made available for payment on such Debentures, in all cases, to and excluding the next Interest Payment Date.
- (2) Unless otherwise specifically provided in the terms of the Debentures of any series, interest shall be computed on the basis of a year of 360 days comprised of twelve 30-day months. With respect to any series of Debentures, whenever interest is computed on the basis of a year (the “**deemed year**”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

Section 2.13 Debentures to Rank Equally

- (1) The Debentures will be direct secured obligations of the Corporation and will rank equally and rateably secured with all other Debentures, with the same right, Lien and entitlement with respect to the Collateral, without preference, priority or distinction between the Debentures, regardless of their actual date or terms of issue, secured by a senior Lien over the Collateral (subject to Permitted Liens).

Section 2.14 Payments of Amounts Due on Maturity

- (1) Except as may otherwise be provided herein or in any supplemental indenture in respect of any series of Debentures, payments of amounts due upon maturity of the Debentures will be made in the following manner. The Corporation will establish and maintain with the Trustee and Collateral Agent a Maturity Account for each series of Debentures. Each such Maturity Account shall be maintained by and be subject to the control of the Trustee and Collateral Agent for the purposes of this Indenture. On or before 10:00 a.m. (Vancouver time) on the Business Day immediately prior to each Maturity Date for Debentures outstanding from time to time under this Indenture, the Corporation will deliver to the Trustee and Collateral Agent (i) a certified cheque or wire transfer for deposit in the applicable Maturity Account in an amount sufficient to pay the cash amount payable in respect of such Debentures (including the principal amount together with any accrued and unpaid interest thereon less any tax required by law to be deducted). The Trustee and Collateral Agent, on behalf of the Corporation, will pay to each holder entitled to receive payment the principal amount of and premium (if any) and accrued and unpaid interest on the Debenture, upon surrender of the Debenture at any branch of the Trustee and Collateral Agent designated for such purpose from time to time by the Corporation and the Trustee and Collateral Agent. The delivery of such funds and certificates to the Trustee and Collateral Agent for deposit to the applicable Maturity Account will satisfy and discharge the liability of the Corporation for the Debentures to which the delivery of funds and certificates relates to the extent of the amount delivered (plus the amount of any tax deducted as aforesaid) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so delivered or made available the amount to which it is entitled.

Section 2.15 U.S. Legend

- (1) The Debentures and the Common Shares and Warrants comprising the Units issuable upon conversion thereof (collectively, the “**Securities**”) have not been and will not be registered under the U.S. Securities Act or state securities laws. Subject to Section 2.15(3), all Debentures originally issued and sold to U.S. Purchasers in reliance on exemptions from registration under the U.S. Securities Act, as well as the Common Shares and the Warrants issuable upon conversion, redemption or maturity thereof, shall be “restricted securities” within the meaning assigned to that term in Rule 144(a)(3) under the U.S. Securities Act, and may be issued in certificated form or under a separate restricted CUSIP number, and, until such time as the same is no longer required under applicable requirements of the U.S. Securities Act or U.S. state securities laws, shall bear or be deemed to bear the following legend (the “**U.S. Legend**”):

THE SECURITIES REPRESENTED HEREBY [*for Debentures add:* AND THE SECURITIES ISSUABLE UPON CONVERSION THEREOF] [*for Warrants add:* AND THE SECURITIES ISSUABLE UPON EXERCISE THEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE

UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR THE LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF ICANIC BRANDS COMPANY INC. (THE “CORPORATION”), THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE U.S. STATE SECURITIES LAWS, AND, IN THE CASE OF (C) OR (D) ABOVE, AFTER THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION AND [*for Debentures add: THE TRUSTEE AND COLLATERAL AGENT*] [*for Common Shares issuable upon conversion add: THE TRANSFER AGENT*] [*for Warrants issuable upon conversion add: THE WARRANT AGENT*] TO SUCH EFFECT. [*For Common Shares issuable upon conversion add: THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE.*]

provided that, if any of such Debentures, Common Shares or Warrants are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S and the Corporation is a “foreign issuer” (as defined in Rule 902 of Regulation S) at the time of the original sale or issuance of such Securities, the legend set forth above may be removed by providing a declaration to the Corporation and its transfer agent for such Securities, as set forth in Section 2 of Schedule E attached hereto (or in such other form as the Corporation may prescribe from time to time); and provided, further, that, if such Securities are being sold otherwise than in accordance with Rule 904 of Regulation S and other than to the Corporation, the legend may be removed by delivery to the Corporation and its transfer agent for such Securities of an opinion of counsel of recognized standing or other evidence of exemption in form and substance reasonably satisfactory to the

Corporation that such legend is no longer required under applicable requirements of the U.S. Securities Act or U.S. state securities laws.

- (2) Subject to Section 2.15(3), the parties hereto hereby acknowledge and agree that the Debentures originally issued to U.S. Purchasers that are U.S. Accredited Investors (but not Qualified Institutional Buyers), and the Common Shares and Warrants comprising the Units issuable upon conversion thereof, may not be reoffered, or resold, pledged or otherwise transferred except: (i) to the Corporation; (ii) outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations; (iii) in compliance with the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144 thereunder, if available, and in accordance with any applicable U.S. state securities laws; or (iv) in another transaction that does not require registration under the U.S. Securities Act or any applicable U.S. state securities laws.
- (3) Notwithstanding Section 2.15(1), provided that a Qualified Institutional Buyer has duly executed and delivered the Certificate of Qualified Institutional Buyer with the subscription agreement used in connection with the offer and sale of the Debentures, such Debentures shall be included in the Unrestricted Debentures, and any Common Shares or Warrants comprising the Units issued to such Qualified Institutional Buyer upon conversion of such Debentures shall neither be required to be issued under a restricted CUSIP nor bear a U.S. Legend.
- (4) Prior to the issuance of the Debentures, the Corporation shall notify the Trustee and Collateral Agent, in writing, concerning which Debentures are to be included in the Restricted Debentures which shall bear the U.S. Legend. The Trustee and Collateral Agent will thereafter maintain a list of all registered holders from time to time of such legended Debentures. Subject to Section 2.15(3), the Debentures issued to U.S. Purchasers that are U.S. Accredited Investors and not Qualified Institutional Buyers shall be issued as Restricted Physical Debentures.

Section 2.16 Payment of Interest in Cash

The following provisions shall apply to Debentures, except as otherwise provided in Section 2.5(4) or specified in a resolution of the Board of Directors, an Officer's Certificate or a supplemental indenture relating to a particular series of Additional Debentures:

- (a) As interest becomes due on each Debenture the Corporation, either directly or through the Trustee and Collateral Agent or any agent of the Trustee and Collateral Agent, shall send or forward by prepaid ordinary mail, wire transfer of funds or such other means as may be agreed to by the Trustee and Collateral Agent, payment of such interest (less any tax required by law to be deducted or withheld) to the order of the registered holder of such Debenture appearing on the registers maintained by the Trustee and Collateral Agent at the close of business on the record date prior to the applicable Interest Payment Date and addressed to the holder at the holder's last address appearing on the register, unless such holder

otherwise directs. If payment is made by cheque, such cheque shall be forwarded at least three days prior to each date on which interest becomes due and if payment is made by other means (such as electronic transfer of funds), provided that for any payment to be made by the Trustee and Collateral Agent, it must receive confirmation of receipt of funds prior to being able to forward funds or cheques to holders and such payment shall be made in a manner whereby the holder receives credit for such payment on the date such interest on such Debenture becomes due. The mailing of such cheque or the making of such payment by other means shall, to the extent of the sum represented thereby, plus the amount of any tax withheld or deducted as aforesaid (provided that such taxes which were deducted or withheld were permitted to the appropriate governmental authority in accordance with prescribed law), satisfy and discharge all liability for interest on such Debenture, unless in the case of payment by cheque, such cheque is not paid at par on presentation. In the event of non-receipt of any cheque for or other payment of interest by the Person to whom it is so sent as aforesaid, the Corporation will issue to such Person a replacement cheque or other payment for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon being indemnified to its satisfaction. Notwithstanding the foregoing, if the Corporation is prevented by circumstances beyond its control (including, without limitation, any interruption in mail service) from making payment of any interest due on each Debenture in the manner provided above, the Corporation may make payment of such interest or make such interest available for payment in any other manner acceptable to the Trustee and Collateral Agent with the same effect as though payment had been made in the manner provided above.

- (b) All payments of interest on an Uncertificated Debenture shall be made by wire funds transfer or certified cheque made payable (i) to the Depository or its nominee on the day interest is payable for subsequent payment to Beneficial Holders of the applicable Uncertificated Debenture, unless the Corporation and the Depository otherwise agree or (ii) if the Corporation wishes to have the Trustee and Collateral Agent act as interest paying agent, to the Trustee and Collateral Agent by no later than the Business Day prior to the day interest is payable for subsequent payment to Beneficial Holders of the applicable Uncertificated Debenture. None of the Corporation, the Trustee and Collateral Agent or any agent of the Trustee and Collateral Agent for any Debenture issued as an Uncertificated Debenture will be liable or responsible to any Person for any aspect of the records related to or payments made on account of beneficial interests in any Uncertificated Debenture or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

ARTICLE 3 – REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP

Section 3.1 Global Debentures or Book Based Only Debentures

- (1) With respect to each series of Debentures issuable in whole or in part as one or more Global Debentures and/or as Book Based Only Debentures, the Corporation shall cause to be kept by and at the principal offices of the Trustee and Collateral Agent in Calgary, Alberta and by the Trustee and Collateral Agent or such other registrar as the Corporation, with the approval of the Trustee and Collateral Agent, may appoint at such other place or places, if any, as the Corporation may designate with the approval of the Trustee and Collateral Agent, a register in which shall be entered the name and address of the holder of each such Global Debenture and/or Book Based Only Debenture as holder thereof and particulars of the Global Debenture and/or Book Based Only Debenture held by it, and of all transfers thereof. If any Debentures of such series are at any time not Global Debentures or Book Based Only Debentures, the provisions of Section 3.2 shall govern with respect to registrations and transfers of such Debentures.
- (2) Notwithstanding any other provision of this Indenture, a Global Debenture or Book Based Only Debenture may not be transferred by the registered holder thereof and accordingly, no definitive certificates shall be issued to Beneficial Holders except in the following circumstances or as otherwise specified in a resolution of the Directors, an Officer's Certificate or a supplemental indenture relating to a particular series of Additional Debentures:
 - (a) Global Debentures or Book Based Only Debentures may be transferred by a Depository to a nominee of such Depository or by a nominee of a Depository to such Depository or to another nominee of such Depository or by a Depository or its nominee to a successor Depository or its nominee;
 - (b) Global Debentures or Book Based Only Debentures may be transferred at any time after (i) the Depository for such Global Debentures or Book Based Only Debentures, as the case may be, or the Corporation has notified the Trustee and Collateral Agent that the Depository is unwilling or unable to continue as Depository for such Global Debentures or Book Based Only Debentures, or (ii) the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a Depository under Section 2.1(2), provided in each case that at the time of such transfer the Trustee and Collateral Agent and the Corporation are unable to locate a qualified successor Depository for such Global Debentures or Book Based Only Debentures;
 - (c) Global Debentures or Book Based Only Debentures may be transferred at any time after the Corporation has determined, in its sole discretion, with the consent of the Trustee and Collateral Agent to terminate the book-entry only registration system or book based entry, as the case may be, in respect of such Global Debentures or Book Based Only Debentures and has communicated such determination to the Trustee and Collateral Agent in writing;

- (d) Global Debentures or Book Based Only Debentures may be transferred at any time after the Trustee and Collateral Agent has determined that an Event of Default has occurred and is continuing with respect to the Debentures of the series issued as a Global Debenture or Book Based Only Debentures, as the case may be, provided that Beneficial Holders of the Debentures representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures of such series advise the Depository in writing, through the Depository Participants, that the continuation of the book-entry only registration system or book based entry, as applicable, for such series of Debentures is no longer in their best interest and also provided that at the time of such transfer the Debentureholders have not waived the Event of Default pursuant to Section 8.3;
 - (e) Global Debentures or Book Based Only Debentures may be transferred if required by applicable law; or
 - (f) Global Debentures or Book Based Only Debentures may be transferred if the book-entry only registration system or book based entry, as applicable, ceases to exist.
- (3) With respect to the Global Debentures, unless and until definitive certificates have been issued to Beneficial Holders of the Debentures pursuant to Section 3.1(2):
- (a) the Corporation and the Trustee and Collateral Agent may deal with the Depository for all purposes (including paying interest on the Debentures) as the sole holder of such series of Debentures and the authorized representative of the Beneficial Holders;
 - (b) the rights of the Beneficial Holders of the Debentures shall be exercised only through the Depository and shall be limited to those established by law and agreements between such Beneficial Holders and the Depository or the Depository Participants;
 - (c) the Depository will make book-entry or book based, as applicable, transfers among the Depository Participants; and
 - (d) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Debentureholders evidencing a specified percentage of the outstanding Debentures, the Depository shall be deemed to be counted in that percentage only to the extent that it has received instructions to such effect from the Beneficial Holders of the Debentures or the Depository Participants, and has delivered such instructions to the Trustee and Collateral Agent.
- (4) Whenever a notice or other communication is required to be provided to Debentureholders, unless and until definitive certificate(s) have been issued to Beneficial Holders of the Debentures pursuant to this Section 3.1, the Trustee and Collateral Agent shall provide all such notices and communications to the Depository for forwarding by

the Depository to such Beneficial Holders in accordance with Applicable Securities Legislation. Upon the termination of the book-entry only registration system or book based entry, as applicable, on the occurrence of one of the conditions specified in Section 3.1(2) with respect to a series of Debentures issued hereunder, the Trustee and Collateral Agent shall notify all applicable Depository Participants and Beneficial Holders, through the Depository, of the availability of definitive Debenture Certificates. Upon surrender by the Depository of the certificate(s) representing the Global Debentures and receipt of new registration instructions from the Depository, the Trustee and Collateral Agent shall deliver the definitive Debenture Certificates for such Debentures to the holders thereof in accordance with the new registration instructions and thereafter, the registration and transfer of such Debentures will be governed by Section 3.2 and the remaining Sections of this Article 3, as applicable.

- (5) Notwithstanding any other provisions of this Indenture or the Debentures, transfers and exchanges of Debentures and beneficial interests in Global Debentures shall be made in accordance the applicable rules and guidelines of the Securities Transfer Association of Canada.
- (6) In the establishment and maintenance of a Book Based Only Debenture issue, the Trustee and Collateral Agent shall maintain such a record on its register for Debentures in book based form only. Transfers of Debentures appearing on the register of the Depository shall otherwise occur as provided for in this Indenture. The parties hereto further recognize that, notwithstanding the issuance of Book Based Only Debentures, conversions of Debentures shall occur as contemplated by the terms of this Indenture but the Trustee and Collateral Agent is permitted to employ whatever reasonable means it may from time to time require in order to guarantee the unhindered (but subject to the terms and conditions hereof) conversion of such Debentures appearing on the register for Debentures in book based only form by making whatever arrangements are deemed necessary by it with the Depository.
- (7) At the time of the execution of this Indenture, the parties hereto understand that no declarations or other paper certificates or documentation will be required in order to effect conversions of Debentures held by Persons in the United States. If at any time subsequent to the initial issuance of Debentures it is determined by the Depository, the Trustee and Collateral Agent, the Corporation or legal counsel that physical declarations or other paper documentation are required for conversions or otherwise, the parties hereto and the Debentureholders acknowledge that the Trustee and Collateral Agent may be obliged to require the Debentures held by such Persons converting their Debentures to be certificated rather than held in book based form.

Section 3.2 Transfer of Restricted Debentures

- (1) Notwithstanding any other provisions in this Indenture or the Debentures, transfers and exchanges of Restricted Debentures shall be made in accordance with this Section 3.2(1):

- (a) **Transfer and Exchange of Interests in a Restricted Uncertificated Debenture for Interests in an Unrestricted Uncertificated Debenture.** An interest in a Restricted Uncertificated Debenture may be exchanged by any holder thereof for an interest in an Unrestricted Uncertificated Debenture or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Uncertificated Debenture if the Trustee and Collateral Agent receives the following:
- (i) if the holder of such interest in a Restricted Uncertificated Debenture proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Uncertificated Debenture, a certificate from such holder in the form of Schedule F, including the certifications in item (1)(a) thereof; or
 - (ii) if the holder of such beneficial interest in a Restricted Uncertificated Debenture proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Uncertificated Debenture, a certificate from such holder in the form of Schedule E, including the certifications in items (3)(a) or (b) thereof;

and, in each such case set forth in this clause 3.2(1)(a), the Trustee and Collateral Agent and the Corporation receive an opinion of counsel of recognized standing or other evidence, as applicable, in form and substance reasonably satisfactory to the Corporation to the effect that such transfer or exchange is in compliance with the U.S. Securities Act and all applicable U.S. state securities laws.

- (b) **Transfer of Restricted Physical Debenture for Restricted Physical Debenture or Restricted Uncertificated Debenture.** A Restricted Physical Debenture may be transferred to a Person who takes delivery thereof in the form of a Restricted Physical Debenture or a Restricted Uncertificated Debenture if the Corporation and the Trustee and Collateral Agent receive an opinion of counsel of recognised standing, in form and substance reasonably satisfactory to the Corporation, to the effect that such transfer or exchange is in compliance with an available exemption from the registration requirements of the U.S. Securities Act and all applicable U.S. state securities laws; provided that a Debenture that is a Restricted Physical Debenture may be transferred in accordance with the requirements of Section 2.15(1) and Section 2.15(2).
- (c) **Transfer and Exchange of Restricted Physical Debentures for Unrestricted Physical Debentures.** A Restricted Physical Debenture may be exchanged by the holder thereof for an Unrestricted Physical Debenture or transferred to a Person who takes delivery thereof in the form of an Unrestricted Physical Debenture if the Trustee and Collateral Agent receives the following:

- (i) if the holder of such Restricted Physical Debenture proposes to exchange such Debenture for an Unrestricted Physical Debenture, a certificate from such holder in the form of F, including the certifications in item (1)(b) thereof;
- (ii) if the holder of such Restricted Physical Debenture proposes to transfer such Debenture to a Person who shall take delivery thereof in the form of an Unrestricted Physical Debenture, a certificate from such holder in the form of E, including the certifications in items (3)(a) or (b) thereof; or
- (iii) if the holder of such Restricted Physical Debenture proposes to transfer such Debenture to a Person who shall take delivery thereof in the form of an Unrestricted Uncertificated Debenture, a certificate from such holder in the form of Schedule E, including the certifications in items (3)(a) or (b) thereof;
- (iv) if the holder of such Restricted Physical Debenture proposes to transfer such Debenture to a Person who shall take delivery thereof in the form of an Unrestricted Physical Debenture, a certificate from such holder in the form of Schedule E, including the certifications in items (3)(a) or (b) thereof;

and, in each such case set forth in this clause 3.2(3)(c), the Trustee and Collateral Agent and the Corporation receive an opinion of counsel of recognized standing or other evidence, as applicable, in form reasonably satisfactory to the Corporation to the effect that such transfer or exchange is in compliance with the U.S. Securities Act and all applicable U.S. state securities laws.

- (d) **Transfer of Restricted Uncertificated Debentures and Restricted Physical Debentures pursuant to Rule 144A.** An interest in a Restricted Uncertificated Debenture or a Restricted Physical Debenture may be transferred pursuant to Rule 144A under the U.S. Securities Act if the Trustee and Collateral Agent receives a certificate from such holder in the form of Schedule E, including the certifications in item (1) thereof.
- (e) **Transfer of Restricted Uncertificated Debentures and Restricted Physical Debentures pursuant to Regulation S.** An interest in a Restricted Uncertificated Debenture or a Restricted Physical Debenture may be transferred pursuant to Rule 904 of Regulation S under the U.S. Securities Act if the Trustee and Collateral Agent receives a certificate from such holder in the form of Schedule E, including the certifications in item (2) thereof.

Section 3.3 Transferee Entitled to Registration

The transferee of a Debenture shall be entitled, after the appropriate form of transfer is lodged with the Trustee and Collateral Agent or other registrar and upon compliance with all

other conditions in that behalf required by this Indenture or by law, to be entered on the register as the owner of such Debenture free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Debenture, save in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction. Upon surrender for registration of transfer of Debentures, the Corporation shall issue and thereupon the Trustee and Collateral Agent shall certify and deliver a new Debenture Certificate or confirm the electronic deposit of Uncertificated Debentures of like tenor in the name of the designated transferee and register such transfer in accordance with Section 3.2. If less than all the Debentures evidenced by the Debenture Certificate(s) or Uncertificated Debentures so surrendered are transferred, the transferor shall be entitled to receive, in the same manner, a new Debenture Certificate or electronically deposited Uncertificated Debentures registered in its name evidencing the Debentures not transferred.

Section 3.4 No Notice of Trusts

Neither the Corporation nor the Trustee and Collateral Agent nor any registrar shall be bound to take notice of or see to the execution of any trust (other than that created by this Indenture) whether express, implied or constructive, in respect of any Debenture, and may transfer the same on the direction of the Person registered as the holder thereof, whether named as trustee or otherwise, as though that Person were the beneficial owner thereof.

Section 3.5 Registers Open for Inspection

The registers referred to in Section 3.1 and Section 3.2 shall at all reasonable times be open for inspection by the Corporation, the Trustee and Collateral Agent or any Debentureholder. Every registrar, including the Trustee and Collateral Agent or any Debentureholder, shall from time to time when requested so to do by the Corporation, in writing, within 15 days of such request, furnish the Corporation with a current list of names and addresses of holders of registered Debentures entered on the register kept by them and showing the principal amount and serial numbers of the Debentures held by each such holder, provided the Trustee and Collateral Agent shall be entitled to charge a reasonable fee to the Corporation to provide such a list.

Section 3.6 Exchanges of Debentures

- (1) Subject to Section 3.1, Section 3.2 and Section 3.7, Debentures in any authorized form or denomination may be exchanged for Debentures in any other authorized form or denomination, of the same series and date of maturity, bearing the same interest rate and of the same aggregate principal amount as the Debentures so exchanged.
- (2) In respect of exchanges of Debentures permitted by Section 3.6(1), Debentures of any series may be exchanged only at the principal offices of the Trustee and Collateral Agent in the city of Calgary, Alberta or at such other place or places, if any, as may be specified in the Debentures of such series and at such other place or places as may from time to time be designated by the Corporation with the approval of the Trustee and Collateral Agent. Any Debentures tendered for exchange shall be surrendered to the Trustee and

Collateral Agent. The Corporation shall execute and the Trustee and Collateral Agent shall certify all Debentures necessary to carry out exchanges as aforesaid. All Debentures surrendered for exchange shall be cancelled.

- (3) Debentures issued in exchange for Debentures which at the time of such issue have been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption in the same manner and shall have noted thereon a statement to that effect.

Section 3.7 Closing of Registers

- (1) Neither the Corporation nor the Trustee and Collateral Agent nor any registrar shall be required to:
 - (a) make transfers or exchanges of, or convert any Debentures on any day selected by the Trustee and Collateral Agent for the redemption of Debentures or during the five preceding Business Days;
 - (b) make exchanges of any Debentures which will have been selected or called for redemption unless upon due presentation thereof for redemption such Debentures shall not be redeemed, as the register for the applicable series of Debentures shall be closed in respect of such actions on such dates; or
 - (c) make transfers or exchanges of any Debentures on the Business Day immediately preceding the maturity date of such Debentures, or during such longer period prior to an applicable maturity date as directed in writing by the Corporation (which period shall not exceed the five Business Days preceding the applicable maturity date).
- (2) Subject to any restriction herein provided, the Corporation with the approval of the Trustee and Collateral Agent may at any time close any register for any series of Debentures, other than those kept at the principal offices of the Trustee and Collateral Agent in Calgary, Alberta, and transfer the registration of any Debentures registered thereon to another register (which may be an existing register) and thereafter such Debentures shall be deemed to be registered on such other register. Notice of such transfer shall be given to the holders of such Debentures.

Section 3.8 Charges for Registration, Transfer and Exchange

For each Debenture exchanged, registered, transferred or discharged from registration, the Trustee and Collateral Agent or other registrar, except as otherwise herein provided, may make a reasonable charge for its services and in addition may charge a reasonable sum for each new Debenture issued (such amounts to be agreed upon from time to time by the Trustee and Collateral Agent and the Corporation), and payment of such charges and reimbursement of the Trustee and Collateral Agent or other registrar for any stamp taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange, registration,

transfer or discharge from registration as a condition precedent thereto. Notwithstanding the foregoing provisions, no charge shall be made to a Debentureholder hereunder:

- (a) for any exchange, registration, transfer or discharge from registration of any Debenture applied for within a period of two months from the date of the first delivery of Debentures of that series or, with respect to Debentures subject to a Periodic Offering, within a period of two months from the date of delivery of any such Debenture;
- (b) for any exchange of any interim or temporary Debenture or interim certificate that has been issued under Section 2.10 for a certificated Debenture;
- (c) for any exchange of an Uncertificated Debenture as contemplated in Section 3.1; or
- (d) for any exchange of any Debenture resulting from a partial redemption under Section 4.1;
- (e) for a purchase of Debentures under Section 4.8;
- (f) for a partial conversion under Section 6.4; or
- (g) for an offer to purchase or convert the Initial Debentures under Section 2.5(8).

Section 3.9 Ownership of Debentures

- (1) Unless otherwise required by law, the Person in whose name any registered Debenture is registered shall for all purposes of this Indenture be and be deemed to be the owner thereof and payment of or on account of the principal of and premium, if any, on such Debenture and interest thereon shall be made to such registered holder.
- (2) The registered holder for the time being of any registered Debenture shall be entitled to the principal, premium, if any, and/or interest evidenced by such instruments, respectively, free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt of any such registered holder for any such principal, premium or interest shall be a good discharge to the Trustee and Collateral Agent, any registrar and to the Corporation for the same and none shall be bound to inquire into the title of any such registered holder.
- (3) Where Debentures are registered in more than one name, the principal, premium, if any, and interest from time to time payable in respect thereof may be paid to the order of all such holders, failing written instructions from them to the contrary, and the receipt of any one of such holders therefor shall be a valid discharge, to the Trustee and Collateral Agent, any registrar and to the Corporation.

- (4) In the case of the death of one or more joint holders of any Debenture the principal, premium, if any, and interest from time to time payable thereon may be paid to the order of the survivor or survivors of such registered holders and the receipt of any such survivor or survivors therefor shall be a valid discharge to the Trustee and Collateral Agent and any registrar and to the Corporation.

ARTICLE 4- REDEMPTION AND PURCHASE OF DEBENTURES

Section 4.1 Applicability of Article

Subject to regulatory approval, Section 2.5(6)(d) and provisions relating to any particular series of Debentures, the Corporation shall have the right at its option to redeem, either in whole at any time or in part from time to time before maturity, any Debentures issued hereunder of any series which by their terms are made so redeemable (subject, however, to any applicable restriction on the redemption of Debentures of such series) at such rate or rates of premium, if any, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and as shall have been expressed in this Indenture, in the Debentures, in an Officers' Certificate, or in a supplemental indenture authorizing or providing for the issue thereof, or in the case of Additional Debentures issued pursuant to a Periodic Offering, in the Written Direction of the Corporation requesting the Authentication and delivery thereof. For purposes of this Article 4, the term Debentures excludes the Initial Debentures. Notwithstanding this exclusion, the Corporation shall not be prohibited from exercising the 90% Redemption Right.

Section 4.2 Partial Redemption

If less than all the Debentures of any series for the time being outstanding are at any time to be redeemed, the Debentures to be so redeemed shall be selected by the Trustee and Collateral Agent on a pro rata basis to the nearest multiple of \$1,000 in accordance with the principal amount of the Debentures registered in the name of each holder or in such other manner as the Trustee and Collateral Agent deems equitable, subject to the approval of any Recognized Stock Exchange on which the Debentures are then listed as may be required from time to time. Unless otherwise specifically provided in the terms of any series of Debentures, no Debenture shall be redeemed in part unless the principal amount redeemed is \$1,000 or a multiple thereof. For this purpose, the Trustee and Collateral Agent may make, and from time to time vary, regulations with respect to the manner in which such Debentures may be drawn for redemption and regulations so made shall be valid and binding upon all holders of such Debentures notwithstanding that as a result thereof one or more of such Debentures may become subject to redemption in part only or for cash only. In the event that one or more of such Debentures becomes subject to redemption in part only, upon surrender of any such Debentures for payment of the Redemption Price, together with interest accrued to but excluding the Redemption Date, the Corporation shall execute and the Trustee and Collateral Agent shall Authenticate and deliver without charge to the holder thereof or upon the holder's order one or more new Debentures for the unredeemed part of the principal amount of the Debenture or Debentures so surrendered or, with respect to an Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's non-certificated system. Unless the

context otherwise requires, the terms “Debenture” or “Debentures” as used in this Article 4 shall be deemed to mean or include any part of the principal amount of any Debenture which in accordance with the foregoing provisions has become subject to redemption.

Section 4.3 Notice of Redemption

If the Corporation wishes to redeem any of the Debentures, a notice of redemption (the “**Redemption Notice**”) of any series of Debentures shall be given to the holders of the Debentures so to be redeemed not more than 60 days nor less than 30 days prior to the date fixed for redemption (the “**Redemption Date**”) in the manner provided in Section 13.2. Every such notice shall specify the aggregate principal amount of Debentures called for redemption, the Redemption Date, the Redemption Price and the places of payment and shall state that interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date. In addition, unless all the outstanding Debentures are to be redeemed, the Redemption Notice shall specify:

- (a) the distinguishing letters and numbers of the registered Debentures which are to be redeemed (or of such thereof as are registered in the name of such Debentureholder);
- (b) in the case of a published notice, the distinguishing letters and numbers of the Debentures which are to be redeemed or, if such Debentures are selected pro rata or other similar system, such particulars as may be sufficient to identify the Debentures so selected;
- (c) in the case of an Uncertificated Debenture, that the redemption will take place in such manner as may be agreed upon by the Depository, the Trustee and Collateral Agent and the Corporation; and
- (d) in all cases, the principal amounts of such Debentures or, if any such Debenture is to be redeemed in part only, the principal amount of such part.

In the event that all Debentures to be redeemed are registered Debentures, publication shall not be required.

Section 4.4 Debentures Due on Redemption Dates

Notice having been given as aforesaid, all the Debentures so called for redemption shall thereupon be and become due and payable at the Redemption Price on the Redemption Date specified in such notice, in the same manner and with the same effect as if it were the date of maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after such Redemption Date, if the monies necessary to redeem such Debentures shall have been deposited as provided in Section 4.5 and affidavits or other proof satisfactory to the Trustee and Collateral Agent as to the publication and/or mailing of such notices shall have been lodged with it, interest upon the Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made,

such question shall be decided by the Trustee and Collateral Agent whose decision shall be final and binding upon all parties in interest.

Section 4.5 Deposit of Redemption Monies

Redemption of Debentures shall be provided for by the Corporation depositing with the Trustee and Collateral Agent or any paying agent to the order of the Trustee and Collateral Agent, on or before 10:00 a.m. (Vancouver time) on the Business Day immediately prior to the Redemption Date specified in such notice, such sums of money as may be sufficient to pay the Redemption Price of the Debentures so called for redemption, provided the Corporation may elect to satisfy this requirement by providing the Trustee and Collateral Agent with a certified cheque or wire transfer for such amounts required under this Section 4.5 post-dated to the Redemption Date or by providing the Trustee and Collateral Agent with such funds through electronic transfer of funds on the Business Day immediately prior to the Redemption Date. The Corporation shall also deposit with the Trustee and Collateral Agent a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee and Collateral Agent in connection with such redemption. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee and Collateral Agent shall pay or cause to be paid, or issue or cause to be issued, to the holders of such Debentures so called for redemption, upon surrender of such Debentures, the principal, premium (if any) and interest (if any) to which they are respectively entitled on redemption.

Section 4.6 Failure to Surrender Debentures Called for Redemption

In case the holder of any Debenture so called for redemption shall fail on or before the Redemption Date to so surrender such holder's Debenture, or shall not within such time accept payment of the redemption monies payable, or give such receipt therefor, if any, as the Trustee and Collateral Agent may require, such redemption monies may be set aside in trust, either in the deposit department of the Trustee and Collateral Agent or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum and, to that extent, the Debenture shall thereafter not be considered as outstanding hereunder and the Debentureholder shall have no other right except to receive payment out of the monies so paid and deposited, upon surrender and delivery of such holder's Debenture of the Redemption Price, as the case may be, of such Debenture. In the event that any money required to be deposited hereunder with the Trustee and Collateral Agent or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder shall remain so deposited for a period of three years less one day from the Redemption Date, then such monies, together with any accumulated interest thereon or any distribution paid thereon, shall at the end of such period be paid over or delivered over by the Trustee and Collateral Agent or such depository or paying agent to the Corporation on its demand, and thereupon the Trustee and Collateral Agent shall not be responsible to Debentureholders for any amounts owing to them and subject to applicable law, thereafter the holder of a Debenture in respect of which such money was so repaid to the Corporation shall have no rights in respect thereof except to obtain payment of the money due from the Corporation, subject to any limitation period provided by the laws of Alberta. Notwithstanding the foregoing, the Trustee and Collateral Agent will pay any remaining funds prior to the expiry of three years less one day after the Redemption Date to the

Corporation upon receipt from the Corporation, of an unconditional letter of credit from a Canadian chartered bank in an amount equal to or in excess of the amount of the remaining funds. If the remaining funds are paid to the Corporation prior to the expiry of three years less one day after the Redemption Date, the Corporation shall reimburse the Trustee and Collateral Agent for any amounts required to be paid by the Trustee and Collateral Agent to a holder of a Debenture pursuant to the redemption after the date of such payment of the remaining funds to the Corporation but prior to three years less one day after the redemption.

Section 4.7 Cancellation of Debentures Redeemed

Subject to the provisions of Sections 4.2 and 4.8 as to Debentures redeemed or purchased in part, all Debentures redeemed and paid under this Article 4 shall forthwith be delivered to the Trustee and Collateral Agent and cancelled and no Debentures shall be issued in substitution therefore.

Section 4.8 Purchase of Debentures by the Corporation

- (1) Unless otherwise specifically provided with respect to a particular series of Debentures, the Corporation may, if it is not at the time in default hereunder, at any time and from time to time, purchase Debentures in the market (which shall include purchases from or through an investment dealer or a firm holding membership on a Recognized Stock Exchange) or by tender or by contract. All Debentures so purchased will be delivered to the Trustee and Collateral Agent and shall be cancelled and no Debentures shall be issued in substitution therefor.
- (2) If, upon an invitation for tenders, more Debentures are tendered at the same lowest price than the Corporation is prepared to accept, the Debentures to be purchased by the Corporation shall be selected by the Trustee and Collateral Agent on a pro rata basis from the Debentures tendered by each tendering Debentureholder who tendered at such lowest price. For this purpose the Trustee and Collateral Agent may make, and from time to time amend, regulations with respect to the manner in which Debentures may be so selected, and regulations so made shall be valid and binding upon all Debentureholders, notwithstanding the fact that as a result thereof one or more of such Debentures become subject to purchase in part only. The holder of a Debenture of which a part only is purchased, upon surrender of such Debenture for payment, shall be entitled to receive, without expense to such holder, one or more new Debentures for the unpurchased part so surrendered, and the Trustee and Collateral Agent shall certify and deliver such new Debenture or Debentures upon receipt of the Debenture so surrendered or, with respect to an Uncertificated Debenture, the Depository shall electronically deposit the unpurchased part so surrendered.

Section 4.9 Deposit of Maturity Monies

Payment on maturity of Debentures shall be provided for by the Corporation depositing with the Trustee and Collateral Agent or any paying agent to the order of the Trustee and Collateral Agent, on or before 10:00 a.m. (Vancouver time) on the Business Day immediately

prior to the Maturity Date, such sums of money as may be sufficient to pay any principal amount of Debentures and accrued and unpaid interest thereon up to but excluding the Maturity Date. The Corporation shall also deposit with the Trustee and Collateral Agent a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee and Collateral Agent in connection therewith. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee and Collateral Agent shall pay or cause to be paid to the holders of such Debentures, upon surrender of such Debentures, the principal and interest to which they are respectively entitled on the Maturity Date.

ARTICLE 5 – GUARANTEE

Section 5.1 Security

- (1) The Corporation agrees to and agrees to cause the Guarantors to execute and deliver the Security Documents, in each case as continuing collateral security for the due, prompt and complete payment, performance and satisfaction by the Corporation of all of their debts, liabilities and obligations to the Trustee and Collateral Agent and the Debentureholders under and in respect of the Indenture Documents and the Security Documents.
- (2) The Security Documents shall be effective as of the date of this Indenture regardless of the date that the Debentures are issued or the date on which any money is advanced to the Corporation pursuant to the Indenture Documents.

Section 5.2 Priority of Security

The Security Documents and the Liens created thereunder are for the equal and rateable benefit and security of all holders of Debentures and the Trustee and Collateral Agent. Each holder of Debentures by his, her or its acceptance of the Debentures hereby (a) designates and appoints the Trustee and Collateral Agent to hold the Liens created by the Security Documents for the benefit of all holders of Debentures; (b) consents and agrees to the terms of the Security Documents, and (c) authorizes and directs the Trustee and Collateral Agent to execute and deliver any Security Documents and to perform its obligations and exercise its rights thereunder in accordance with this Indenture.

Section 5.3 After Acquired Property; Further Assurances

The Corporation shall forthwith, and from time to time, take such action and execute and deliver to the Trustee and Collateral Agent, on behalf of the holders of the Debentures such agreements, conveyances, deeds and other documents and instruments which are necessary or advisable as a result of any change in applicable law after the date hereof or as may be necessary to ensure that any additional interests in the Collateral of the Corporation, or the Guarantors, or in any asset of the Corporation, or the Guarantors, to be subject to a security interest pursuant to the terms hereof or the Security Documents are subject to the security interests created hereby and thereby, in each case for giving the Trustee and Collateral Agent a valid Lien upon the Collateral to secure the payment of all principal, interest and other amounts outstanding under

the Indenture and the Debentures and the performance of all debts, liabilities and obligations of the Corporation to each of the holders of Debentures and the Trustee and Collateral Agent from time to time, under and in respect of the Indenture and the other Indenture Documents.

Section 5.4 Registration

- (1) The Corporation shall, from time to time, at the expense of the Corporation:
 - (a) record, file, enter or register or cause to be recorded, filed, entered or registered, this Indenture and all other Indenture Documents, financing statements and all other instruments without delay, where necessary or advisable to perfect the Liens created by the Security Documents;
 - (b) renew or cause to be renewed the recordings, filings or registrations made in respect of the Security Documents from time to time as and when required to maintain the perfection and intended priority of the Liens granted pursuant to the Security Documents; and
 - (c) deliver to the Trustee and Collateral Agent, on demand, certificates or other forms of confirmation acceptable to the Trustee and Collateral Agent establishing such registration or recording, and renew the same from time to time, if such renewal is necessary to preserve or protect the Liens created pursuant to the Security Documents.
- (2) If the Corporation fails to perform its obligations under this Section 5.4, the Trustee and Collateral Agent may, in its sole discretion and without obligation or liability for doing so, perform any such obligation capable of being performed by it at the expense of the Corporation.

Section 5.5 No Impairment

Nothing contained in this Article 5 or elsewhere in this Indenture or in the Debentures is intended to or shall impair, as between the Corporation, its creditors, and the holders of the Debentures, the obligation of the Corporation, which is absolute and unconditional, to pay to the holders of Debentures the principal of, premium, if any, and interest on the Debentures, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the holders of Debentures (subject to Section 5.2 hereof) and creditors of the Corporation, nor shall anything herein or therein prevent the Trustee and Collateral Agent or the holders of any Debentures from exercising all remedies otherwise permitted by applicable law upon default under this Indenture.

ARTICLE 6 – CONVERSION OF DEBENTURES

Section 6.1 Applicability of Article

- (1) Any Debentures issued hereunder of any series which by their terms are convertible (subject, however, to any applicable restriction of the conversion of Debentures of such series) will be convertible into Units or other securities of the Corporation, at such conversion rate or rates, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and shall have been expressed in this Indenture (including subsection 2.5(6) and Section 3.7 hereof), in such Debentures, in an Officer's Certificate, or in a supplemental indenture authorizing or providing for the issue thereof.
- (2) Such right of conversion shall extend only to the maximum number of whole Units into which the aggregate principal amount of the Debenture and any accrued or unpaid interests or Debentures surrendered for conversion at any one time by the holder thereof may be converted. Fractional interests in the Common Shares and Warrants comprising the Units shall be adjusted for in the manner provided in Section 6.6.

Section 6.2 Notice of Expiry of Conversion Privilege

Notice of the expiry of the conversion privileges of the Debentures shall be given by or on behalf of the Corporation, not more than 60 days and not less than 30 days prior to the date fixed for the Time of Expiry, in the manner provided in Section 12.2.

Section 6.3 Revival of Right to Convert

If the redemption of any Debenture called for redemption by the Corporation is not made or the payment of the purchase price of any Debenture which has been tendered in acceptance of an offer by the Corporation to purchase Debentures for cancellation is not made, in the case of a redemption upon due surrender of such Debenture or in the case of a purchase on the date on which such purchase is required to be made, as the case may be, then, provided the Time of Expiry has not passed, the right to convert such Debentures shall revive and continue as if such Debenture had not been called for redemption or tendered in acceptance of the Corporation's offer, respectively.

Section 6.4 Manner of Exercise of Right to Convert

- (1) The holder of a Debenture Certificate desiring to convert such Debenture in whole or in part into Units shall surrender such Debenture Certificate to the Trustee and Collateral Agent at its principal office in Calgary, Alberta together with the conversion notice in the form of Schedule C or any other written notice in a form satisfactory to the Trustee and Collateral Agent, duly executed by the holder or its executors or administrators or other legal representatives or its or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee and Collateral Agent, exercising its right to convert such Debenture in accordance with the provisions of this Article; provided that with respect to an Uncertificated Debenture, registration and

surrender of interests in the Debentures will be made only through the Depository's non-certificated system. Restricted Uncertificated Debentures and Restricted Physical Debentures shall be converted into Common Shares and Warrants comprised in the Units and marked to bear the U.S. Legend, and Unrestricted Uncertificated Debentures shall be converted into Common Shares and Warrants comprised in the Units. Upon the Trustee and Collateral Agent receiving an executed Conversion Notice as set out in Schedule C with the box therein being ticked, the Trustee and Collateral Agent will issue the Common Shares and Warrants comprising the Units without the U.S. Legend and the Trustee and Collateral Agent will issue the Warrants in accordance with the Warrant Indenture, the form of which is attached as Schedule H hereto. Thereupon such Debentureholder or, subject to compliance with the applicable terms and provisions hereof and payment of all applicable stamp or security transfer taxes or other governmental charges and compliance with all reasonable requirements of the Trustee and Collateral Agent, its nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Date of Conversion (or such later date as is specified in Section 6.4(2)) as the holder of the number of Common Shares and Warrants comprising the Units, as applicable, into which such Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Corporation shall deliver to such Debentureholder or, subject as aforesaid, its nominee(s) or assignee(s), a certificate, certificates or other electronic evidence of security for such Common Shares, and Warrants in accordance with the Warrant Indenture, or deposit such Common Shares and Warrants through the Depository's non-certificated system and make or cause to be made any payment of interest to which such holder is entitled in accordance with Section 6.4(5). With respect to a Global Debenture, the obligation to surrender a Debenture to the Trustee and Collateral Agent shall be satisfied if the Trustee and Collateral Agent makes a notation on the Global Debenture of the principal amount thereof so converted and the Trustee and Collateral Agent is provided with all other documentation which it may request.

- (2) For the purposes of this Article 6, a Debenture shall be deemed to be surrendered for conversion on the date (herein called the "**Date of Conversion**") on which it is so surrendered when the register of the Trustee and Collateral Agent is open and in accordance with the provisions of this Article 6 on the date on which it is received by the Trustee and Collateral Agent at the principal offices of the Trustee and Collateral Agent in Calgary, Alberta; provided that if a Debenture is surrendered for conversion on a day on which the register of Common Shares or Warrants or Debentures is closed, the Person or Persons entitled to receive Common Shares and Warrants comprising the Units shall become the holder or holders of record of such Common Shares and Warrants as at the date on which such registers are next reopened.
- (3) Any part, being \$1,000 or an integral multiple thereof, of a Debenture in a denomination in excess of \$1,000 may be converted as provided in this Article 6 and all references in this Indenture to conversion of Debentures shall be deemed to include conversion of such parts.

- (4) The holder of any Debenture of which only a part is converted shall, upon the exercise of its right of conversion surrender such Debenture to the Trustee and Collateral Agent in accordance with Section 6.4(1), and the Trustee and Collateral Agent shall cancel the same and shall without charge forthwith certify and deliver to the holder a new Debenture or Debentures in an aggregate principal amount equal to the unconverted part of the principal amount of the Debenture so surrendered or, with respect to an Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's non-certificated system.
- (5) Except as may be otherwise expressly provided for at the time of issue of such Debentures, as expressed in this Indenture, in such Debentures, in an Officer's Certificate, or in a supplemental indenture authorizing or providing for the issue thereof, the holder of a Debenture surrendered for conversion in accordance with this Section 6.4 shall be entitled (subject to any applicable restriction on the right to receive interest on conversion of Debentures of any series) to receive accrued and unpaid interest in respect thereof, in cash, from, if applicable, the last Interest Payment Date prior to the Date of Conversion up to but excluding the Date of Conversion and the Common Shares comprising part of the Units issued upon such conversion shall participate only in respect of distributions or dividends declared in favour of shareholders of record on and after the Date of Conversion or such later date as such holder shall become the holder of record of such Common Shares pursuant to Section 6.4(2), from which applicable date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

Section 6.5 Adjustment of Conversion Price

The Conversion Price in effect at any date shall be subject to adjustment from time to time as set forth below.

- (a) If and whenever at any time prior to the Time of Expiry the Corporation shall
 - (i) subdivide or redivide the outstanding Common Shares into a greater number of shares,
 - (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of shares, or
 - (iii) issue Common Shares or securities exchangeable or convertible into Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a dividend or distribution (other than the issue of Common Shares to holders of Common Shares who have elected to receive dividends or distributions in the form of Common Shares in lieu of cash dividends or cash distributions paid in the ordinary course on the Common Shares),

the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a dividend or distribution, as the case may be, shall in the case of any of the events referred to in (i) and (iii) above be decreased in proportion to the number of outstanding Common Shares resulting from such subdivision, redivision or dividend, or shall, in the case of any of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 6.5(a) shall occur. Any such issue of Common Shares by way of a dividend or distribution shall be deemed to have been made on the record date for the dividend or distribution for the purpose of calculating the number of outstanding Common Shares under subsections (b) and (c) of this Section 6.5.

- (b) If and whenever at any time prior to the Time of Expiry, the Corporation shall fix a record date for the payment of a cash dividend or distribution to the holders of all or substantially all of the outstanding Common Shares in respect of any period of time, the Conversion Price shall be adjusted immediately after such record date so that it shall be equal to the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the denominator shall be the Current Market Price per Common Share on such record date and of which the numerator shall be the Current Market Price per Common Share on such record date minus the amount in cash per Common Share distributed to holders of Common Shares. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such cash dividend or distribution is not paid, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed.
- (c) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible into Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price on such record date, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) by such Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible). Such adjustment shall be made successively

whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon the number of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.

- (d) If and whenever at any time prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in Section 6.5(a) or a consolidation, amalgamation, arrangement, share exchange, merger of the Corporation with or into any other Person or other entity or acquisition of the Corporation or other combination pursuant to which the Common Shares are converted into or acquired for cash, securities or other property; or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other Person (other than a direct or indirect wholly-owned Subsidiary of the Corporation) or other entity or a liquidation, dissolution or winding-up of the Corporation, any holder of a Debenture who has not exercised its right of conversion prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Common Shares and Warrants comprising the Units then sought to be acquired by it, such amount of cash or the number of shares or other securities or property of the Corporation or of the Person or other entity resulting from such merger, amalgamation, arrangement, acquisition, combination or consolidation, or to which such sale or conveyance may be made or which holders of Common Shares receive pursuant to such liquidation, dissolution or winding-up, as the case may be, that such holder of a Debenture would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, if, on the record date or the effective date thereof, as the case may be, the holder had been the registered holder of the number of Common Shares and Warrants comprising the Units sought to be acquired by it and to which it was entitled to acquire upon the exercise of the conversion right, subject to Section 6.5(m). If determined appropriate by the Board of Directors, to give effect to or to evidence the provisions of this Section 6.5(d), the Corporation, its successor, or such purchasing Person or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests

thereafter of the holder of Debentures to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any cash, shares or other securities or property to which a holder of Debentures is entitled on the exercise of its acquisition rights thereafter. Any indenture entered into between the Corporation and the Trustee and Collateral Agent pursuant to the provisions of this Section 6.5(d) shall be a supplemental indenture entered into pursuant to the provisions of Article 14. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing Person or other entity and the Trustee and Collateral Agent shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 6.5(d) and which shall apply to successive reclassifications, capital reorganizations, amalgamations, consolidations, mergers, share exchanges, acquisitions, combinations, sales or conveyances. For greater certainty, nothing in this Section 6.5(d) shall affect or reduce the requirement for any Person to make a Change of Control Offer, and notice of any transaction to which this Section 6.5(d) applies shall be given in accordance with Section 6.9

- (e) If the Corporation shall make a distribution to all or substantially all of the holders of Common Shares of shares in the capital of the Corporation, other than Common Shares, or evidences of indebtedness or other assets of the Corporation, including securities (but excluding: (i) any issuance of rights or warrants for which an adjustment was made pursuant to Section 6.5(c); and (ii) any dividend or distribution paid exclusively in cash) (the “**Distributed Securities**”), then in each such case (unless the Corporation distributes such Distributed Securities to the holders of Debentures on such dividend or distribution date (as if each holder had converted such Debenture into Common Shares immediately preceding the record date with respect to such distribution)) the Conversion Price in effect immediately preceding the record date fixed for the determination of shareholders entitled to receive such dividend or distribution shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately preceding such record date by a fraction of which the denominator shall be the Current Market Price per Common Share on such record date and of which the numerator shall be the Current Market Price per Common Share on such record date less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive evidence of such fair market value, subject to approval by the CSE (or such other Recognized Stock Exchange on which the Common Shares are listed for trading) and which shall be evidenced by an Officer’s Certificate delivered to the Trustee and Collateral Agent) on such record date of the portion of the Distributed Securities so distributed applicable to one Common Share (determined on the basis of the number of Common Shares outstanding at the close of business on such record date). Such adjustment shall be made successively whenever any such distribution is made and shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution. In the event that such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the

Conversion Price that would then be in effect if such dividend or distribution had not been declared. If the then fair market value (as so determined) of the portion of the Distributed Securities so distributed applicable to one Common Share is equal to or greater than the Current Market Price per Common Share on such record date, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of a Debenture shall have the right to receive upon conversion the amount of Distributed Securities so distributed that such holder would have received had such holder converted each Debenture on such record date. If the Board of Directors determines the fair market value of any distribution for purposes of this clause (d) of Section 6.5 by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market over the same period used in computing the Current Market Price of the Common Shares.

- (f) If any issuer bid made by the Corporation or any of its Subsidiaries for all or any portion of Common Shares shall expire, then, if the issuer bid shall require the payment to shareholders of consideration per Common Share having a fair market value (determined as provided below) that exceeds the Current Market Price on the last date (the “**Expiration Date**”) tenders could have been made pursuant to such issuer bid (as it may be amended) (the last time at which such tenders could have been made on the Expiration Date is hereinafter sometimes called the “**Expiration Time**”), the Conversion Price shall be adjusted so that the same shall equal the rate determined by multiplying the Conversion Price in effect immediately preceding the close of business on the Expiration Date by a fraction of which (i) the denominator shall be the sum of (A) the fair market value of the aggregate consideration (the fair market value as determined by the Board of Directors, whose determination shall be conclusive evidence of such fair market value and which shall be evidenced by an Officer’s Certificate delivered to the Trustee and Collateral Agent) payable to shareholders based on the acceptance (up to any maximum specified in the terms of the issuer bid) of all Common Shares validly tendered and not withdrawn as of the Expiration Time (the Common Shares deemed so accepted, up to any such maximum, being referred to as the “**Purchased Common Shares**”) and (B) the product of the number of Common Shares outstanding (less any Purchased Common Shares and excluding any Common Shares held in the treasury of the Corporation) at the Expiration Time and the Current Market Price on the Expiration Date and (ii) the numerator of which shall be the product of the number of Common Shares outstanding (including Purchased Common Shares but excluding any Common Shares held in the treasury of the Corporation) at the Expiration Time multiplied by the Current Market Price on the Expiration Date, such increase to become effective immediately preceding the opening of business on the day following the Expiration Date. In the event that the Corporation is obligated to purchase Common Shares pursuant to any such issuer bid, but the Corporation is permanently prevented by applicable law from effecting any or all such purchases or any or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would have been in effect based upon

the number of Common Shares actually purchased, if any. If the application of this clause (f) of Section 6.5 to any issuer bid would result in a decrease in the Conversion Price, no adjustment shall be made for such issuer bid under this clause (f) of Section 6.5.

For purposes of this Section 6.5(f), the term “**issuer bid**” shall mean an issuer bid under Applicable Securities Legislation or a take-over bid under Applicable Securities Legislation by a Subsidiary of the Corporation for the Common Shares and all references to “purchases” of Common Shares in issuer bids (and all similar references) shall mean and include the purchase of Common Shares in issuer bids and all references to “tendered Common Shares” (and all similar references) shall mean and include Common Shares tendered in issuer bids.

- (g) In any case in which this Section 6.5 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the holder of any Debenture converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder’s right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the Date of Conversion or such later date as such holder would, but for the provisions of this Section 6.5(g), have become the holder of record of such additional Common Shares pursuant to Section 6.4(2).
- (h) The adjustments provided for in this Section 6.5 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 6.5, provided that, notwithstanding any other provision of this Section 6.5, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided however, that any adjustments which by reason of this Section 6.5(h) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (i) For the purpose of calculating the number of Common Shares outstanding, Common Shares owned by or for the benefit of the Corporation shall not be counted.
- (j) In the event of any question arising with respect to the adjustments provided in this Section 6.5, such question shall be conclusively determined by a firm of nationally recognized chartered accountants appointed by the Corporation and acceptable to the Trustee and Collateral Agent (who may be the Auditors of the

Corporation); such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation, the Trustee and Collateral Agent, and the Debentureholders.

- (k) In case the Corporation shall take any action (other than the payment of cash dividends) affecting the Common Shares other than action described in this Section 6.5, which in the opinion of the Board of Directors, would materially affect the rights of Debentureholders, the Conversion Price shall be adjusted in such manner and at such time, by action of the Board of Directors, as the Board of Directors, in their sole discretion may determine to be equitable in the circumstances, subject to Applicable Securities Legislation and the policies of the CSE. Failure of the directors to make such an adjustment shall be conclusive evidence that they have determined that it is equitable to make no adjustment in the circumstances.
- (l) No adjustment in the Conversion Price shall be made in respect of any event described in Section 6.5(a), Section 6.5(b), Section 6.5(c), Section 6.5(e), Section 6.5(f) or Section 6.5(g) other than the events described in Section 6.5(a)(i) or Section 6.5(a)(ii) if the holders of the Debentures are entitled to participate in such event on the same terms *mutatis mutandis* as if they had converted their Debentures prior to the effective date or record date, as the case may be, of such event.
- (m) Except as stated above in this Section 6.5, no adjustment will be made in the Conversion Price for any Debentures as a result of the issuance of Common Shares at less than the Current Market Price on the date of issuance.

Section 6.6 No Requirement to Issue Fractional Common Shares or Warrants

The Corporation shall not be required to issue fractional Common Shares or Warrants upon the conversion of Debentures. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of whole Common Shares or Warrants issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of such Debentures to be converted. If any fractional interest in a Common Share would, except for the provisions of this Section 6.6, be deliverable upon the conversion of any amount of Debentures, the Corporation shall, in lieu of delivering any certificate representing such fractional interest, make a cash payment to the holder of such Debenture of an amount equal to the fractional interest which would have been issuable multiplied by the Current Market Price, provided, however, the Corporation shall not be required to make any payment of less than \$5.00.

Section 6.7 Corporation to Reserve Common Shares and Warrants

The Corporation covenants with the Trustee and Collateral Agent that it will at all times reserve and keep available out of its authorized Common Shares and Warrants (if the number thereof is or becomes limited), solely for the purpose of issue upon conversion of Debentures as

in this Indenture provided, and conditionally allot to Debentureholders who may exercise their conversion rights hereunder, such number of Common Shares and Warrants as shall then be issuable upon the conversion of all outstanding Debentures. The Corporation covenants with the Trustee and Collateral Agent that all Common Shares comprised in the Units and all Common Shares issuable upon exercise of the warrants which shall be so issuable shall be duly and validly issued as fully-paid and non-assessable.

Section 6.8 Cancellation of Converted Debentures

All Debentures converted in whole or in part under the provisions of this Article 6 shall be forthwith delivered to and cancelled by the Trustee and Collateral Agent and no Debenture shall be issued in substitution for those converted.

Section 6.9 Certificate as to Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 6.5, deliver an Officer's Certificate to the Trustee and Collateral Agent specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate and the amount of the adjustment specified therein shall be verified by advice of a firm of nationally recognized chartered accountants appointed by the Corporation and acceptable to the Trustee and Collateral Agent (who may be the Auditors of the Corporation) and shall be conclusive and binding on all parties in interest. The Trustee and Collateral Agent shall rely, and shall be protected in so doing, upon the certificate of the Corporation and any other document filed by the Corporation pursuant to this Article 6 for all purposes. When so approved, the Corporation shall forthwith give notice to the Debentureholders in the manner provided in Section 12.2 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Price; provided that, if the Corporation has given notice under Section 6.10 covering all the relevant facts in respect of such event and if the Trustee and Collateral Agent approves, no such notice need be given under this Section 6.9.

Section 6.10 Notice of Special Matters

- (1) The Corporation covenants with the Trustee and Collateral Agent that so long as any Debenture remains outstanding, it will give notice to the Trustee and Collateral Agent, and to the Debentureholders in the manner provided in Section 12.2, of its intention to fix a record date for any event referred to in Section 6.5(a), Section 6.5(b), Section 6.5(c), Section 6.5(d), Section 6.5(e) (other than the subdivision, redivision, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Price, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date.

- (2) In addition, the Corporation covenants with the Trustee and Collateral Agent that so long as any Debenture remains outstanding, it will give notice to the Trustee and Collateral Agent, and to the Debentureholders in the manner provided in Section 12.2, at least 30 days prior to the (i) effective date of any transaction referred to in Section 6.5(d) stating the consideration into which the Debentures will be convertible after the effective date of such transaction, and (ii) Expiration Date of any transaction referred to in Section 6.5(f) stating the consideration paid per Common Share in such transaction.

Section 6.11 Protection of Trustee and Collateral Agent

The Trustee and Collateral Agent:

- (a) shall not at any time be under any duty or responsibility to any Debentureholder to determine whether any facts exist which may require any adjustment in the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (b) shall not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any shares or other securities or property which may at any time be issued or delivered upon the conversion of any Debenture; and
- (c) shall not be responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver Common Shares or share certificates upon the surrender of any Debenture for the purpose of conversion, or to comply with any of the covenants contained in this Article.

Section 6.12 U.S. Legend on Certain Common Shares and Warrants

All Common Shares and Warrants issued upon conversion of Restricted Debentures shall be represented by a certificate with a U.S. Legend for Common Shares and Warrants substantially in the form set forth in Section 2.15(1), and each certificate representing Common Shares and Warrants issued upon conversion of Debentures bearing the U.S. Legend shall have imprinted or otherwise reproduced thereon such legend or legends in substantially the form set forth in Section 2.15(1); provided that the U.S. Legend may be removed as described in the proviso to Section 2.15(1).

ARTICLE 7– COVENANTS OF THE CORPORATION

The Corporation hereby covenants and agrees with the Trustee and Collateral Agent for the benefit of the Trustee and Collateral Agent and the Debentureholders, that so long as any Debentures remain outstanding:

Section 7.1 To Pay Principal, Premium (if any) and Interest

The Corporation will duly and punctually pay or cause to be paid to every Debentureholder the principal of, premium (if any) and interest accrued on the Debentures of which it is the holder on the dates, at the places and in the manner mentioned herein and in the Debentures.

Section 7.2 To Pay Trustee and Collateral Agent's Remuneration

The Corporation will pay the Trustee and Collateral Agent reasonable remuneration for its services as Trustee and Collateral Agent hereunder and will repay to the Trustee and Collateral Agent on demand all monies which shall have been paid by the Trustee and Collateral Agent in connection with the execution of the trusts hereby created and such monies including the Trustee and Collateral Agent's remuneration, shall be payable out of any funds coming into the possession of the Trustee and Collateral Agent in priority to payment of any principal of the Debentures or interest or premium thereon. Such remuneration shall continue to be payable until the trusts hereof be finally wound up and whether or not the trusts of this Indenture shall be in the course of administration by or under the direction of a court of competent jurisdiction.

Section 7.3 To Give Notice of Default

The Corporation shall notify the Trustee and Collateral Agent and the Debentureholders immediately upon obtaining knowledge of any Event of Default hereunder.

Section 7.4 Preservation of Existence, etc.

Subject to the express provisions hereof, the Corporation will carry on and conduct its activities, and cause its Subsidiaries to carry on and conduct their businesses, in a business-like manner and in accordance with good business practices; and, subject to the express provisions hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and rights.

Section 7.5 Security Documents

The Corporation shall and shall cause each of the Guarantors to, perform and observe their obligations under the Security Documents and take any and all actions (including, without limitation, the covenants set forth in the Security Documents and in this Indenture) necessary or desirable to cause the Security Documents to create and maintain valid and enforceable, perfected, first-ranking security interests in and on all the Collateral, in favour of the Trustee and Collateral Agent, subject to no other Liens (other than Permitted Liens).

Section 7.6 Keeping of Books

The Corporation will keep or cause to be kept proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Corporation in accordance with generally accepted accounting principles.

Section 7.7 Annual Certificate of Compliance

The Corporation shall deliver to the Trustee and Collateral Agent, within 120 days after the end of each calendar year, (and at any reasonable time upon demand by the Trustee and Collateral Agent) an Officer's Certificate as to the knowledge of such officers of the Corporation who execute the Officer's Certificate of the Corporation's compliance with all conditions and covenants in this Indenture certifying that after reasonable investigation and inquiry, the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which could, with the giving of notice, lapse of time or otherwise, constitute an Event of Default hereunder, or if such is not the case, setting forth with reasonable particulars the circumstances of any failure to comply and steps taken or proposed to be taken to eliminate such circumstances and remedy such Event of Default, as the case may be.

Section 7.8 Performance of Covenants by Trustee and Collateral Agent

If the Corporation shall fail to perform any of its covenants contained in this Indenture, the Trustee and Collateral Agent may notify the Debentureholders of such failure on the part of the Corporation or may itself perform any of the covenants capable of being performed by it, but shall be under no obligation to do so or to notify the Debentureholders. All sums so expended or advanced by the Trustee and Collateral Agent shall be repayable as provided in Section 7.2. No such performance, expenditure or advance by the Trustee and Collateral Agent shall be deemed to relieve the Corporation of any default hereunder.

Section 7.9 Maintaining Listing

The Corporation will use its reasonable commercial efforts to maintain the listing of the Common Shares on the CSE, and to maintain the Corporation's status as a "reporting issuer" not in default of the requirements of the Applicable Securities Legislation; provided that the foregoing covenant shall not prevent or restrict the Corporation from carrying out a transaction to which Article 9 would apply if carried out in compliance with Article 9 even if as a result of such transaction the Corporation ceases to be a "reporting issuer" in all or any of the provinces of Canada or the Common Shares cease to be listed on the CSE or any other Recognized Stock Exchange.

Section 7.10 No Dividends on Common Shares if Event of Default

The Corporation shall not declare or pay any dividend to the holders of its issued and outstanding Common Shares after the occurrence of an Event of Default unless and until such default shall have been cured or waived or shall have ceased to exist.

Section 7.11 Withholding Matters

- (1) All payments made by or on behalf of the Corporation under or with respect to the Debentures (including, without limitation, any penalties, interest and other liabilities related thereto) will be made free and clear of and without withholding, or deduction for, or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including, without limitation, penalties, interest and other liabilities

related hereto) imposed or levied by or on behalf of the Government of Canada or the United States or elsewhere, or of any province or territory thereof or by any authority or agency therein or thereof having power to tax (“**Withholding Taxes**”), unless the Corporation is required by law or the interpretation or administration thereof, to withhold or deduct any amounts for, or on account of Withholding Taxes. If the Corporation is so required to withhold or deduct any amount for, or on account of, Withholding Taxes from any payment made under or with respect to the Debentures, the Corporation shall deduct and withhold such Withholding Taxes from such payment and, provided that the Corporation forthwith remits such amount to the relevant governmental authority or agency, the amount of any such deduction or withholding will be considered an amount paid in satisfaction of the Corporation’s obligations under the Debentures. There is no obligation on the Corporation to gross-up or pay additional amounts to a holder of Debentures in respect of such deductions or withholdings.

- (2) The Corporation shall provide the Trustee and Collateral Agent with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of any forms received from such government authority or agency promptly after receipt thereof.

Section 7.12 SEC Reporting Status

The Corporation confirms that as at the date of execution of this Indenture it does not have a class of securities registered pursuant to Section 12 of the *U.S. Securities Exchange Act* or have a reporting obligation pursuant to Section 15(d) of the U.S. Securities Exchange Act.

The Corporation covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the U.S. Securities Exchange Act or such Corporation shall incur a reporting obligation pursuant to Section 15(d) of the U.S. Securities Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by such Corporation in accordance with the U.S. Securities Exchange Act, such Corporation shall promptly deliver to the Trustee and Collateral Agent an Officers' Certificate (in a form provided by the Trustee and Collateral Agent) notifying the Trustee and Collateral Agent of such registration or termination and such other information as the Trustee and Collateral Agent may require at the time. The Corporation acknowledges that the Trustee and Collateral Agent is relying upon the foregoing representation and covenants in order to meet certain obligations under the U.S. Securities Exchange Act with respect to those clients who are filing with the SEC.

Section 7.13 Compliance by Subsidiaries

The Corporation shall cause all of its Subsidiaries to comply with the provisions of this Article 7 as if such Subsidiaries were expressly referred to in such provisions in replacement of references to the Corporation, mutatis mutandis.

Section 7.14 Restriction on Liens other than Permitted Liens

The Corporation will not create, incur, assume or otherwise cause or suffer to exist or become effective any Lien (other than Permitted Liens) securing indebtedness upon any Collateral whether now owned or hereafter acquired.

ARTICLE 8 – DEFAULT

Section 8.1 Events of Default

- (1) Each of the following events constitutes, and is herein sometimes referred to as, an “Event of Default”:
 - (a) failure for 30 days to pay interest on the Debentures when due;
 - (b) failure to pay principal or premium (whether by way of payment of cash or delivery of the Units upon conversion), if any, when due on the Debentures whether at maturity, redemption or a Change of Control, by declaration or otherwise;
 - (c) default in the delivery, when due, of any Units or other consideration, payable on conversion of the Debentures, which default continues for 3 Business Days days;
 - (d) default in the observance or performance of any covenant or condition of the Indenture or any other Indenture Document by the Corporation and the failure to cure (or obtain a waiver for) such default for a period of 60 days after notice in writing has been given by the Trustee and Collateral Agent or from holders of not less than 25% in aggregate principal amount of the Debentures then outstanding to the Corporation specifying such default and requiring the Corporation to rectify such default or obtain a waiver for same;
 - (e) the Security Documents cease to be in full force and effect or if any Security Document ceases to constitute a valid and perfected first priority Lien (subject only to Permitted Lien) upon all the Collateral it purports to charge or encumber, in favour of the Trustee and Collateral Agent for the benefit of the holders of the Debentures;
 - (f) if a decree or order of a Court having jurisdiction is entered adjudging the Corporation or any Material Subsidiary a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Corporation or any Material Subsidiary, or appointing a receiver of, or of any substantial part of, the property of the Corporation or any Material Subsidiary or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;

- (g) if the Corporation or any Material Subsidiary institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of the Corporation or any Material Subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (h) if a resolution is passed for the winding-up or liquidation of the Corporation or any Material Subsidiary except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Section 10.1 are duly observed and performed;
- (i) if, after the date of this Indenture, any proceedings with respect to the Corporation or any Material Subsidiary are taken with respect to a compromise or arrangement, with respect to creditors of the Corporation or any Material Subsidiary generally, under the applicable legislation of any jurisdiction, or
- (j) if a creditor takes possession of the Collateral or a substantial part thereof or if any process or execution is levied or enforced upon or against the Collateral or a substantial part thereof and remains unsatisfied for such period as would permit any such property to be sold thereunder, unless such process is in good faith disputed by the Corporation, and the Corporation gives or causes to be given security which is sufficient to pay in full the amount thereby claimed in case the claim is held to be valid,

then: (i) in each and every such event listed above, the Trustee and Collateral Agent may, in its discretion, but subject to the provisions of this Section 8.1, and shall, upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding (or if the Event of Default shall exist only in respect of one or more series of the Debentures then outstanding, then upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures of such series then outstanding), subject to the provisions of Section 8.3, by notice in writing to the Corporation declare the principal of and interest and premium, if any, on all Debentures then outstanding and all other monies outstanding hereunder to be due and payable and the same shall thereupon forthwith become immediately due and payable (or, if the Event of Default shall exist only in respect of one or more series of the Debentures then outstanding, then the Trustee and Collateral Agent may declare due and payable the principal and interest and premium, if any, only with respect to such Debentures in respect of which there is an Event of Default) to the Trustee and Collateral Agent, and (ii) on the occurrence of an Event of Default under clauses Section 8.1(1)(f), Section 8.1(1)(g), Section 8.1(1)(h) or Section 8.1(1)(i), the principal of and interest and premium, if any, on all Debentures then outstanding hereunder and all other monies outstanding hereunder, shall automatically without any declaration or other act on the part of the Trustee and Collateral Agent or any Debentureholder become immediately due and payable to the Trustee and Collateral Agent and, in either case, upon such amounts becoming due and payable in either

(i) or (ii) above, the Corporation shall forthwith pay to the Trustee and Collateral Agent for the benefit of the Debentureholders such principal, accrued and unpaid interest and premium, if any, and interest on amounts in default on such Debenture and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Debentures on such principal, interest, premium and such other monies from the date of such declaration or event until payment is received by the Trustee and Collateral Agent, such subsequent interest to be payable at the times and places and in the manner mentioned in and according to the tenor of the Debentures. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder and any monies so received by the Trustee and Collateral Agent shall be applied in the manner provided in Section 8.6.

(2) For purposes of this Article 8, where the Event of Default refers to an Event of Default with respect to a particular series of Debentures as described in this Section 8.1, then this Article 8 shall apply *mutatis mutandis* to the Debentures of such series and references in this Article 8 to the Debentures shall mean Debentures of the particular series and references to the Debentureholders shall refer to the Debentureholders of the particular series, as applicable.

Section 8.2 Notice of Events of Default

If an Event of Default shall occur and be continuing the Trustee and Collateral Agent shall, within 30 days following an Event of Default or after it receives written notice of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Section 11.2, provided that notwithstanding the foregoing, unless the Trustee and Collateral Agent shall have been requested to do so by the holders of at least 25% of the principal amount of the Debentures then outstanding, the Trustee and Collateral Agent shall not be required to give such notice if the Trustee and Collateral Agent in good faith shall have determined that the withholding of such notice is in the best interests of the Debentureholders and shall have so advised the Corporation in writing.

When notice of the occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Trustee and Collateral Agent to the Debentureholders within 15 days after the Trustee and Collateral Agent becomes aware the Event of Default has been cured.

Section 8.3 Waiver of Default

- (1) Upon the happening of any Event of Default hereunder:
- (a) the holders of the Debentures shall have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of more than 50% of the principal amount of Debentures then outstanding, to instruct the Trustee and Collateral Agent to waive any Event of Default and to cancel any declaration made by the Trustee and Collateral Agent pursuant to Section 8.1 and the Trustee and Collateral Agent shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be prescribed in such requisition; provided that

notwithstanding the foregoing if the Event of Default has occurred by reason of the non-observance or non-performance by the Corporation of any covenant applicable only to one or more series of Debentures, then the holders of more than 50% of the principal amount of the outstanding Debentures of that series shall be entitled to exercise the foregoing power and the Trustee and Collateral Agent shall so act and it shall not be necessary to obtain a waiver from the holders of any other series of Debentures; and

- (b) the Trustee and Collateral Agent, so long as it has not become bound to declare the principal and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Trustee and Collateral Agent's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Trustee and Collateral Agent in the exercise of its discretion, upon such terms and conditions as the Trustee and Collateral Agent may deem advisable.
- (2) No such act or omission either of the Trustee and Collateral Agent or of the Debentureholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

Section 8.4 Enforcement by the Trustee and Collateral Agent

- (1) Subject to the provisions of Section 8.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders, if the Corporation shall fail to pay to the Trustee and Collateral Agent, forthwith after the same shall have been declared to be due and payable under Section 8.1, the principal of and premium (if any) and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Trustee and Collateral Agent may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as trustee hereunder to obtain or enforce payment of such principal of and premium (if any) and interest on all the Debentures then outstanding together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law or equity as the Trustee and Collateral Agent in such request shall have been directed to take, or if such request contains no such direction, or if the Trustee and Collateral Agent shall act without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Trustee and Collateral Agent shall deem expedient.
- (2) The Trustee and Collateral Agent shall be entitled and empowered, either in its own name or as Trustee and Collateral Agent of an express trust, or as attorney-in-fact for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and Collateral Agent and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other

judicial proceedings relative to the Corporation or its creditors or relative to or affecting its property. The Trustee and Collateral Agent is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same shall be conclusively deemed to have so appointed the Trustee and Collateral Agent) the true and lawful attorney-in-fact of the respective holders of the Debentures with authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Debentures, as may be necessary or advisable in the opinion of the Trustee and Collateral Agent, in order to have the respective claims of the Trustee and Collateral Agent and of the holders of the Debentures against the Corporation or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 8.3, nothing contained in this Indenture shall be deemed to give to the Trustee and Collateral Agent, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.

- (3) The Trustee and Collateral Agent shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.
- (4) All rights of action hereunder may be enforced by the Trustee and Collateral Agent without the possession of any of the Debentures or the production thereof on the trial or other proceedings relating thereto.
- (5) Any such suit or proceeding instituted by the Trustee and Collateral Agent shall be brought in the name of the Trustee and Collateral Agent as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Trustee and Collateral Agent (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Trustee and Collateral Agent shall be a party) the Trustee and Collateral Agent shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceeding.
- (6) If the Trustee and Collateral Agent has become entitled to enforce the security interests with respect to the Collateral, in addition to any right or remedy arising under the this Indenture or pursuant to applicable laws, the Trustee and Collateral Agent, by itself, its officers, its agents or its attorneys, may, in its discretion, as advised by its counsel, exercise any and all rights granted to the Trustee and Collateral Agent in any of the Security Documents.

Section 8.5 No Suits by Debentureholders

Subject to any rights or remedies available to the Trustee and Collateral Agent and the Debentureholders under applicable law or otherwise, no holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, unless: (a) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Trustee and Collateral Agent and the Trustee and Collateral Agent shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (b) the Debentureholders or any of them shall have furnished to the Trustee and Collateral Agent, when so requested by the Trustee and Collateral Agent, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (c) the Trustee and Collateral Agent shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee and Collateral Agent, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

Section 8.6 Application of Monies by Trustee and Collateral Agent

- (1) Except as herein otherwise expressly provided, any monies received by the Trustee and Collateral Agent from the Corporation pursuant to the foregoing provisions of this Article 8, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Corporation, shall be applied, together with any other monies in the hands of the Trustee and Collateral Agent available for such purpose, as follows:
 - (a) first, in payment or in reimbursement to the Trustee and Collateral Agent of its compensation, costs, charges, expenses, borrowings, advances or other monies furnished or provided by or at the instance of the Trustee and Collateral Agent in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;
 - (b) second, if and to the extent that the Trustee and Collateral Agent deems it in the interest of the holders of Debentures generally, in payment of all Liens (if any) on the Collateral ranking or capable of ranking in priority to the Liens constituted by the Security Documents or to keep in good standing any such prior Liens;
 - (c) third, but subject as hereinafter in this Section 8.6 provided, in payment, rateably and proportionately to the holders of Debentures, of the principal of and premium (if any) and accrued and unpaid interest and interest on amounts in default on the Debentures which shall then be outstanding in the priority of principal first and

then premium and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal, premium (if any) and interest as may be directed by such resolution; and

- (d) fourth, in payment of the surplus, if any, of such monies to the Corporation or its assigns;

provided, however, that no payment shall be made pursuant to clause (c) above in respect of the principal, premium or interest on any Debenture held, directly or indirectly, by or for the benefit of the Corporation or any of its Subsidiaries (other than any Debenture pledged for value and in good faith to a Person other than the Corporation or any of its Subsidiaries but only to the extent of such person's interest therein) except subject to the prior payment in full of the principal, premium (if any) and interest (if any) on all Debentures which are not so held.

- (2) The Trustee and Collateral Agent shall not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving thereout such amount as the Trustee and Collateral Agent may think necessary to provide for the payments mentioned in Section 8.6(1), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures, but it may retain the money so received by it and invest or deposit the same as provided in Section 13.8 until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under its control shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth. The foregoing shall, however, not apply to a final payment in distribution hereunder.

Section 8.7 Notice of Payment by Trustee and Collateral Agent

Not less than 15 days' notice shall be given in the manner provided in Section 12.2 by the Trustee and Collateral Agent to the Debentureholders of any payment to be made under this Article 8. Such notice shall state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied. After the day so fixed, unless payment shall have been duly demanded and have been refused, the Debentureholders will be entitled to interest only on the balance (if any) of the principal monies, premium (if any) and interest due (if any) to them, respectively, on the Debentures, after deduction of the respective amounts payable in respect thereof on the day so fixed.

Section 8.8 Trustee and Collateral Agent May Demand Production of Debentures

The Trustee and Collateral Agent shall have the right to demand production of the Debentures in respect of which any payment of principal, interest or premium required by this Article 8 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Trustee and Collateral Agent may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Corporation as the Trustee and Collateral Agent shall deem sufficient.

Section 8.9 Remedies Cumulative

No remedy herein conferred upon or reserved to the Trustee and Collateral Agent, or upon or to the holders of Debentures is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

Section 8.10 Judgment Against the Corporation

The Corporation covenants and agrees with the Trustee and Collateral Agent that, in case of any judicial or other proceedings to enforce the rights of the Debentureholders, judgment may be rendered against it in favour of the Debentureholders or in favour of the Trustee and Collateral Agent, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and premium (if any) and the interest thereon and any other monies owing hereunder.

Section 8.11 Immunity of Directors, Officers and Others

The Debentureholders and the Trustee and Collateral Agent hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future officer, director or employee of the Corporation or holders of Common Shares or Warrants of the Corporation or of any successor for the payment of the principal of or premium or interest on any of the Debentures or on any covenant, agreement, representation or warranty by the Corporation contained herein or in the Debentures.

ARTICLE 9 – SATISFACTION AND DISCHARGE

Section 9.1 Cancellation and Destruction

All Debentures shall forthwith after payment thereof be delivered to the Trustee and Collateral Agent and cancelled by it. All Debentures cancelled or required to be cancelled under this or any other provision of this Indenture shall be destroyed by the Trustee and Collateral Agent and, if required by the Corporation, the Trustee and Collateral Agent shall furnish to it a destruction certificate setting out the designating numbers of the Debentures so destroyed.

Section 9.2 Non-Presentation of Debentures

In case the holder of any Debenture shall fail to present the same for payment on the date on which the principal of, premium (if any) or the interest thereon or represented thereby becomes payable either at maturity or otherwise or shall not accept payment on account thereof and give such receipt therefor, if any, as the Trustee and Collateral Agent may require:

- (a) the Corporation shall be entitled to pay or deliver to the Trustee and Collateral Agent and direct it to set aside; or

- (b) in respect of monies in the hands of the Trustee and Collateral Agent which may or should be applied to the payment of the Debentures, the Corporation shall be entitled to direct the Trustee and Collateral Agent to set aside;

the monies in trust to be paid to the holder of such Debenture upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the principal of, premium (if any) or the interest payable on or represented by each Debenture in respect whereof such monies have been set aside shall be deemed to have been paid and the holder thereof shall thereafter have no right in respect thereof except that of receiving delivery and payment of the monies so set aside by the Trustee and Collateral Agent upon due presentation and surrender thereof, subject always to the provisions of Section 9.3.

Section 9.3 Repayment of Unclaimed Monies

Subject to applicable law, any monies set aside under Section 9.2 and not claimed by and paid to holders of Debentures as provided in Section 9.2 within six years after the date of such setting aside shall be repaid and delivered to the Corporation by the Trustee and Collateral Agent and thereupon the Trustee and Collateral Agent shall be released from all further liability with respect to such monies and thereafter the holders of the Debentures in respect of which such monies were so repaid to the Corporation shall have no rights in respect thereof except to obtain payment and delivery of the monies from the Corporation.

Section 9.4 Discharge

The Trustee and Collateral Agent shall at the written request of the Corporation release and discharge this Indenture, and the Security Documents and the Liens constituted thereby, and execute and deliver such instruments as it shall be advised by Counsel are requisite for that purpose and to release the Corporation from its covenants herein contained (other than the provisions relating to the indemnification of the Trustee and Collateral Agent), upon proof being given to the reasonable satisfaction of the Trustee and Collateral Agent that the principal of, premium (if any) and interest (including interest on amounts in default, if any), on all the Debentures and all other monies payable hereunder have been paid or satisfied or that all the Debentures having matured or having been duly called for redemption, payment of the principal of and interest (including interest on amounts in default, if any) on such Debentures and of all other monies payable hereunder has been duly and effectually provided for in accordance with the provisions hereof.

Section 9.5 Satisfaction

- (1) The Corporation shall be deemed to have fully paid, satisfied and discharged all of the outstanding Debentures of any series and the Trustee and Collateral Agent, at the expense of the Corporation, shall execute and deliver proper instruments acknowledging the full payment, satisfaction and discharge of such Debentures, when, with respect to all of the outstanding Debentures or all of the outstanding Debentures of any series, as applicable:
 - (a) the Corporation has deposited or caused to be deposited with the Trustee and Collateral Agent as trust funds or property in trust for the purpose of making

payment on such Debentures, an amount in money sufficient to pay, satisfy and discharge the entire amount of principal of, premium, if any, and interest, if any, to maturity, or any repayment date, or any Change of Control Purchase Date, or upon conversion or otherwise as the case may be, of such Debentures;

- (b) the Corporation has deposited or caused to be deposited with the Trustee and Collateral Agent as trust property in trust for the purpose of making payment on such Debentures:
 - (i) if the Debentures are issued in United States dollars, such amount in United States dollars of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of the United States; or
 - (ii) if the Debentures are issued in a currency or currency unit other than United States dollars, cash in the currency or currency unit in which the Debentures are payable and/or such amount in such currency or currency unit of direct obligations of, or obligations the principal and interest of which are guaranteed by, the government that issued the currency or currency unit in which the Debentures are payable;

as will be sufficient to pay and discharge the entire amount of principal of, premium, if any on, and accrued and unpaid interest to maturity or any repayment date, as the case may be, of all such Debentures; or

- (c) all Debentures Authenticated and delivered (other than (i) Debentures which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.11 and (ii) Debentures for whose payment has been deposited in trust and thereafter repaid to the Corporation as provided in Section 9.3) have been delivered to the Trustee and Collateral Agent for cancellation;

so long as in any such event:

- (d) the Corporation has paid, caused to be paid or made provisions to the satisfaction of the Trustee and Collateral Agent for the payment of all other sums payable or which may be payable with respect to all of such Debentures (together with all applicable expenses of the Trustee and Collateral Agent in connection with the payment of such Debentures); and
- (e) the Corporation has delivered to the Trustee and Collateral Agent an Officer's Certificate stating that all conditions precedent herein provided relating to the payment, satisfaction and discharge of all such Debentures have been complied with.

Any deposits with the Trustee and Collateral Agent referred to in this Section 9.5 shall be irrevocable, subject to Section 9.6, and shall be made under the terms of an escrow and/or trust agreement in form and substance satisfactory to the Trustee and Collateral Agent and which

provides for the due and punctual payment of the principal of, premium, if any, and interest on the Debentures being satisfied.

- (2) Upon the satisfaction of the conditions set forth in this Section 9.5 with respect to all the outstanding Debentures, or all the outstanding Debentures of any series, as applicable, the terms and conditions of the Debentures, including the terms and conditions with respect thereto set forth in this Indenture (other than those contained in Article 2 and Article 4 and the provisions of Article 1 pertaining to Article 2 and Article 4) shall no longer be binding upon or applicable to the Corporation.
- (3) Any funds or obligations deposited with the Trustee and Collateral Agent pursuant to this Section 9.5 shall be denominated in the currency or denomination of the Debentures in respect of which such deposit is made.
- (4) If the Trustee and Collateral Agent is unable to apply any money or securities in accordance with this Section 9.5 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Corporation's obligations under this Indenture and the affected Debentures shall be revived and reinstated as though no money or securities had been deposited pursuant to this Section 9.5 until such time as the Trustee and Collateral Agent is permitted to apply all such money or securities in accordance with this Section 9.5, provided that if the Corporation has made any payment in respect of principal of, premium, if any, or interest on Debentures or, as applicable, other amounts because of the reinstatement of its obligations, the Corporation shall be subrogated to the rights of the holders of such Debentures to receive such payment from the money or securities held by the Trustee and Collateral Agent.

Section 9.6 Continuance of Rights, Duties and Obligations

- (1) Where trust funds or trust property have been deposited pursuant to Section 9.5, the holders of Debentures and the Corporation shall continue to have and be subject to their respective rights, duties and obligations under Article 2, Article 4 and Article 6.
- (2) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5 in respect of a series of Debentures (the "**Defeased Debentures**"), any holder of any of the Defeased Debentures from time to time converts its Debentures to Units or other securities of the Corporation in accordance with Section 2.5 (in respect of Initial Debentures or the comparable provision of any other series of Debentures), Article 6 or any other provision of this Indenture, the Trustee and Collateral Agent shall upon receipt of a Written Direction of the Corporation return to the Corporation from time to time the proportionate amount of the trust funds or other trust property deposited with the Trustee and Collateral Agent pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures so converted (which amount shall be based on the applicable principal amount of the Defeased Debentures being converted in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

- (3) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5, the Corporation is required to make a Change of Control Offer to purchase any outstanding Debentures pursuant to subsection 2.5(8) (in respect of Initial Debentures or the comparable provision of any other series of Debentures), in relation to Initial Debentures or to make an offer to purchase Debentures pursuant to any other similar provisions relating to any other series of Debentures, the Corporation shall be entitled to use any trust money or trust property deposited with the Trustee and Collateral Agent pursuant to Section 9.5 for the purpose of paying to any holders of Defeased Debentures who have accepted any such offer of the Corporation the Offer Price payable to such holders in respect of such Change of Control Offer in respect of Initial Debentures (or the total offer price payable in respect of an offer relating to any other series of Debentures). Upon receipt of a written direction from the Corporation, the Trustee and Collateral Agent shall be entitled to pay to such holder from such trust money or trust property deposited with the Trustee and Collateral Agent pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures held by such holders who have accepted any such offer to the Corporation (which amount shall be based on the applicable principal amount of the Defeased Debentures held by accepting offerees in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

ARTICLE 10 – SUCCESSORS

Section 10.1 Corporation may Consolidate, etc., Only on Certain Terms

- (1) The Corporation may not, without the consent of the holders of the Debentures by Extraordinary Resolution hereunder, consolidate with or amalgamate or merge with or into any Person (other than a directly or indirectly wholly-owned Subsidiary of the Corporation) or sell, convey, transfer or lease all or substantially all of the properties and assets of the Corporation to another Person (other than a directly or indirectly wholly-owned Subsidiary of the Corporation) unless:
- (a) the Person formed by such consolidation or into which the Corporation is amalgamated or merged, or the Person which acquires by sale, conveyance, transfer or lease all or substantially all of the properties and assets of the Corporation expressly assumes, by an indenture supplemental hereto, executed and delivered to the Trustee and Collateral Agent, in form satisfactory to the Trustee and Collateral Agent, the obligations of the Corporation under the Debentures and this Indenture and the performance or observance of every covenant and provision of this Indenture, the Indenture Documents and the Debentures required on the part of the Corporation to be performed or observed and the conversion rights shall be provided for in accordance with Article 6, by supplemental indenture satisfactory in form to the Trustee and Collateral Agent, executed and delivered to the Trustee and Collateral Agent, by the Person formed by such consolidation or into which the Corporation shall have been merged or by the Person which shall have acquired the Corporation's assets;

- (b) after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and
 - (c) if the Corporation or the continuing corporation resulting from the amalgamation or merger of the Corporation with another Person will not be the resulting, continuing or surviving corporation, the Corporation shall have, at or prior to the effective date of such consolidation, amalgamation, merger or sale, conveyance, transfer or lease, delivered to the Trustee and Collateral Agent an Officer's Certificate and an opinion of Counsel, each stating that such consolidation, merger or transfer complies with this Article 10 and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture complies with this Article 10, and that all conditions precedent herein provided for relating to such transaction have been complied with.
- (2) For purposes of the foregoing, the sale, conveyance, transfer or lease (in a single transaction or a series of related transactions) of the properties or assets of one or more Subsidiaries of the Corporation (other than to the Corporation or another wholly-owned Subsidiary of the Corporation), which, if such properties or assets were directly owned by the Corporation, would constitute all or substantially all of the properties and assets of the Corporation and its Subsidiaries, taken as a whole, shall be deemed to be the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Corporation.

Section 10.2 Successor Substituted

Upon any consolidation of the Corporation with, or amalgamation or merger of the Corporation into, any other Person or any sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Corporation and its Subsidiaries, taken as a whole, in accordance with Section 10.1, the successor Person formed by such consolidation or into which the Corporation is amalgamated or merged or to which such sale, conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Corporation under this Indenture with the same effect as if such successor Person had been named as the Corporation herein, and thereafter, except in the case of a lease, and except for obligations the predecessor Person may have under a supplemental indenture entered into pursuant to Section 10.1(1)(c), the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Debentures.

ARTICLE 11 – MEETINGS OF DEBENTUREHOLDERS

Section 11.1 Right to Convene Meeting

The Trustee and Collateral Agent or the Corporation may at any time and from time to time, and the Trustee and Collateral Agent shall, on receipt of a Written Direction of the Corporation or a written request signed by the holders of not less than 25% of the principal amount of the Debentures then outstanding and upon receiving funding and being indemnified to

its reasonable satisfaction by the Corporation or by the Debentureholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Debentureholders. In the event of the Trustee and Collateral Agent failing, within 30 days after receipt of any such request and such funding of indemnity, to give notice convening a meeting, the Corporation or such Debentureholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Vancouver or at such other place as may be approved or determined by the Trustee and Collateral Agent. Any meeting held pursuant to this Article 11 may be done through a virtual or electronic meeting platform.

Section 11.2 Notice of Meetings

- (1) At least 21 days' notice of any meeting shall be given to the Debentureholders in the manner provided in Section 12.2 and a copy of such notice shall be sent by post to the Trustee and Collateral Agent, unless the meeting has been called by it. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 11. The accidental omission to give notice of a meeting to any holder of Debentures shall not invalidate any resolution passed at any such meeting. A holder may waive notice of a meeting either before or after the meeting.
- (2) If the business to be transacted at any meeting by Extraordinary Resolution or otherwise, or any action to be taken or power exercised by instrument in writing under Section 11.15, especially affects the rights of holders of Debentures of one or more series in a manner or to an extent differing in any material way from that in or to which the rights of holders of Debentures of any other series are affected (determined as provided in subsections 11.2(3) and (4)), then:
 - (a) a reference to such fact, indicating each series of Debentures in the opinion of the Trustee and Collateral Agent so especially affected (hereinafter referred to as the "especially affected series") shall be made in the notice of such meeting, and in any such case the meeting shall be and be deemed to be and is herein referred to as a "**Serial Meeting**"; and
 - (b) the holders of Debentures of an especially affected series shall not be bound by any action taken at a Serial Meeting or by instrument in writing under Section 11.15 unless in addition to compliance with the other provisions of this Article 11:
 - (i) at such Serial Meeting: (A) there are Debentureholders present in person or by proxy and representing at least 25% in principal amount of the Debentures then outstanding of such series, subject to the provisions of this Article 11 as to quorum at adjourned meetings; and (B) the resolution is passed by the affirmative vote of the holders of more than 50% (or in the case of an Extraordinary Resolution not less than 66 $\frac{2}{3}$ %) of the principal amount of the Debentures of such series then outstanding; or

- (ii) in the case of action taken or power exercised by instrument in writing under Section 11.15, such instrument is signed in one or more counterparts by the holders of not less than 66⅔% in principal amount of the Debentures of such series then outstanding.
- (3) Subject to Section 11.2(4), the determination as to whether any business to be transacted at a meeting of Debentureholders, or any action to be taken or power to be exercised by instrument in writing under Section 11.15, especially affects the rights of the Debentureholders of one or more series in a manner or to an extent differing in any material way from that in or to which it affects the rights of Debentureholders of any other series (and is therefore an especially affected series) shall be determined by an opinion of Counsel, which shall be binding on all Debentureholders, the Trustee and Collateral Agent and the Corporation for all purposes hereof.
- (4) A proposal:
 - (a) to extend the maturity of Debentures of any particular series or to reduce the principal amount thereof, the rate of interest or redemption premium thereon or to impair any conversion right thereof;
 - (b) to modify or terminate any covenant or agreement which by its terms is effective only so long as Debentures of a particular series are outstanding; or
 - (c) to reduce with respect to Debentureholders of any particular series any percentage stated in this Section 11.2 or Sections 11.4, 11.12 and 11.15;

shall be deemed to especially affect the rights of the Debentureholders of such series in a manner differing in a material way from that in which it affects the rights of holders of Debentures of any other series, whether or not a similar extension, reduction, modification or termination is proposed with respect to Debentures of any or all other series.

Section 11.3 Chairman

Some person, who need not be a Debentureholder, nominated in writing by the Trustee and Collateral Agent shall be chairman of the meeting and if no Person is so nominated, or if the Person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, a majority of the Debentureholders present in person or by proxy shall choose some Person present to be chairman.

Section 11.4 Quorum

Subject to the provisions of Section 11.12, at any meeting of the Debentureholders a quorum shall consist of Debentureholders present in person or by proxy and representing at least 25% in principal amount of the outstanding Debentures and, if the meeting is a Serial Meeting, at least 25% of the Debentures then outstanding of each especially affected series. If a quorum of the Debentureholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Debentureholders or pursuant to a request of the

Debentureholders, shall be dissolved, but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place to the extent possible and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Debentureholders present in person or by proxy shall, subject to the provisions of Section 11.12, constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Debentures or of the Debentures then outstanding of each especially affected series. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the required quorum is present at the commencement of business.

Section 11.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Debentureholders is present may, with the consent of the holders of a majority in principal amount of the Debentures represented thereat, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

Section 11.6 Show of Hands

Every question submitted to a meeting shall, subject to Section 11.7, be decided in the first place by a majority of the votes given on a show of hands except that votes on Extraordinary Resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held by him.

Section 11.7 Poll

On every Extraordinary Resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Debentureholders or proxies for Debentureholders, a poll shall be taken in such manner and either at once or after an adjournment as the chairman shall direct. Questions other than Extraordinary Resolutions shall, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Debentures and of each especially affected series, if applicable, represented at the meeting and voted on the poll.

Section 11.8 Voting

On a show of hands every Person who is present and entitled to vote, whether as a Debentureholder or as proxy for one or more Debentureholders or both, shall have one vote. On a poll each Debentureholder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each \$1,000 principal amount of

Debentures of which he shall then be the holder. In the case of any Debenture denominated in a currency or currency unit other than United States dollars, the principal amount thereof for these purposes shall be computed in United States dollars on the basis of the conversion of the principal amount thereof at the applicable spot buying rate of exchange for such other currency or currency unit as reported by the Bank of Canada at the close of business on the Business Day next preceding the meeting. Any fractional amounts resulting from such conversion shall be rounded to the nearest \$100. A proxy need not be a Debentureholder. In the case of joint holders of a Debenture, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but in case more than one of them be present in person or by proxy, they shall vote together in respect of the Debentures of which they are joint holders.

Section 11.9 Proxies

A Debentureholder may be present and vote at any meeting of Debentureholders by an authorized representative. The Corporation (in case it convenes the meeting) or the Trustee and Collateral Agent (in any other case) for the purpose of enabling the Debentureholders to be present and vote at any meeting without producing their Debentures, and of enabling them to be present and vote at any such meeting by proxy and of lodging instruments appointing such proxies at some place other than the place where the meeting is to be held, may from time to time make and vary such regulations as it shall think fit providing for and governing any or all of the following matters:

- (a) the form of the instrument appointing a proxy, which shall be in writing, and the manner in which the same shall be executed and the production of the authority of any person signing on behalf of a Debentureholder;
- (b) the deposit of instruments appointing proxies at such place as the Trustee and Collateral Agent, the Corporation or the Debentureholder convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same must be deposited; and
- (c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, faxed, or sent by other electronic means before the meeting to the Corporation or to the Trustee and Collateral Agent at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as the holders of any Debentures, or as entitled to vote or be present at the meeting in respect thereof, shall be Debentureholders and persons whom Debentureholders have by instrument in writing duly appointed as their proxies.

Section 11.10 Persons Entitled to Attend Meetings

The Corporation and the Trustee and Collateral Agent, by their respective officers and directors, the Auditors of the Corporation and the legal advisors of the Corporation, the Trustee and Collateral Agent and any Debentureholder may attend any meeting of the Debentureholders, but shall have no vote as such.

Section 11.11 Powers Exercisable by Extraordinary Resolution

- (1) In addition to the powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Debentureholders shall have the following powers exercisable from time to time by Extraordinary Resolution (subject in the case of the matters in paragraphs (a) – (d) and (l) to the prior approval of the Recognized Stock Exchange on which the Common Shares are listed for trading):
 - (a) power to authorize the Trustee and Collateral Agent to grant extensions of time for payment of any principal, premium or interest on the Debentures, whether or not the principal, premium, or interest, the payment of which is extended, is at the time due or overdue;
 - (b) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Trustee and Collateral Agent (with its consent) against the Corporation, or against its property, whether such rights arise under this Indenture or the Debentures or otherwise;
 - (c) power to assent to any modification of or change in or addition to or omission from the provisions contained in any Indenture Document or any Debenture which shall be agreed to by the Corporation and to authorize the Trustee and Collateral Agent to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission;
 - (d) power to sanction any scheme for the reconstruction, reorganization or recapitalization of the Corporation or for the consolidation, amalgamation, arrangement, combination or merger of the Corporation with any other Person or for the sale, leasing, transfer or other disposition of all or substantially all of the undertaking, property and assets of the Corporation or any part thereof, provided that no such sanction shall be necessary in respect of any such transaction if the provisions of Section 10.1 shall have been complied with;
 - (e) power to direct or authorize the Trustee and Collateral Agent to exercise any power, right, remedy or authority given to it by any of the Indenture Documents in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;
 - (f) power to waive, and direct the Trustee and Collateral Agent to waive, any default hereunder and/or cancel any declaration made by the Trustee and Collateral Agent

pursuant to Section 8.1 either unconditionally or upon any condition specified in such Extraordinary Resolution;

- (g) power to restrain any Debentureholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal, premium or interest on the Debentures, or for the execution of any trust or power hereunder;
- (h) power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 8.5, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;
- (i) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Corporation;
- (j) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Trustee and Collateral Agent to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be themselves Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings and the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debentureholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;
- (k) power to remove the Trustee and Collateral Agent from office and to appoint a new trustee and collateral agent provided that no such removal shall be effective unless and until a new Trustee and Collateral Agent or Trustees and Collateral Agents shall have become bound by this Indenture;
- (l) power to sanction the exchange of the Debentures for or the conversion thereof into shares, bonds, debentures or other securities or obligations of the Corporation or of any other Person formed or to be formed;

- (m) power to authorize the distribution in specie of any shares or securities received pursuant to a transaction authorized under the provisions of subsection 11.11(1); and
- (n) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to clause 11.11(1)(j).

Section 11.12 Meaning of “Extraordinary Resolution”

- (1) The expression “**Extraordinary Resolution**” when used in this Indenture means, subject as hereinafter in this Article 11 provided, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of this Article at which the holders of not less than 25% of the principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, at which holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are present in person or by proxy and passed by the favourable votes of the holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the Debentures present or represented by proxy at the meeting and voted upon on a poll on such resolution, and if the meeting is a Serial Meeting by the affirmative vote of the holders of not less than 66 $\frac{2}{3}$ % of each especially affected series present or represented by proxy at the meeting and voted upon on a poll on such resolution.
- (2) If, at any such meeting, the holders of not less than 25% of the principal amount of the Debentures then outstanding and, if the meeting is a Serial Meeting, 25% of the principal amount of the Debentures then outstanding of each especially affected series, in each case are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Debentureholders, shall be dissolved but in any other case it shall stand adjourned to such date, being not less than 14 nor more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 10 days’ notice shall be given of the time and place of such adjourned meeting in the manner provided in Section 12.2. Such notice shall state that at the adjourned meeting the Debentureholders present in person or by proxy shall form a quorum. At the adjourned meeting the Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed thereat by the affirmative vote of holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the Debentures present or represented by proxy at the meeting and voted upon on a poll, and, if the meeting is a Serial Meeting, by the affirmative vote of the holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the Debentures of each especially affected series present or represented by proxy at the meeting and voted upon on a poll, shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the holders of not less than 25% in principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, holders of not less than 25% of the principal amount of

the Debentures then outstanding of each especially affected series, are not present in person or by proxy at such adjourned meeting.

- (3) Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

Section 11.13 Powers Cumulative

Any one or more of the powers in this Indenture stated to be exercisable by the Debentureholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers from time to time shall not be deemed to exhaust the rights of the Debentureholders to exercise the same or any other such power or powers thereafter from time to time.

Section 11.14 Minutes

Minutes of all resolutions and proceedings at every meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee and Collateral Agent at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Debentureholders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken thereat to have been duly passed and taken.

Section 11.15 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Debentureholders at a meeting held as hereinbefore in this Article 11 provided may also be taken and exercised by the holders of 66 $\frac{2}{3}$ % of the principal amount of all the outstanding Debentures and, if the meeting at which such actions might be taken would be a Serial Meeting, by the holders of 66 $\frac{2}{3}$ % of the principal amount of the Debentures then outstanding of each especially affected series, by an instrument in writing signed in one or more counterparts and the expression "Extraordinary Resolution" when used in this Indenture shall include an instrument so signed.

Section 11.16 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 11 at a meeting of Debentureholders shall be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Debentureholders in accordance with Section 11.15 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Trustee and Collateral Agent (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

Section 11.17 Evidence of Rights Of Debentureholders

- (1) Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Debentureholders may be in any number of concurrent instruments of similar tenor signed or executed by such Debentureholders.
- (2) The Trustee and Collateral Agent may, in its discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it shall consider proper.

Section 11.18 Concerning Serial Meetings

If in the opinion of Counsel any business to be transacted at any meeting, or any action to be taken or power to be exercised by instrument in writing under Section 11.15, does not adversely affect the rights of the holders of Debentures of one or more series, the provisions of this Article 11 shall apply as if the Debentures of such series were not outstanding and no notice of any such meeting need be given to the holders of Debentures of such series. Without limiting the generality of the foregoing, a proposal to modify or terminate any covenant or agreement which is effective only so long as Debentures of a particular series are outstanding shall be deemed not to adversely affect the rights of the holders of Debentures of any other series.

ARTICLE 12 – NOTICES

Section 12.1 Notice to Corporation

Any notice to the Corporation under the provisions of this Indenture shall be valid and effective if delivered to the Corporation at: Suite 810, 789 West Pender Street, Vancouver, B.C., V6C 1H2, Attention: Micah Anderson, Chief Executive Officer, with a copy to legal counsel at Suite 1500, 1055 West Georgia Street, Vancouver, BC V6E 4N7, Attention: Desmond Balakrishnan, or if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, shall be deemed to have been effectively given three days following the mailing thereof. The Corporation may from time to time notify the Trustee and Collateral Agent in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Corporation for all purposes of this Indenture.

Section 12.2 Notice to Debentureholders

- (1) All notices to be given hereunder with respect to the Debentures shall be deemed to be validly given to the holders thereof if sent by first class mail, postage prepaid, by letter or circular addressed to such holders at their post office addresses appearing in any of the registers hereinbefore mentioned and shall be deemed to have been effectively given three days following the day of mailing; provided that for any Debentures held through a Depository, if any notice or other communication is required to be given to Debentureholders, the Trustee and Collateral Agent or the Corporation may give such notices and communications to such Depository by e-mail (at such email as is given by

the Depository for such purpose from time to time) or in such other manner as is acceptable to the Depository and notice will be deemed to have been effective/given on the date of delivery. Accidental error or omission in giving notice or accidental failure to mail notice to any Debentureholder or the inability of the Corporation to give or mail any notice due to anything beyond the reasonable control of the Corporation shall not invalidate any action or proceeding founded thereon.

- (2) If any notice given in accordance with the foregoing paragraph would be unlikely to reach the Debentureholders to whom it is addressed in the ordinary course of post by reason of an interruption in mail service, whether at the place of dispatch or receipt or both, the Corporation shall give such notice by publication at least once in the city of Vancouver (or in such of those cities as, in the opinion of the Trustee and Collateral Agent, is sufficient in the particular circumstances), each such publication to be made in a daily newspaper of general circulation in the designated city.
- (3) Any notice given to Debentureholders by publication shall be deemed to have been given on the day on which publication shall have been effected at least once in each of the newspapers in which publication was required.
- (4) All notices with respect to any Debenture may be given to whichever one of the holders thereof (if more than one) is named first in the registers hereinbefore mentioned, and any notice so given shall be sufficient notice to all holders of any persons interested in such Debenture.

Section 12.3 Notice to Trustee and Collateral Agent

Any notice to the Trustee and Collateral Agent under the provisions of this Indenture shall be valid and effective if delivered, receipt confirmed, to the Trustee and Collateral Agent at its principal office in the City of Calgary, at 1230-300 5th Avenue S.W., Attn: Corporate Trust, or by Email: corptrust@odysseytrust.com, and shall be deemed to have been effectively given as of the date of such receipt confirmation or if given by registered letter, postage prepaid, to such office and so addressed and, if mailed, shall be deemed to have been effectively given three days following the mailing thereof.

Section 12.4 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Trustee and Collateral Agent would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to Section 12.3, such notice shall be valid and effective only if delivered at the appropriate address in accordance with Section 12.3.

ARTICLE 13 – CONCERNING THE TRUSTEE AND COLLATERAL AGENT

Section 13.1 Replacement of Trustee and Collateral Agent

- (1) The Trustee and Collateral Agent may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Corporation 90 days' notice in writing or such shorter notice as the Corporation may accept as sufficient. If at any time a material conflict of interest exists in the Trustee and Collateral Agent's role as a fiduciary hereunder the Trustee and Collateral Agent shall, within 30 days after ascertaining that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in this Section 13.1. The validity and enforceability of this Indenture and of the Debentures issued hereunder shall not be affected in any manner whatsoever by reason only that such a material conflict of interest exists. In the event of the Trustee and Collateral Agent resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Trustee and Collateral Agent unless a new Trustee and Collateral Agent has already been appointed by the Debentureholders. Failing such appointment by the Corporation, the retiring Trustee and Collateral Agent or any Debentureholder may apply to a Judge of the Supreme Court of British Columbia, on such notice as such Judge may direct at the Corporation's expense, for the appointment of a new Trustee and Collateral Agent but any new Trustee and Collateral Agent so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Debentureholders and the appointment of such new Trustee and Collateral Agent shall be effective only upon such new Trustee and Collateral Agent becoming bound by this Indenture. Any new Trustee and Collateral Agent appointed under any provision of this Section 13.1 shall be a corporation authorized to carry on the business of a trust company in one or more of the Provinces of Canada. On any new appointment the new Trustee and Collateral Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Trustee and Collateral Agent.
- (2) Any company into which the Trustee and Collateral Agent may be merged or, with or to which it may be consolidated, amalgamated or sold, or any company resulting from any merger, consolidation, sale or amalgamation to which the Trustee and Collateral Agent shall be a party, or any company which shall purchase all or substantially all of the corporate trust book of business of the Trustee and Collateral Agent, shall be the successor trustee and collateral agent under this Indenture without the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Trustee and Collateral Agent or of the Corporation, the Trustee and Collateral Agent ceasing to act shall execute and deliver an instrument assigning and transferring to such successor Trustee and Collateral Agent, upon the trusts herein expressed, all the rights, powers and trusts of the Trustee and Collateral Agent so ceasing to act, and, upon receipt by the Trustee and Collateral Agent of payment in full for any outstanding charges due to it, shall duly assign, transfer and deliver all property and money held by such Trustee and Collateral Agent to the successor Trustee and Collateral Agent so appointed in its place. Should any deed, conveyance or instrument in writing from the Corporation be required

by any new Trustee and Collateral Agent for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall on request of said new Trustee and Collateral Agent, be made, executed, acknowledged and delivered by the Corporation.

Section 13.2 Duties of Trustee and Collateral Agent

In the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Trustee and Collateral Agent shall act honestly and in good faith with a view to the best interests of the Debentureholders, and shall exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

Section 13.3 Reliance Upon Declarations, Opinions, etc.

In the exercise of its rights, duties and obligations hereunder the Trustee and Collateral Agent may, if acting in good faith, rely, as to the truth of the statements and accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or requirement of this Indenture or required by the Trustee and Collateral Agent to be furnished to it in the exercise of its rights and duties hereunder, if the Trustee and Collateral Agent examines such statutory declarations, opinions, reports or certificates and determines that they comply with Section 13.4, if applicable, and with any other applicable requirements of this Indenture. The Trustee and Collateral Agent may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Trustee and Collateral Agent may rely on an opinion of Counsel satisfactory to the Trustee and Collateral Agent notwithstanding that it is delivered by a solicitor or firm which acts as solicitors for the Corporation.

Section 13.4 Evidence and Authority to Trustee and Collateral Agent, Opinions, etc.

- (1) The Corporation shall furnish to the Trustee and Collateral Agent evidence of compliance with the conditions precedent provided for in this Indenture relating to any action or step required or permitted to be taken by the Corporation or the Trustee and Collateral Agent under this Indenture or as a result of any obligation imposed under this Indenture, including without limitation, the certification and delivery of Debentures hereunder, the satisfaction and discharge of this Indenture and the taking of any other action to be taken by the Trustee and Collateral Agent at the request of or on the application of the Corporation, forthwith if and when (a) such evidence is required by any other Section of this Indenture to be furnished to the Trustee and Collateral Agent in accordance with the terms of this Section 13.4, or (b) the Trustee and Collateral Agent, in the exercise of its rights and duties under this Indenture, gives the Corporation written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.
- (2) Such evidence shall consist of

- (a) a certificate made by any two officers or directors of the Corporation, stating that any such condition precedent has been complied with in accordance with the terms of this Indenture;
 - (b) in the case of a condition precedent compliance with which is, by the terms of this Indenture, made subject to review or examination by a solicitor, an opinion of Counsel that such condition precedent has been complied with in accordance with the terms of this Indenture; and
 - (c) in the case of any such condition precedent compliance with which is subject to review or examination by auditors or accountants, an opinion or report of the Auditors of the Corporation whom the Trustee and Collateral Agent for such purposes hereby approves, that such condition precedent has been complied with in accordance with the terms of this Indenture.
- (3) Whenever such evidence relates to a matter other than the certificates and delivery of Debentures and the satisfaction and discharge of this Indenture, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other Person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a trustee, officer or employee of the Corporation it shall be in the form of a statutory declaration. Such evidence shall be, so far as appropriate, in accordance with the immediately preceding paragraph of this Section.
- (4) Each statutory declaration, certificate, opinion or report with respect to compliance with a condition precedent provided for in the Indenture shall include (a) a statement by the Person giving the evidence that he has read and is familiar with those provisions of this Indenture relating to the condition precedent in question, (b) a brief statement of the nature and scope of the examination or investigation upon which the statements or opinions contained in such evidence are based, (c) a statement that, in the belief of the Person giving such evidence, he has made such examination or investigation as is necessary to enable him to make the statements or give the opinions contained or expressed therein, and (d) a statement whether in the opinion of such Person the conditions precedent in question have been complied with or satisfied.
- (5) The Corporation shall furnish or cause to be furnished to the Trustee and Collateral Agent at any time if the Trustee and Collateral Agent reasonably so requires, its certificate that the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which would, with the giving of notice or the lapse of time, or both, or otherwise, constitute an Event of Default, or if such is not the case, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such non-compliance. The Corporation shall, whenever the Trustee and Collateral Agent so requires, furnish the Trustee and Collateral Agent with evidence by way of statutory declaration, opinion, report or certificate as specified by the Trustee and Collateral Agent as to any action or step

required or permitted to be taken by the Corporation or as a result of any obligation imposed by this Indenture.

Section 13.5 Officer's Certificates Evidence

Except as otherwise specifically provided or prescribed by this Indenture, whenever in the administration of the provisions of this Indenture the Trustee and Collateral Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, the Trustee and Collateral Agent, if acting in good faith, may rely upon an Officer's Certificate.

Section 13.6 Experts, Advisers and Agents

The Trustee and Collateral Agent may:

- (a) employ or retain and act and rely on the opinion or advice of or information obtained from any solicitor, auditor, valuer, engineer, surveyor, appraiser or other expert, whether obtained by the Trustee and Collateral Agent or by the Corporation, or otherwise, and shall not be liable for acting, or refusing to act, in good faith on any such opinion or advice and shall not be responsible for any misconduct on the part of any of them and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid. The reasonable costs of such services shall be added to and become part of the Trustee and Collateral Agent's remuneration hereunder; and
- (b) employ such agents and other assistants as it may reasonably require for the proper discharge of its duties hereunder, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the trusts hereof and any solicitors employed or consulted by the Trustee and Collateral Agent may, but need not be, solicitors for the Corporation.

Section 13.7 Trustee and Collateral Agent May Deal in Debentures

Subject to Section 13.2, the Trustee and Collateral Agent may, in its personal or other capacity, buy, sell, lend upon and deal in the Debentures and generally contract and enter into financial transactions with the Corporation or otherwise, without being liable to account for any profits made thereby.

Section 13.8 Investment of Monies Held by Trustee and Collateral Agent

- (1) Unless otherwise provided in this Indenture, any monies held by the Trustee and Collateral Agent, which, under this Indenture, may or ought to be invested or which may be on deposit with the Trustee and Collateral Agent or which may be in the hands of the Trustee and Collateral Agent, may be invested and reinvested in the name or under the

control of the Trustee and Collateral Agent in securities in which, under the laws of the Province of British Columbia, trustees are authorized to invest trust monies, provided that such securities are expressed to mature within two years or such shorter period selected to facilitate any payments expected to be made under this Indenture, after their purchase by the Trustee and Collateral Agent, and unless and until the Trustee and Collateral Agent shall have declared the principal of and interest on the Debentures to be due and payable, the Trustee and Collateral Agent shall so invest such monies at the Written Direction of the Corporation given in a reasonably timely manner. Pending the investment of any monies as hereinbefore provided, such monies may be deposited in the name of the Trustee and Collateral Agent in any chartered bank of Canada or, with the consent of the Corporation, in the deposit department of the Trustee and Collateral Agent or any other loan or trust company authorized to accept deposits under the laws of Canada or any Province thereof at the rate of interest, if any, then current on similar deposits.

- (2) Unless and until the Trustee and Collateral Agent shall have declared the principal of and interest on the Debentures to be due and payable, the Trustee and Collateral Agent shall pay over to the Corporation all interest received by the Trustee and Collateral Agent in respect of any investments or deposits made pursuant to the provisions of this Section.

Section 13.9 Trustee and Collateral Agent Not Ordinarily Bound

Except as provided in Section 8.2 and as otherwise specifically provided herein, the Trustee and Collateral Agent shall not, subject to Section 13.2, be bound to give notice to any Person of the execution hereof, nor to do, observe or perform or see to the observance or performance by the Corporation of any of the obligations herein imposed upon the Corporation or of the covenants on the part of the Corporation herein contained, nor in any way to supervise or interfere with the conduct of the Corporation's business, unless the Trustee and Collateral Agent shall have been required to do so in writing by the holders of not less than 25% of the aggregate principal amount of the Debentures then outstanding or by any Extraordinary Resolution of the Debentureholders passed in accordance with the provisions contained in Article 11, and then only after it shall have been funded and indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

Section 13.10 Trustee and Collateral Agent Not Required to Give Security

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

Section 13.11 Trustee and Collateral Agent Not Bound to Act on Corporation's Request

Except as otherwise specifically provided in this Indenture, the Trustee and Collateral Agent shall not be bound to act in accordance with any direction or request of the Corporation until a duly Authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Trustee and Collateral Agent, and the Trustee and

Collateral Agent shall be empowered to act upon any such copy purporting to be Authenticated and believed by the Trustee and Collateral Agent to be genuine.

Section 13.12 Conditions Precedent to Trustee and Collateral Agent's Obligations to Act Hereunder

- (1) The obligation of the Trustee and Collateral Agent to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Trustee and Collateral Agent and of the Debentureholders hereunder shall be conditional upon the Debentureholders furnishing when required by notice in writing by the Trustee and Collateral Agent, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Trustee and Collateral Agent to protect and hold harmless the Trustee and Collateral Agent against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.
- (2) None of the provisions contained in this Indenture shall require the Trustee and Collateral Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.
- (3) Nothing herein contained shall impose any obligation on the Trustee and Collateral Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto;
- (4) The Trustee and Collateral Agent may, before commencing or at any time during the continuance of any such act, action or proceeding require the Debentureholders at whose instance it is acting to deposit with the Trustee and Collateral Agent the Debentures held by them for which Debentures the Trustee and Collateral Agent shall issue receipts.

Section 13.13 Authority to Carry on Business

The Trustee and Collateral Agent represents to the Corporation that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business of a trust company in the provinces of British Columbia and Alberta but if, notwithstanding the provisions of this Section 13.13, it ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the securities issued hereunder shall not be affected in any manner whatsoever by reason only of such event but the Trustee and Collateral Agent shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in either of the provinces of British Columbia and Alberta, either become so authorized or resign in the manner and with the effect specified in Section 13.1.

Section 13.14 Compensation and Indemnity

- (1) The Corporation shall pay to the Trustee and Collateral Agent from time to time compensation for its services hereunder as agreed separately by the Corporation and the Trustee and Collateral Agent, and shall pay or reimburse the Trustee and Collateral Agent upon its request for all reasonable expenses, disbursements and advances incurred or

made by the Trustee and Collateral Agent in the administration or execution of its duties under this Indenture (including the reasonable and documented compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Trustee and Collateral Agent under this Indenture shall be finally and fully performed. Any fees and expenses of the Trustee and Collateral Agent in connection herewith shall be paid by the Corporation within 30 days of issuance of an invoice therefor and, if not so paid, shall bear interest at a rate per annum to the then-current rate of interest charged by the Trustee and Collateral Agent to its corporate clients. The Trustee and Collateral Agent's compensation shall not be limited by any law on compensation of a trustee of an express trust.

- (2) The Corporation hereby indemnifies and holds the Trustee and Collateral Agent and its affiliates, their successors and assigns, as well as its and their respective directors, officers, employees and agents, harmless from and against any and all claims, demands, assessments, interest, penalties, actions, suits, proceedings, liabilities, losses, damages, costs and expenses, including, without limiting the foregoing, expert, consultant and counsel fees and disbursements on a solicitor and client basis, arising from or in connection with any actions or omissions that the Trustee and Collateral Agent or they take pursuant to this Indenture, provided that any such action or omission is without gross negligence, bad faith, wilful misconduct or fraud or is taken on advice and instructions given to the Trustee and Collateral Agent or them by the Corporation, or the Corporation's representatives, including the Corporation's legal counsel, or counsel consulted by the Trustee and Collateral Agent or them. This indemnity shall survive the resignation or removal of the Trustee and Collateral Agent and the termination or discharge of this Indenture.
- (3) Notwithstanding any other provision of this Indenture, the Trustee and Collateral Agent shall not be liable for any (i) breach by any other party of the Applicable Securities Legislation, (ii) lost profits or (iii) punitive, consequential or special damages of any Person.

Section 13.15 Acceptance of Trust

The Trustee and Collateral Agent hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who shall from time to time be Debentureholders, subject to all the terms and conditions herein set forth.

Section 13.16 Third Party Interests

Each party to this Indenture (in this paragraph referred to as a "representing party") hereby represents to the Trustee and Collateral Agent that any account to be opened by, or interest to be held by, the Trustee and Collateral Agent in connection with this Indenture, for or

to the credit of such representing party, is not intended to be used by or on behalf of any third party.

Section 13.17 Anti-Money Laundering

The Trustee and Collateral Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee and Collateral Agent, in its sole judgment, acting reasonably, determines that such act might cause it to be in noncompliance with any applicable anti-money laundering or anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Trustee and Collateral Agent, in its sole judgment, acting reasonably, 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 or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on 10 days' prior written notice sent to the Corporation provided that (i) the Trustee and Collateral Agent's written notice shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Trustee and Collateral Agent's satisfaction within such 10-day period, then such resignation shall not be effective.

Section 13.18 Privacy Laws

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

- (a) to provide the services required under this Indenture and other services that may be requested from time to time;
- (b) to help the Trustee and Collateral Agent manage its servicing relationships with such individuals;
- (c) to meet the Trustee and Collateral Agent's legal and regulatory requirements; and
- (d) if Social Insurance Numbers are collected by the Trustee and Collateral Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

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

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

Section 13.19 Force Majeure

Neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

ARTICLE 14 – SUPPLEMENTAL INDENTURES

Section 14.1 Supplemental Indentures

From time to time the Trustee and Collateral Agent and, when authorized by a resolution of the Board of Directors, the Corporation, may, subject to the provisions hereof and subject to the prior approval of the Recognized Stock Exchange, as applicable, and they shall when required by this Indenture, execute, acknowledge and deliver by their proper officers deeds or indentures supplemental hereto which thereafter shall form part hereof, or amend, supplement or restate any Security Document for any one or more of the following purposes:

- (a) providing for the issuance of Additional Debentures under this Indenture;
- (b) adding to the covenants of the Corporation herein contained for the protection of the Debentureholders, or of the Debentures of any series, or providing for events of default, in addition to those herein specified;
- (c) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debentures which do not affect the substance thereof and which in the opinion of the Trustee and Collateral Agent relying on the advice of Counsel will not be prejudicial to the interests of the Debentureholders;
- (d) evidencing the succession, or successive successions, of others to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture;
- (e) to release Collateral in connection with any sale or other disposition permitted by this Indenture or any Security Document;

- (f) giving effect to any Extraordinary Resolution passed as provided in Article 11; and
- (g) for any other purpose not inconsistent with the terms of this Indenture.

Unless the supplemental indenture requires the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, by Extraordinary Resolution, the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, shall not be required in connection with the execution, acknowledgement or delivery of a supplemental indenture. The Corporation and the Trustee and Collateral Agent may amend any of the provisions of this Indenture related to matters of United States law or the issuance of Debentures into the United States in order to ensure that such issuances can be made in accordance with applicable law in the United States without the consent or approval of the Debentureholders. Further, the Corporation and the Trustee and Collateral Agent may without the consent or concurrence of the Debentureholders or the holders of a particular series of Debentures, as the case may be, by supplemental indenture or otherwise, make any changes or corrections in this Indenture which it shall have been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained herein or in any indenture supplemental hereto or any Written Direction of the Corporation provided for the issue of Debentures, providing that in the opinion of the Trustee and Collateral Agent (relying upon an opinion of Counsel) the rights of the Debentureholders are in no way prejudiced thereby.

ARTICLE 15 – EXECUTION AND FORMAL DATE

Section 15.1 Execution

This Indenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

Section 15.2 Formal Date

For the purpose of convenience this Indenture may be referred to as bearing the formal date of September 8, 2022, irrespective of the actual date of execution hereof.

The parties have executed this Agreement.

ICANIC BRANDS COMPANY INC.

By: *(signed) "Micah Anderson"*

Name: Micah Anderson

Title: Chief Executive Officer

ODYSSEY TRUST COMPANY

By: *(signed) "Dan Sander"*

Name: Dan Sander

Title: President, Corporate Trust

By: *(signed) "Amy Douglas"*

Name: Amy Douglas

Title: Director, Corporate Trust

Schedule A – Form of Debenture

[INITIAL DEBENTURES LEGEND]

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE JANUARY 8, 2023.

(INSERT IF BEING ISSUED TO CDS) THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE TRUST INDENTURE DATED AS OF THE 8 DAY OF SEPTEMBER, 2022 BETWEEN ICANIC BRANDS COMPANY INC. AND ODYSSEY TRUST COMPANY (THE “**INDENTURE**”). EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“**CDS**”) TO ICANIC BRANDS COMPANY INC INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.s

[U.S. LEGEND – TO BE INCLUDED ON ALL DEBENTURES ISSUED TO U.S. PURCHASERS EXCEPT QUALIFIED INSTITUTIONAL BUYERS WHO HAVE EXECUTED AND DELIVERED A QUALIFIED INSTITUTIONAL BUYER LETTER.]

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON CONVERSION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**U.S. SECURITIES ACT**”), OR THE LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF ICANIC BRANDS COMPANY INC. (THE “**CORPORATION**”), THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE

UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE U.S. STATE SECURITIES LAWS, AND, IN THE CASE OF (C) OR (D) ABOVE, AFTER THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION AND THE TRUSTEE AND COLLATERAL AGENT TO SUCH EFFECT.

CUSIP ●

ISIN ●

No. ●

\$●

ICANIC BRANDS COMPANY INC.

(A corporation incorporated under the laws of province of British Columbia)

11.0% SECURED CONVERTIBLE SENIOR DEBENTURE

DUE SEPTEMBER 8, 2024

ICANIC BRANDS COMPANY INC. (the “**Corporation**”) for value received hereby acknowledges itself indebted and, subject to the provisions of the Debenture Indenture (the “**Indenture**”) dated as of September 8, 2022 between the Corporation and Odyssey Trust Company (the “**Trustee and Collateral Agent**”), promises to pay to the registered holder hereof on September 8, 2024 or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture (any such date, the “**Maturity Date**”) the principal amount hereof in lawful money of Canada on presentation and surrender of this Initial Debenture at the main branch of the Trustee and Collateral Agent in Calgary, Alberta in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from, and including, the date hereof at the rate of 11.0% per annum (based on a year of 360 days composed of twelve 30-day months), payable at the Maturity Date.

This Initial Debenture is one of the 11.0% Secured Convertible Debentures (referred to herein as the “**Initial Debentures**”) of the Corporation issued or issuable in one or more series under the provisions of the Indenture. The Initial Debentures authorized for issue immediately are limited to an aggregate principal amount of up to \$4,000,000 in lawful money of Canada. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Initial Debentures are or are to be issued and held and the rights and remedies of the holders of the Initial Debentures and of the Corporation and of the Trustee and Collateral Agent, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Initial Debenture by acceptance hereof assents.

The Initial Debentures are issuable only in denominations of \$1,000 and integral multiples thereof (or such other amount as the Corporation may determine in its sole discretion). Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

On or after September 8, 2022, any part, being \$1,000 or an integral multiple thereof, of the principal of this Initial Debenture, provided that the principal amount of this Initial Debenture is in a denomination in excess of \$1,000, is convertible, at the option of the holder hereof, upon surrender of this Initial Debenture at the principal office of the Trustee and Collateral Agent in Calgary, Alberta, at any time prior to 5:00 p.m. (Vancouver time) on the earliest of (i) the third Business Day immediately preceding the Maturity Date of the Initial Debentures; or (ii) if subject to redemption pursuant to a Change of Control (as defined in the Indenture), on the Business Day immediately preceding the payment date, into Units, comprised of one common share of the Corporation (a “**Common Share**”) and one Common Share purchase warrant, exercisable at a price of \$0.15 per warrant for 24 months from the date of conversion (a “**Warrant**”) (without adjustment for interest accrued hereon or for dividends or distributions on Common Shares issuable upon conversion) at a conversion price of \$0.10 (the “**Conversion Price**”) per Unit, all subject to the terms and conditions and in the manner set forth in the Indenture. No fractional Common Shares or Warrants will be issued on any conversion but in lieu thereof, holders will receive a cash payment in satisfaction of any fractional interest based on the Current Market Price as of the Date of Conversion, provided, however, the Corporation shall not be required to make any payment of less than \$5.00. Holders converting their Debentures will receive accrued and unpaid interest thereon in cash.

Not less than 30 days prior to the consummation of a Change of Control, the Corporation shall deliver to the Trustee and Collateral Agent, and the Trustee and Collateral Agent shall promptly deliver to the holders of the Initial Debentures, a notice stating that there has been a Change of Control and specifying the date on which such Change of Control occurred and the circumstances or events giving rise to such Change of Control (a “**Change of Control Notice**”). Prior to the Change of Control Purchase Date (as defined below), the Debentureholders shall, in their sole discretion, have the right to require the Corporation to purchase the Debentures in whole or in part (the “**Change of Control Offer**”) at 100% of the principal amount thereof plus accrued and unpaid interest if the Change of Control. If 90% or more of the principal amount of all Debentures outstanding on the date the Corporation provides notice of a Change of Control to the Trustee and Collateral Agent have been tendered for purchase pursuant to the Change of Control Offer, the Corporation has the right to redeem all the remaining outstanding Initial Debentures on the same date and at the same price.

The indebtedness evidenced by this Initial Debenture, and by all other Initial Debentures now or hereafter certified and delivered under the Indenture, is a direct secured obligation of the Corporation.

This Initial Debentures and the Common Shares and Warrants issuable upon conversion hereof have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States. This Initial Debenture may not be converted by or for the account or benefit of a U.S. person or a person in the United States absent an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. In addition, the underlying Common Shares and Warrants may only be offered and sold to a U.S. person or a person in the United States pursuant to an exemption from the registration requirements of the U.S. Securities Act and

applicable state securities laws. “U.S. person” and “United States” are as defined in Regulation S under the U.S. Securities Act.

The Indenture contains provisions binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Initial Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares, Warrants, and officers, directors and employees of the Corporation in respect of any obligation or claim arising out of the Indenture or this Initial Debenture.

This Initial Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee and Collateral Agent in the City of Calgary and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Trustee and Collateral Agent may designate. No transfer of this Initial Debenture shall be valid unless made on the register by the registered holder hereof or its executors or administrators or other legal representatives, or its or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee and Collateral Agent or other registrar, and upon compliance with such reasonable requirements as the Trustee and Collateral Agent and/or other registrar may prescribe and upon surrender of this Initial Debenture for cancellation. Thereupon a new Initial Debenture or Initial Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Initial Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee and Collateral Agent under the Indenture.

Capitalized words or expressions used in this Initial Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture. In the event of any inconsistency between the terms of this Initial Debenture and the Indenture, the terms of the Indenture shall govern.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF ICANICBRANDS COMPANY INC. has caused this
Debenture to be signed by its authorized representatives as of _____, 2022.

ICANIC BRANDS COMPANY INC.

By: _____

TRUSTEE AND COLLATERAL AGENT'S CERTIFICATE

This Initial Debenture is one of the 11.0% Secured Convertible Debentures due September 8, 2024 referred to in the Indenture within mentioned.

Dated:

ODYSSEY TRUST COMPANY

By: _____

Name:

Title:

REGISTRATION PANEL

(No writing hereon except by Trustee and Collateral Agent or other registrar)

Date of Registration	In Whose Name Registered	Signature of Trustee and Collateral Agent or Registrar

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address and social insurance number, if applicable, are set forth below, this Initial Debenture (or \$_____principal amount hereof*) of **Icanic Brands Company Inc.** standing in the name(s) of the undersigned in the register maintained by the Corporation with respect to such Initial Debenture and does hereby irrevocably authorize and direct the Trustee and Collateral Agent to transfer such Initial Debenture in such register, with full power of substitution in the premises.

Dated: _____

Address of Transferee: _____
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: _____

*If less than the full principal amount of the within Initial Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold an Initial Debenture in a non-integral multiple of \$1,000 by reason of your having exercised your right to exchange upon the making of a Change of Control Offer, in which case such Initial Debenture is transferable only in its entirety) to be transferred.

Check if the undersigned Transferor is a U.S. Purchaser that acquired Initial Debentures under the Issuance as “restricted securities” and which: (a) are represented by one or more Debenture Certificate endorsed with a U.S. Legend pursuant to Section 2.15(1) of the Indenture; or (b) have been included in the Unrestricted Debenture pursuant to Section 2.15(3) of the Indenture, against execution and delivery by the Transferor of a Qualified Institutional Buyer Letter substantially as set forth in Schedule Error! Reference source not found. to the Indenture. IF THIS BOX IS CHECKED, THE TRANSFEROR MUST COMPLETE AND DELIVER A CERTIFICATE OF TRANSFER SUBSTANTIALLY AS SET FORTH IN SCHEDULE E TO THE INDENTURE.

REASON FOR TRANSFER – For US Residents only (where the individual(s) or corporation receiving the securities is a US resident). Please select only one (see instructions below).

Gift Estate Private Sale Other (or no change in ownership)

Date of Event (Date of gift, death or sale): **Value per Debenture** on the date of event:

	/		/				
--	---	--	---	--	--	--	--

\$.		
----	--	--	---	--	--

CAD **OR** USD

1. The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: “SIGNATURE GUARANTEED”, “MEDALLION GUARANTEED” OR “SIGNATURE & AUTHORITY TO SIGN GUARANTEE”, all in accordance with the transfer agent’s then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a “SIGNATURE & AUTHORITY TO SIGN GUARANTEE” Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a “MEDALLION GUARANTEED” Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.
2. The registered holder of this Initial Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

Authorized Officer

Signature of transferring registered holder

Name of Institution

Schedule B – Form of Redemption Notice

ICANIC BRANDS COMPANY INC.

11.00 % SENIOR SECURED DEBENTURES

REDEMPTION NOTICE

To: Holders of 11.00% Senior Secured Debentures (the “**Debentures**”) of Icanic Brands Company Inc. (the “**Corporation**”)

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the debenture indenture (the “**Indenture**”) dated as of September 8, 2022 between the Corporation and Odyssey Trust Company (the “**Trustee and Collateral Agent**”), that the aggregate principal amount of \$● of the \$4,000,000 of Debentures outstanding will be redeemed as of ● (the “**Redemption Date**”), upon payment of a redemption amount of \$● for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$1,000; (ii) all accrued and unpaid interest hereon to but excluding the Redemption Date; and (iii) an amount equal to the interest that would have been payable hereon, if the Initial Debentures had not been redeemed, for the period from and including the Redemption Date to the Maturity Date (collectively, the “**Redemption Price**”).

The Redemption Price will be payable upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

Odyssey Trust Company
Stock Exchange Tower
1230-300 5th Avenue SW
Calgary, AB T2P 3C3

The interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Redemption Price shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Redemption Price pursuant to the Indenture.

DATED:

ICANIC BRANDS COMPANY INC.

Per: _____

Schedule C – Form of Notice of Conversion

CONVERSION NOTICE

To: **ICANIC BRANDS COMPANY INC.**

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 11.0% Secured Convertible Debentures irrevocably elects to convert such Debentures (or \$● principal amount thereof) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures and directs that the Units of Icanic Brands Company Inc. issuable upon a conversion be issued and delivered to the person indicated below. (If Units are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned and a Residency Declaration Form must be completed and delivered in respect of such other person).

If the Debentures are being converted by, or for the account or benefit of a U.S. person or a person in the United States, the undersigned represents, warrants and certifies as follows (one only) of the following must be checked:

A. The undersigned has not been solicited to convert the Debentures by any person, or if the undersigned has been solicited to convert the Debentures, the undersigned has confirmed that no commission or remuneration has been or will be paid or given, directly or indirectly, for soliciting such conversion, and the undersigned acknowledges that the Corporation is relying on the registration exemption provided by section 3(a)(9) of the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”), to issue the Common Shares; OR

B. The undersigned has delivered to the Corporation and the Trustee and Collateral Agent an opinion of counsel reasonably satisfactory to the Corporation to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available. (Note: If this box is to be checked, holders are encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with conversion will be satisfactory in form and substance to the Corporation.)

If the undersigned has checked Box A or B, and the undersigned has determined with the benefit of legal advice that the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the undersigned in order to maintain compliance with the U.S. Securities Act, the undersigned has caused to be delivered to the Corporation and the Trustee and Collateral Agent, at the request of the Corporation or the Trustee and Collateral Agent, an opinion of counsel of recognised standing, in form and substance reasonably satisfactory to the Corporation, to the foregoing effect.

Dated: _____

(Signature of Registered Holder)

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which must be \$1,000 or integral multiples thereof).

NOTE: If Units are to be issued in the name of a person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".

(Print name in which Units are to be issued, delivered and registered)

Name: _____

Address

(City, Province and Postal Code)

Name of guarantor: _____

Authorized signature: _____

Schedule D – [Intentionally Deleted]

Schedule E – Form of Certificate of Transfer

Icanic Brands Company Inc.
1500-1055 West Georgia Street
Vancouver, BC
V6E 4N7
Attention: Micah Anderson

Odyssey Trust Company
Stock Exchange Tower
1230-300 5th Avenue SW
Calgary, AB T2P 3C3
Attention: Corporate Trust

Re: Transfer of Debentures

Reference is hereby made to the Indenture, dated as of September 8, 2022 (the “**Indenture**”) between Icanic Brands Company Inc., as issuer (the “**Corporation**”), and Odyssey Trust Company, as Trustee and Collateral Agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the “**Transferor**”) owns and proposes to transfer the Debentures or interests in such Debentures specified in Annex A hereto, in the principal amount of \$ _____ (the “**Transfer**”), to _____ (the “**Transferee**”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. **Check if Transferee will take delivery of an interest in a Restricted Debenture pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A (“**Rule 144A**”) under the Securities Act of 1933, as amended (the “**Securities Act**”), and, accordingly, the Transferor hereby further certifies that the interest or physical Debenture is being transferred to a Person that the Transferor reasonably believes is purchasing the interest or physical Debenture for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or physical Debenture will be subject to the restrictions on transfer enumerated in the U.S. Legend.

2. **Check if Transferee will take delivery of an interest in an Unrestricted Debenture pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Rule 904 of Regulation S under the Securities Act and, accordingly, the

Transferor hereby further certifies that (i) the Transferor is not an “affiliate” of the Corporation as that term is defined in Rule 405 under the Securities Act, (ii) the offer was not made, and the Transfer is not being made, to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (iii) neither the Transferor nor any affiliate of the Transferor nor any Person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the Transfer, (iv) the Transfer 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), (v) the Transferor does not intend to replace such securities with fungible unrestricted securities and (vi) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act. Terms used in this section have the meaning given to them by Regulation S under the Securities Act.

3. **Check and complete if Transferee will take delivery of an interest in an Unrestricted Debenture pursuant to any provision of the Securities Act other than Regulation S.**

(a) **Check if Transfer is pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act (“**Rule 144**”) and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States, and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Transferor in order to maintain compliance with the Securities Act.

(b) **Check if Transfer is Pursuant to Other Exemption.** (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144A, Regulation S and Rule 144, and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States, and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Transferor in order to maintain compliance with the Securities Act.

In connection with requests for transfers pursuant to item 3(a) or item 3(b), the Transferor must deliver to the Corporation and the Trustee and Collateral Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Trustee and Collateral Agent and the Corporation, to the effect that the legend is no longer required under applicable requirements of the Securities Act or state securities laws.

This certificate and the statements contained herein are made for your benefit and the benefit of the Corporation.

[Insert Name of Transferor]

By: _____

Name:

Title:

Dated: _____

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b) OR (c) OR (d)]

- (a) a Restricted Uncertificated Debenture CUSIP
- (b) an Unrestricted Uncertificated Debenture CUSIP
- (c) a Restricted Physical Debenture
- (d) an Unrestricted Physical Debenture

after the Transfer the Transferee will hold:

[CHECK ONE OF (e) OR (f) OR (g) OR (h)]

- (e) a Restricted Uncertificated Debenture CUSIP
- (f) an Unrestricted Uncertificated Debenture CUSIP
- (g) a Restricted Physical Debenture
- (h) an Unrestricted Physical Debenture

in accordance with the terms of the Indenture.

Schedule F – Form of Certificate of Exchange

Icanic Brands Company Inc.
1500-1055 West Georgia Street
Vancouver, BC
V6E 4N7
Attention: Micah Anderson

Odyssey Trust Company
Stock Exchange Tower
1230-300 5th Avenue SW
Calgary, AB T2P 3C3
Attention: Corporate Trust

Reference is hereby made to the Indenture, dated as of September 8, 2022 (the “**Indenture**”) between IcanicBrands Company Inc., as issuer (the “**Corporation**”), and Odyssey Trust Company, as Trustee and Collateral Agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the “**Owner**”) owns and proposes to exchange the Debentures or interests in such Debentures specified herein, in the principal amount of \$_____ (the “**Exchange**”). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Physical Debentures or Restricted Uncertificated Debenture for Unrestricted Physical Debentures or Unrestricted Uncertificated Debenture

(a) **Check if Exchange is a Restricted Uncertificated Debenture to an Unrestricted Uncertificated Debenture.** In connection with the Exchange of the Restricted Uncertificated Debenture for an Unrestricted Uncertificated Debenture in an equal principal amount, the Owner hereby certifies (i) the interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Uncertificated Debentures and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), (iii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Owner in order to maintain compliance with the U.S. Securities Act, and (iv) the interest in an Unrestricted Uncertificated Debenture is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) **Check if Exchange is from Restricted Physical Debenture to Unrestricted Physical Debenture.** In connection with the Owner’s Exchange of a Restricted Physical Debenture for an Unrestricted Physical Debenture, the Owner hereby certifies (i) the Unrestricted Physical Debenture is being acquired for the Owner’s own account without transfer, such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Physical Debentures and pursuant to and in accordance with the U.S. Securities Act, the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the Physical Debenture of the Owner in order to maintain compliance with the

U.S. Securities Act and (iv) the Unrestricted Physical Debenture is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

In connection with requests for Exchanges pursuant to item 1(a) or 1(b), the Owner must deliver to the Corporation and the Trustee and Collateral Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act or U.S. state securities laws.

This certificate and the statements contained herein are made for your benefit and the benefit of the Corporation..

[Insert Name of Transferor]

By: _____

Name:

Title:

Dated: _____

Schedule G – Form of Qualified Institutional Buyer Letter

Icanic Brands Company Inc.
1500-1055 West Georgia Street
Vancouver, BC
V6E 4N7
Attention: Micah Anderson

Ladies and Gentlemen:

In connection with its agreement to purchase debentures (the “**Debentures**”) of Icanic Brands Company Inc. (the “**Corporation**”), the undersigned purchaser acknowledges, represents to, warrants, covenants and agrees with the Corporation, as follows:

1. It is authorized to consummate the purchase of the Debentures.
2. It is a Qualified Institutional Buyer that is also an “accredited investor” (as defined in Rule 501(a) of Regulation D under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”)), purchasing the Debentures for its own account or for the account or benefit of one or more Qualified Institutional Buyers that are also accredited investors with respect to which it exercises sole investment discretion for investment purposes only and not with a view to any resale, distribution or other disposition of the Debentures or the common shares (the “**Common Shares**”) or warrants (the “**Warrants**”) of the Corporation issuable upon conversion of the Debentures in violation of United States federal or U.S. state securities laws.
3. It understands and acknowledges that none of the Debentures, the Common Shares or the Warrants, or the Common Shares issuable upon exercise of the Warrants (the “**Warrant Shares**” and together with the Debentures, Common Shares and Warrants, the “**Securities**”), have been nor will be registered under the U.S. Securities Act, or the securities laws of any state of the United States, and will, therefore, be “restricted securities” within the meaning of Rule 144 under the U.S. Securities Act that will not be represented by certificates that bear a U.S. restrictive legend or identified by a restricted CUSIP number, and that the offer and sale of the Debentures to it will be made in reliance upon an exemption from registration provided by section 4(a)(2) of the U.S. Securities Act or Rule 506(b) of Regulation D thereunder.
4. It, alone or with the assistance of its professional advisors, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Debentures, the Common Shares or the Warrants and is able, without impairing its financial condition, to hold the Debentures, the Common Shares or Warrants for an indefinite period of time and to bear the economic risks, and withstand a complete loss, of such investment.
5. It acknowledges that it has not purchased the Debentures as a result of any “general solicitation” or “general advertising” (as those terms are used in Regulation D under the U.S. Securities Act), including, but not limited to, any advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the Internet or broadcast over radio, television or the Internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
6. It acknowledges that:
 - a. the Warrants may not be exercised in the United States or by, or on behalf of, a U.S. person (as defined in Rule 902(k) of Regulation S under the U.S. Securities Act) or a person in the United States unless exemptions are available from the registration requirements of the U.S.

Securities Act and the securities laws of all applicable states, and the holder has furnished an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to such effect; provided that a holder of Warrants (a “**Warrantholder**”) that was an original purchaser who executed and delivered this Letter in connection with its purchase of the Debentures will not be required to deliver an opinion of counsel in connection with its due exercise of the Warrants, for its own account or for the account of the original beneficial purchaser(s), if any, at a time when the Warrantholder and such original beneficial purchaser(s), if any, are Accredited Investors; and

- b. Warrants to be exercised may be required to be withdrawn from the non-certificated inventory system of the Clearing and Depository Services Inc. and an individually registered certificate representing such Warrants may be issued by the warrant agent, and in such case, the Warrantholder may be required to complete and deliver to the Issuer and the warrant agent a notice of exercise for the Warrants substantially in a form acceptable to the Corporation and the warrant agent and as reflected in the warrant indenture thereto.
7. In consideration for the receipt of unlegended “restricted securities”, it represents, warrants and covenants to the Corporation as follows (“**Restricted Security Agreements**”):
 - a. if in the future it decides to offer, sell, pledge, or otherwise transfer, directly or indirectly, any of the Securities it will do so only: (x) to the Corporation (though the Corporation is under no obligation to purchase any such Securities) or (y) outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws or regulations;
 - b. the Securities cannot be offered, sold, pledged or otherwise transferred, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. Persons;
 - c. it will cause any CDS participant holding the Securities on its behalf, and the beneficial purchaser of the Securities, if any, to comply with the Restricted Security Agreements; and
 - d. for so long as the Securities constitute “restricted securities”, it will not deposit any of the Securities into the facilities of the Depository Trust Company, or a successor depository within the United States, or arrange for the registration of any the Securities with Cede & Co. or any successor thereto.
8. It acknowledges it has implemented, or shall immediately implement, adequate internal procedures to be able to ensure compliance with the transfer restrictions and, in particular, to ensure that the Debentures, the Common Shares and the Warrants shall be properly identified in its records as “restricted securities” that are subject to the Restricted Security Agreements notwithstanding the absence of a U.S. restrictive legend or restricted CUSIP number.
9. It is not an “affiliate” as defined in Rule 144(a)(1) under the U.S. Securities Act, and is not acting on behalf of an affiliate, of the Corporation;
10. It understands and acknowledges that it is expected that (i) the Securities will be registered in the name of CDS or its nominee under the book-based system administered by CDS and will not be identified by a restricted CUSIP, and (ii) no certificates evidencing such securities will be issued by the Corporation in reliance on its agreement with, and to, the Corporation to comply with the Restricted Security Agreements and that it will receive only a customer confirmation in respect of its purchase.

11. It understands and acknowledges that the Corporation is not obligated to file and has no present intention of filing with the United States Securities and Exchange Commission (the “SEC”) or with any U.S. state securities commission any registration statement in respect of resales of any of the Debentures, the Common Shares or the Warrants in the United States.
12. No agency, securities commission, governmental authority, regulatory body, stock exchange or other entity (including, without limitation, the SEC or any U.S. state securities commission) has reviewed, passed on, made any finding or determination as to the merit for investment of, and no such agencies, securities commissions, or governmental authorities have made any recommendation or endorsement with respect to, the Debentures, the Common Shares, and the Warrants and there is no government or other insurance covering the Debentures, the Common Shares, or the Warrants.
13. It is aware that its ability to enforce civil liabilities under the United States federal securities laws may be affected adversely by, among other things: (i) the fact that the Corporation is organized under the laws of the province of British Columbia; (ii) some or all of the directors and officers may be residents of countries other than the United States; and (iii) all or a portion of the assets of the Corporation and such persons may be located outside the United States.
14. It understands and agrees that the financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies.
15. If required by applicable securities legislation, regulatory policy or order or by any securities commission, stock exchange or other regulatory authority, it will execute, deliver and file and otherwise assist the Corporation in filing reports, questionnaires, undertakings and other documents with respect to the issuance of the Debentures, the Common Shares or the Warrants.
16. It understands and acknowledges that it is making the representations, warranties and agreements contained herein with the intent that they may be relied upon by the Corporation in determining its eligibility to purchase the Debentures, the Common Shares or the Warrants.
17. (i) If it is acquiring any Debentures as a fiduciary or agent for one or more investor accounts, it represents that it has full power to make the representations, warranties and agreements contained herein on behalf of each such account and that the representations, warranties and agreements contained herein are true and correct and will be binding upon each such account; or (ii) the undersigned is an officer of the purchaser duly authorized to execute and deliver this letter on behalf of the purchaser.
18. It acknowledges and consents to the fact that the Corporation may be required by applicable securities laws to provide the securities regulators or other authorities pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) with its personal information; and, notwithstanding that it may be purchasing securities as agent on behalf of an undisclosed principal, it agrees to provide, on request, particulars as to the identity of such undisclosed principal as may be required by the Corporation in order to comply with the foregoing.
19. It represents and warrants that (i) the funds representing the purchase price which will be advanced by it will not represent proceeds of crime for the purposes of the *United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (the “PATRIOT Act”), and it acknowledges that the Corporation may in the future be required by law to disclose its name and other information, on a confidential basis, pursuant to the PATRIOT Act, and (b) no portion of the purchase price to be provided by it (i) has been or will be derived from or related

to any activity that is deemed criminal under the laws of the United States of America or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity that has not been identified to or by it; and it shall promptly notify the Corporation if it discovers that any of such representations ceases to be true and provide the Corporation with appropriate information in connection therewith.

20. It agrees that by accepting the Debentures it shall be representing and warranting that the foregoing representations and warranties are true and correct as at the closing date of the offering of the Debentures and that they shall survive the purchase by it of the Debentures and shall continue in full force and effect notwithstanding any subsequent disposition by it of the Debentures. It irrevocably authorizes the Corporation to produce this Qualified Institutional Buyer Letter or a copy hereof to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters set forth herein.

The Corporation shall be entitled to rely on delivery of an electronic mail or facsimile copy of this Qualified Institutional Buyer Letter, and acceptance by the Corporation of an electronic mail or facsimile copy of this Qualified Institutional Buyer Letter shall create a legal, valid and binding agreement between the Corporation and the undersigned.

By:

Print Name of U.S. Purchaser

By:

Name:
Title:

Schedule H – Form of Warrant Indenture