

DEBENTURE INDENTURE

between

TRILLION ENERGY INTERNATIONAL INC.

and

ODYSSEY TRUST COMPANY

Providing for the Issue of Debentures

Dated as of April 20, 2023

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THIS INDENTURE made as of the 20th day of April, 2023.

BETWEEN:

TRILLION ENERGY INTERNATIONAL INC., a corporation continued under the laws of the Province of British Columbia and having its head office in the City of Vancouver, in the Province of British Columbia

(hereinafter called "**Trillion**" or the "**Corporation**")

AND

ODYSSEY TRUST COMPANY, a trust company continued under the laws of Canada, authorized to carry on the business of a trust company in the provinces of British Columbia and Alberta, having an office in the City of Vancouver, British Columbia

(hereinafter called the "**Trustee**")

WITNESSETH THAT:

- A. the Corporation wishes to create and issue the Debentures (as defined herein) in the manner and subject to the terms and conditions of this Indenture;
- B. the Corporation is duly authorized to create and issue the Debentures to be issued as herein provided;
- C. all acts and deeds necessary have been done and performed to make the Debentures, when created and issued as provided in this Indenture, legal, valid and binding upon the Corporation with the benefits and subject to the terms of this Indenture;
- D. the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Trustee;

NOW THEREFORE THIS INDENTURE WITNESSES that in consideration of the respective covenants and agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Corporation and the Trustee covenant and agree, for the benefit of each other and for the equal and ratable benefit of the holders, as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

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

"**90% Redemption Right**" has the meaning ascribed thereto in Section 2.1(j)(viii);

"**90% Redemption Right Notice**" has the meaning ascribed thereto in Section 2.1(j)(viii);

"**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;

"**Acceptance Notice**" has the meaning ascribed thereto in Section 2.1(j)(iv);

"**Applicable Securities Legislation**" means applicable securities laws (including rules, regulations, policies, blanket orders, rulings and instruments) in each of the applicable provinces of Canada;

"**Auditors of the Corporation**" means an independent firm of chartered accountants duly appointed as auditors of the Corporation;

"**Authenticated**" means: (i) with respect to the issuance of a Debenture Certificate, one which has been duly signed by the Corporation and certified by the signature of an authorized officer of the Trustee; (ii) with respect to the issuance of an Uncertificated Debenture, one in respect of which the Trustee has completed all Internal Procedures such that the particulars of such Uncertificated Debenture as required by Section 2.2 are entered in the register of holders of Debentures, "Authenticate" and "Authentication" have the appropriate correlative meanings;

"**Base Shares**" has the meaning ascribed thereto in Section 2.1(k)(iii);

"**Beneficial Owner**" 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 CDS or its nominee, for the purposes of being held by or on behalf of CDS as custodian for Participants;

"**Board of Directors**" means the board of directors of the Corporation or any committee thereof;

"**Business Day**" means any day other than a Saturday, Sunday or any other day that the Trustee in Calgary, Alberta or Vancouver, British Columbia is not generally open for the transaction of business;

"**CDS**" or the "**Depository**" means CDS Clearing and Depository Services Inc. and its successors in interest;

"**Cash Change of Control Conversion Period**" has the meaning ascribed thereto in Section 2.1(k)(i);

"**Change of Control**" means: (i) the acquisition by any Person, or group of Persons acting jointly or in concert (within the meaning of NI 62-104), of voting control or direction of an aggregate of 50% or more of the outstanding Common Shares; (ii) the sale, merger, reorganization, arrangement, combination or other similar transaction of the Corporation with or into any other Person or any merger of another Person into the Corporation; or (iii) the sale or other transfer of all or substantially all of the assets of the Corporation, but shall not include a sale, merger, reorganization, arrangement, combination or other similar transaction if the previous holders of Common Shares hold at least 50% of the voting control or direction in such merged, reorganized, arranged, combined or other continuing entity (and in the case of a sale or other transfer of all or substantially all of the assets, in the entity which has acquired such assets) immediately following completion of such transaction;

"**Change of Control Purchase Date**" has the meaning ascribed thereto in Section 2.1(j)(vi);

"**Common Share Interest Payment Election**" means an election to satisfy an Interest Obligation on the applicable Interest Payment Date in the manner described in the Common Share Interest Payment Election Notice;

"Common Share Interest Payment Election Notice" means a written notice made by the Corporation to the Trustee specifying: (i) the Interest Obligation to which the election relates; and (ii) the portion of the Interest Obligation to be satisfied in cash, if any;

"Common Shares" means 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, then, subject to adjustments, if any, having been made in accordance with the provisions of Section 5.5, **"Common Shares"** shall mean the shares or other securities or property resulting from such change, subdivision, redivision, reduction, combination or consolidation, reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up;

"Conversion Price" means the dollar amount for which each Common Share may be issued from time to time upon the conversion of the Debentures which are by their terms convertible in accordance with the provisions hereof, and for greater certainty, the Conversion Price shall be CAD\$0.60 per Common Share, being a ratio of 1,667 Common Shares per \$1,000 principal amount of Debentures;

"Counsel" means a barrister or solicitor or firm of barristers or solicitors retained or employed by the Trustee or retained or employed by the Corporation and reasonably acceptable to the Trustee;

"CSE" means the Canadian Securities Exchange or its successors;

"Current Market Price" means, generally, the VWAP, for the 20 consecutive trading days ending on the fifth trading day preceding the applicable date. If the Common Shares are not listed or quoted on the CSE or another securities exchange or market, **"Current Market Price"** shall be the fair value of a Common Share as reasonably determined by the Board of Directors;

"Date of Conversion" has the meaning ascribed thereto in Section 5.4(g);

"Debenture Certificate" means a certificate evidencing Debentures substantially in the form attached as Schedule "A" hereto;

"Debenture Offer" has the meaning ascribed thereto in Section 2.1(j)(ii);

"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;

"Debentures" means the debentures, notes or other evidences of indebtedness of the Corporation issued and Authenticated hereunder, or deemed to be issued and Authenticated hereunder, including, without limitation, the convertible debentures designated as "12.0% Convertible Debentures due April 30, 2025";

"Defeased Debentures" has the meaning ascribed thereto in Section 8.6(b);

"Effective Date" has the meaning ascribed thereto in Section 2.1(k)(ii);

"Event of Default" has the meaning ascribed thereto in Section 7.1;

"Ex-Dividend Date" means, with respect to any dividend, distribution or issuance on the Common Shares, the first date on which the Common Shares trade on the applicable exchange or in the applicable market without the right to receive such dividend, distribution or issuance;

"Expiry Date" has the meaning ascribed thereto in Section 2.1(j)(iii);

"Expiry Time" has the meaning ascribed thereto in Section 2.1(j)(iii);

"Extraordinary Resolution" has the meaning ascribed thereto in Section 12.12;

"Freely Tradeable" means, in respect of shares of capital of any class of any corporation, shares which: (i) are issuable without the necessity of filing a prospectus or any other similar offering document (other than such prospectus or similar offering document that has already been filed) under Applicable Securities Legislation and such issue does not constitute a distribution (other than a distribution already qualified by prospectus or similar offering document or that is otherwise exempt from the prospectus requirements) under Applicable Securities Legislation; and (ii) can be traded by the holder thereof without any restriction under Applicable Securities Legislation, such as hold periods, restricted periods or seasoning periods, except in the case of a control distribution (as defined in National Instrument 45-102 – *Resale of Securities*), or a transaction or series of transactions incidental to a control distribution;

"Fully Registered Debentures" means Debentures registered as to both principal and interest;

"generally accepted accounting principles" or **"GAAP"** means generally accepted accounting principles from time to time approved by the Chartered Professional Accountants of Canada (including as further described in Section 1.16) applicable to the Corporation;

"Guarantees" means any guarantee, undertaking to assume, endorse, contingently agree to purchase, or to provide funds for the payment of, or otherwise become liable in respect of, any indebtedness, liability or obligation of any Person;

"Interest Obligation" means the obligation of the Corporation to pay interest on the Debentures, as and when the same becomes due;

"Interest Payment Date" means a date specified in a Debenture as the date on which interest on such Debenture shall become due and payable;

"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 Trustee's then current internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Trustee, it being understood that neither preparation and issuance shall constitute part of such procedures for any purpose of this definition;

"Make Whole Premium" has the meaning ascribed thereto in Section 2.1(k)(i);

"Make Whole Premium Shares" has the meaning ascribed thereto in Section 2.1(k)(ii);

"Material Subsidiary" means any Subsidiary of the Corporation which has consolidated assets equal to or greater than 10.0% of the consolidated assets of the Corporation and its Subsidiaries;

"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) for each Debenture issued pursuant to and in accordance with this Indenture;

"Maturity Date" means April 30, 2025;

"NI 62-104" means National Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

"Offering" means the offering of Debentures in the aggregate principal amount of \$15.0 million to be issued by the Corporation;

"Offeror's Notice" has the meaning ascribed thereto in Section 11.3;

"Offer Price" has the meaning ascribed thereto in Section 2.1(j)(ii);

"Officers' Certificate" means a certificate of the Corporation signed by any two authorized officers or directors of the Corporation, in their capacities as officers or directors of the Corporation, and not in their personal capacities;

"Participant" means a Person recognized by CDS as a participant in the book entry system administered by CDS;

"Person" includes an individual, corporation, company, partnership, joint venture, association, trust, trustee, 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);

"Priority Charge Limit" shall be calculated as follows: (i) 40%; multiplied by (ii) the after tax value of the Corporation's proved developed producing oil and gas reserves, discounted at 10%, as evaluated by a third party reserves engineer using strip pricing at the time of the incurrence of any Priority Ranking Debt;

"Priority Ranking Debt" means indebtedness of the Corporation that shall rank in priority to the Debentures up to a value equity to the Priority Charge Limit;

"Privacy Laws" has the meaning ascribed thereto in Section 14.19;

"Redemption Date" has the meaning ascribed thereto in Section 4.3;

"Redemption Notice" has the meaning ascribed thereto in Section 4.3;

"Redemption Price" means, in respect of a Debenture, the amount, including accrued and unpaid interest up to (but excluding) the Redemption Date fixed for such Debenture, payable on the Redemption Date;

"Subsidiary" has the meaning ascribed thereto in the *Securities Act* (Alberta);

"Tax Act" means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder, each as amended from time to time;

"Time of Expiry" means the time of expiry of certain rights with respect to the conversion of Debentures under Article 5 which by their terms are to be convertible;

"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;

"Transaction Instruction" means a written order signed by the holder or the Depository entitled to request that one or more actions be taken, or such other form as may be reasonably acceptable to the Trustee, requesting one or more such actions to be taken in respect of an Uncertificated Debenture;

"Trillion" or the **"Corporation"** means Trillion Energy International Inc.;

"Trustee" means Odyssey Trust Company, or its successor or successors for the time being as trustee hereunder;

"Uncertificated Debenture" means any Debenture which is not issued as part of a Debenture Certificate but held through a book based (electronic) register maintained by the Trustee;

"Unclaimed Funds Return Date" has the meaning ascribed thereto in Section 2.1(j)(xiii);

"United States" or **"U.S."** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"VWAP" means the 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); and

"Written Direction of the Corporation" means an instrument in writing signed by any one officer or director of the Corporation.

1.2 Meaning of "Outstanding"

Every Debenture Authenticated and delivered or electronically deposited by the Trustee shall be deemed to be outstanding until it is cancelled, converted or redeemed or delivered to the Trustee for cancellation, conversion or redemption for monies and/or Common Shares, as the case may be, for the payment thereof shall have been set aside under Section 8.2, 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 or a Subsidiary of the Corporation shall be disregarded except that:
 - (i) for the purpose of determining whether the Trustee 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 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 or a Subsidiary of the Corporation shall not be so disregarded if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Debentures, sign consents, requisitions or other instruments or take such other actions in his discretion free from the control of the Corporation or a Subsidiary of the Corporation.

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 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.

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.

1.5 Time of Essence

Time shall be of the essence of this Indenture.

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.

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.

1.8 Language

Each of the parties hereto hereby acknowledges that it has consented to and requested that this Indenture and all documents relating thereto, including, without limiting the generality of the foregoing, the form of Debenture attached hereto as Schedule "A", be drawn up in the English language only.

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 in this Indenture shall bind its successors.

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.

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.

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 7.11) the holders of Common Shares, any benefit or any legal or equitable right, remedy or claim under this Indenture.

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 Alberta and the federal laws of Canada applicable therein and shall be treated in all respects as Alberta contracts. With respect to any suit, action or proceedings relating to this Indenture, any supplemental indenture or any Debenture, the Corporation, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Alberta.

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 Canadian dollars.

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 without any additional interest, cost or charge to the Corporation.

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 GAAP. For greater certainty, GAAP shall include any accounting standards, including International Financial Reporting Standards that may from time to time be approved for general application by the Chartered Professional Accountants of Canada.

1.17 Calculations

The Corporation shall be responsible for making all calculations called for hereunder including, without limitation, calculations of Current Market Price and calculations under Sections 2.1(f) and 2.1(k). The Corporation shall make such calculations in good faith exercising reasonable care, diligence and skill and, absent manifest error, the Corporation's calculations shall be final and binding on holders and the Trustee. The Corporation will provide a schedule of its calculations to the Trustee and the Trustee shall be entitled to rely conclusively on the accuracy of such calculations without independent verification.

1.18 Schedules

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 Conversion Notice

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

2.1 Form and Terms Debentures

- (a) The Debentures authorized for issue immediately is limited to an aggregate principal amount of \$15,000,000.00 to be issued upon the execution hereof. The Debentures shall be designated as "12.0% Convertible Debentures due April 30, 2025".
- (b) The Debentures shall be dated as of April 20, 2023 and shall have a Maturity Date of April 30, 2025.
- (c) The Debentures shall bear interest from April 20, 2023 at the rate of 12.0% per annum, payable semi-annually in arrears on April 30 and October 31 in each year (computed on the basis of a 365-day year and payable in equal semi-annual amounts; except that interest in respect of any period that is longer or shorter than a full semi-annual interest period will be computed on the basis of a 365 day year and the actual number of days elapsed in the relevant period and will accrue from day to day), the first such payment to fall due on October 31, 2023 and the last such payment (representing interest payable from the Interest Payment Date immediately prior to the Maturity Date to, but excluding, the Maturity Date of the Debenture) to fall due on April 30, 2025, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually. For greater certainty, the first interest payment will include interest accrued from and including April 20, 2023, which will be equal to \$63.78 for each \$1,000 principal amount of Debentures. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day. The record dates for the payment of interest on the Debentures will be the date that is five (5) Business Days prior to each applicable Interest Payment Date.
- (d) The Debentures will be redeemable in accordance with the terms of Article 4, provided that the Debentures will not be redeemable before April 30, 2024, except in the event of the satisfaction of certain conditions after a Change of Control has occurred as outlined herein. On and after April 30, 2024 and at any time prior to April 30, 2025, the Debentures may be redeemed at the option of the Corporation in whole or in part from time to time on notice as provided for in Section 4.3 at a Redemption Price equal to 105.0% of their principal amount plus accrued and unpaid interest thereon up to (but excluding) the Redemption Date. The Redemption Notice for the Debentures shall be substantially in the form of Schedule "B" attached hereto. In connection with the redemption of the Debentures, the aggregate principal portion of the Redemption Price of the Debentures will be paid in cash. Any accrued and unpaid interest will be paid pursuant to Section 2.1(i).
- (e) The Debentures will be unsecured obligations of the Corporation. In accordance with Section 2.12, the Debentures will rank pari passu with one another issued pursuant to the Offering (regardless of their actual date or terms of issue).
- (f) Upon and subject to the provisions and conditions of Article 5, the holder of a Debenture shall have the right at such holder's option, prior to 4:30 p.m. (Vancouver time) on the earliest of (i) the Business Day immediately preceding the Maturity Date; (ii) if the Debentures are called for redemption, on the Business Day immediately preceding the date specified by the Corporation for redemption of the Debentures; (iii) if called for repurchase pursuant to the exercise by the Corporation of the 90% Redemption Right, on the Business Day immediately

preceding the payment date; or (iv) if subject to compulsory acquisition as provided for in Article 11, on the Business Day immediately prior to the day on which such acquisition becomes effective, subject to the satisfaction of certain conditions by notice to the holder in accordance with Sections 2.1(d) and 4.3, as applicable (the earliest of which will be the "**Time of Expiry**" for the purposes of Article 6 in respect of the Debentures), to convert any part, being \$1,000 or an integral multiple thereof, of the principal amount of a Debenture into Common Shares at the Conversion Price in effect on the Date of Conversion. To the extent a redemption is a redemption in part only of the Debentures, such right to convert, if not exercised prior to the applicable Time of Expiry, shall survive as to any Debentures not redeemed or converted and be applicable to the next succeeding Time of Expiry.

The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of the Debentures shall be equal to \$0.60 such that 1,667 Common Shares shall be issued for each \$1,000 principal amount of Debentures so converted, subject to the terms of Article 6. Except as provided below, no adjustment in the number of Common Shares to be issued upon conversion will be made for dividends or distributions on Common Shares 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 5, or for interest accrued on the Debentures surrendered. No fractional Common Shares will be issued, with such fractional amount being rounded down with no consideration being paid in lieu thereof. The Conversion Price applicable to, and the Common Shares, securities or other property receivable on the conversion of, the Debentures is subject to adjustment pursuant to the provisions of Section 2.1(k) and Section 6.5.

Notwithstanding any other provisions of this Indenture, if a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Common Shares in respect of the Debenture so surrendered for conversion shall not become the holder or holders of record of such Common Shares 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.

A Debenture in respect of which a holder has accepted a notice in respect of a Debenture Offer pursuant to the provisions of Section 2.1(j) may be surrendered for conversion only if such notice is withdrawn in accordance with this Indenture.

- (g) On redemption or maturity of the Debentures, the Corporation shall satisfy its obligation to pay the aggregate principal amount of the Debentures due on redemption or maturity in cash. Any accrued and unpaid interest will be paid pursuant to Section 2.1(i).
- (h) The Debentures shall be issued in denominations of \$1,000 and integral multiples of \$1,000 and the Trustee is hereby appointed as registrar and transfer agent for the Debentures at its offices in Vancouver, British Columbia. Each Debenture issued as a Debenture Certificate and the certificate of the Trustee 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 director or officer of the Corporation executing such Debenture in accordance with Section 2.4 hereof, as conclusively evidenced by their execution of a Debenture. Each Debenture issued as a Debenture Certificate shall additionally bear such distinguishing letters and numbers as the Trustee shall approve. Notwithstanding the foregoing, a 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 Officers' Certificate or in one or more indentures supplemental hereto. The Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another, including book entry electronic form.

- (i) Upon and subject to the provisions of Article 8 and Article 9, the Corporation may elect, upon redemption, to satisfy its Interest Obligation on the Debentures on any Interest Payment Date by delivering: (i) cash; (ii) Freely Tradeable Common Shares; or (iii) a combination of (i) and (ii) to the Trustee pursuant to the Common Share Interest Payment Election.
- (j) Within 30 days following the occurrence of a Change of Control, the Corporation shall be obligated to offer to purchase all Debentures then outstanding. The terms and conditions of such obligation (in addition to complying with Applicable Securities Legislation) are set forth below:
 - (i) At least 10 days prior to the anticipated effective date of an occurrence of a Change of Control, the Corporation shall deliver to the holder and the Trustee a notice in writing stating that a Change of Control is anticipated and specifying the date on which such Change of Control is anticipated to be effective and the circumstances or events giving rise to such Change of Control.
 - (ii) Within 30 days following the occurrence of the Change of Control, the Corporation shall deliver to the Trustee a cash offer in writing (the "**Debenture Offer**") to purchase all (or any portion actually tendered to such offer) of the Debentures then outstanding from the holders thereof at a price per Debenture equal to 100% of the principal amount thereof together with accrued and unpaid interest thereon up to but excluding the Change of Control Purchase Date (as defined below) (the "**Offer Price**"). The Trustee will promptly thereafter deliver, by prepaid courier or mail, the Debenture Offer and an acceptance notice to the holders of all Debentures then outstanding, at their addresses appearing in the registers of holders of Debentures maintained by the Trustee.
 - (iii) The Debenture Offer shall specify the date (the "**Expiry Date**") and time (the "**Expiry Time**") on which the Debenture Offer shall expire and which date and time shall not, unless otherwise required by Applicable Securities Legislation, be earlier than the close of business on the 30th day and not later than the close of business on the 60th day following the date on which such Debenture Offer is made.
 - (iv) The Debenture Offer shall specify that the Debenture Offer may be accepted by the holders of Debentures by tendering the Debentures so held by them to the Trustee at its office in Vancouver, British Columbia at or before the Expiry Time together with an acceptance notice (the "**Acceptance Notice**") in form and substance acceptable to the Trustee.

- (v) The Debenture Offer shall state that holders of Debentures may accept the Debenture Offer in respect of all or a portion (in a minimum amount of \$1,000 principal amount and multiples thereof) of their Debentures.
- (vi) The Debenture Offer shall specify a date (the "**Change of Control Purchase Date**") no later than the third Business Day following the Expiry Date on which the Corporation shall take up and pay for all Debentures duly tendered in acceptance of the Debenture Offer.
- (vii) The Corporation shall, on or before 11:00 a.m. (Vancouver time), on the Business Day immediately prior to the Change of Control Purchase Date pay to the Trustee by wire transfer or such other means as may be acceptable to the Trustee, an amount of money sufficient to pay the aggregate Offer Price in respect of all Debentures duly tendered to the Debenture Offer (less any tax required by law to be deducted). The Trustee, on behalf of the Corporation, will pay the Offer Price to the holders of the Debentures in the respective amounts to which they are entitled in accordance with the Debenture Offer as aforesaid.
- (viii) If holders of 90% or more of the aggregate principal amount of Debentures outstanding on the date the Corporation delivers the Debenture Offer to the Trustee (other than Debentures held at such date by or on behalf of the Corporation, associates or affiliates of the Corporation or anyone acting jointly or in concert with the Corporation) accept the Debenture Offer, the Corporation shall have the right (the "**90% Redemption Right**"), upon written notice (the "**90% Redemption Right Notice**") provided to the Trustee within ten Business Days following the Expiry Date, to redeem on the purchase date specified in the 90% Redemption Right Notice all the Debentures remaining outstanding at the Offer Price and on the other terms and conditions provided herein. Upon receipt of such notice by the Trustee, the Trustee shall promptly provide written notice to each holder of outstanding Debentures (other than those that have accepted the Debenture Offer) that:
 - (A) the Corporation has exercised the 90% Redemption Right and is purchasing all outstanding Debentures effective as at the Change of Control Purchase Date at the Offer Price;
 - (B) such holder must surrender its Debentures to the Trustee on the same terms as those holders that accepted the Debenture Offer within ten days after the sending of such notice; and
 - (C) the rights of such holder under the terms of the Debentures and this Indenture shall cease to be effective as of the Change of Control Purchase Date provided the Corporation has, on or before the date on which the Corporation delivers the 90% Redemption Right Notice to the Trustee, paid the aggregate Offer Price to, or to the order of, the Trustee and thereafter such holder's Debentures shall not be considered to be outstanding and such holder shall not have any rights hereunder except to receive such Offer Price to which such holder is entitled upon surrender and delivery of such holder's Debentures in accordance with this Indenture.

- (ix) The Corporation shall on or before 11:00 a.m. (Vancouver time) on the Business Day immediately prior to the date on which the Corporation delivers the 90% Redemption Right Notice pay to the Trustee by wire transfer or such other means as may be acceptable to the Trustee an amount of money sufficient to pay the aggregate Offer Price in respect of all Debentures to be redeemed pursuant to the 90% Redemption Right (less any tax required by law to be deducted). The Trustee, on behalf of the Corporation, will pay the Offer Price to the holders of Debentures in the respective amounts to which they are entitled in accordance with the exercise of the 90% Redemption Right as aforesaid upon surrender and delivery of such holders' Debentures.
- (x) The Debentures in respect of which the Corporation has made payment to the Trustee in accordance with the terms of this Section 2.1(j) (or the portion thereof tendered in acceptance of the Debenture Offer) shall thereafter no longer be considered to be outstanding under this Indenture. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with the Debenture Offer and the exercise of the 90% Redemption Right, if applicable. All Debentures in respect of which payment of the Offer Price has been so made shall be cancelled by the Trustee.
- (xi) In the event only a portion of the principal amount of a Debenture is tendered by a holder thereof in acceptance of the Debenture Offer, the Corporation shall execute and deliver to the Trustee and the Trustee shall authenticate, without charge to such holder, a certificate (if applicable) or such other evidence of ownership representing the principal amount of the Debenture not so tendered in acceptance of the Debenture Offer.
- (xii) Debentures for which holders have accepted the Debenture Offer and Debentures which the Corporation has elected to redeem in accordance with this Section 2.1(j) 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 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 the Debentures shall have been deposited as provided in this Section 2.1(j) and affidavits or other proofs satisfactory to the Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest on 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 whose decision shall be final and binding upon all parties in interest.
- (xiii) In case the holder of any Debenture to be purchased or redeemed in accordance with this Section 2.1(j) shall fail on or before the Change of Control Purchase Date to so surrender such holder's Debenture or shall not within such time accept payment of the monies payable, or give such receipt therefor, if any, as the Trustee may require, such monies may be set aside in trust, without interest, either in the deposit department of the Trustee 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 Debenture. In the event that any money required to be deposited hereunder with the Trustee 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 a day from the Change of Control Purchase Date (the "**Unclaimed Funds Return Date**"), then such monies, together with any accumulated interest thereon, shall at the end of such period be paid over or delivered over by the Trustee or such depository or paying agent to the Corporation and the Trustee shall not be responsible to Debentureholders for any amounts owing to them. Notwithstanding the foregoing, the Trustee will pay any remaining funds prior to the expiry of three years less one day after the Unclaimed Funds Return 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 Unclaimed Funds Return Date, the Corporation shall reimburse the Trustee for any amounts required to be paid by the Trustee to a holder of a Debenture after the date of such payment of the remaining funds to the Corporation but prior to three years less one day after the Unclaimed Funds Return Date.

- (xiv) Subject to the provisions above related to the Debentures purchased in part, all Debentures redeemed and paid under this Section 2.1(j) shall forthwith be delivered to the Trustee and cancelled and no Debentures shall be issued in substitution therefor.
- (k) In addition to the requirements of Section 2.1(j) in respect of a Change of Control and subject to regulatory approval, the following provisions shall apply in respect of the occurrence of a Cash Change of Control occurring on or before the Maturity Date:
 - (i) During the period beginning ten trading days before the anticipated date on which the Cash Change of Control becomes effective and ending on the date that is 30 days after the Debenture Offer is delivered to holders of Debentures in accordance with Section 2.1(j)(i) (the "**Cash Change of Control Conversion Period**"), conditional upon the occurrence of the Change of Control, holders of Debentures will be entitled to convert their Debentures, in whole or in part, and receive, in addition to the number of Common Shares (or cash or other property or securities in substitution therefor) they would otherwise be entitled to receive in accordance with the provisions and conditions of Section 2.1(f) and Article 6, an additional number of Common Shares (or cash or other property or securities in substitution therefor) per \$1,000 principal amount of Debentures as set forth in this Section 2.1(k) (the "**Make Whole Premium**").
 - (ii) The number of additional Common Shares per \$1,000 principal amount of Debentures constituting the Make Whole Premium (the "**Make Whole Premium Shares**") will be determined by reference to the formula contained in the following subsection 2.1(k)(iii) and is based on the date on which the Cash Change of Control becomes effective (the "**Effective Date**"), provided that if the Effective Date is on or following April 30, 2024, the Make Whole Premium shall be zero.
 - (iii) The formula below will be used to determine the number of Make Whole Premium Shares for each Effective Date, expressed as additional Common Shares per \$1,000 principal amount of Debentures. For the avoidance of doubt, the Corporation shall

not be obliged to pay the Make Whole Premium otherwise than by issuance of the applicable number of Common Shares in excess of the number of Common Shares to which holders would otherwise have been entitled at the Conversion Price (the "**Base Shares**") upon conversion of the Debentures in accordance with the provisions and conditions of Section 2.1(f) and Article 5:

The number of Make Whole Premium Shares per \$1,000 principal amount of Debentures will be calculated as follows: $(1000 / \text{COCCP}) - (1000 / \text{ECP})$, where:

COCCP is the Change of Control Conversion Price and is calculated as follows:

$$\text{COCCP} = \text{ECP} / (1 + (\text{CP} \times (c/t)));$$

ECP = the Conversion Price in effect on the Effective Date, currently \$0.60 as at April 20, 2023;

$$\text{CP} = 20\%$$

c = the number of days from and including the Effective Date to but excluding April 30, 2024; and

t = the number of days from and including April 20, 2023 to but excluding April 30, 2024, being 375 days.

By way of example only, based on the Conversion Price in effect as at April 20, 2023 of \$0.60, if the Effective Date were April 20, 2023, the Conversion Price would be \$0.222, provided the ratio of c/t shall be rounded to four decimal places.

Following April 31, 2024, there shall be no amendments to the COCCP.

- (iv) The number of Make Whole Premium Shares per \$1,000 principal amount of Debentures as determined pursuant to the formula above should be rounded to the nearest whole number and such amount, including the calculations to support such amount, shall be communicated, by way of written notice, to the Trustee by the Corporation. The provisions of Section 5.11 shall be applicable in connection with determinations under this Section 2.1(k)(v).
- (v) Notwithstanding the foregoing, if the Date of Conversion of any Debentures occurs during the period beginning on the tenth trading day prior to the Effective Date and ending at the close of business on the Effective Date, the holders of such Debentures shall, on conversion of their Debentures, only be entitled to receive that number of Make Whole Premium Shares as may be adjusted pursuant to Section 5.5 on the Business Day immediately following the Effective Date and, for greater certainty, only if the Change of Control occurs. The Base Shares shall be issued in accordance with the terms of this Indenture applicable to a conversion of Debentures otherwise than during the Cash Change of Control Conversion Period, including at the then applicable Conversion Price.
- (vi) The Make Whole Premium Shares shall be deemed to have been issued upon conversion of Debentures effective as of the Business Day immediately following the Effective Date. Section 5.5 shall apply to such conversion and, for greater

certainly, the former holders of Debentures in respect of which the Make Whole Premium Shares are issuable shall be entitled to receive and shall accept, in lieu of the Make Whole Premium Shares, the number of shares or other securities or property of the Corporation or of the Person or other entity resulting from the transaction that constitutes the Cash Change of Control that such holders would have been entitled to receive if such holders had been the registered holders of the applicable number of Make Whole Premium Shares on the Effective Date.

- (vii) Except as otherwise provided in this Section 2.1(k), all other provisions of this Indenture applicable to a conversion of Debentures shall apply to a conversion of Debentures during the Cash Change of Control Conversion Period.
- (l) The Trustee shall be provided with the documents and instruments referred to in Sections 2.2(b), 2.2(c) and 2.2(d) with respect to the Debentures prior to the issuance of the Debentures.

2.2 Authentication and Delivery of Debentures

The Corporation may from time to time request the Trustee to Authenticate and deliver Debentures by delivering to the Trustee the documents referred to below in this Section 2.2 whereupon the Trustee shall Authenticate 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 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 Authenticating such Debentures, the Trustee 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 Officers' Certificate and/or executed supplemental indenture by or pursuant to which the form and terms of such Debentures were established;
- (b) a Written Direction of the Corporation requesting Authentication and delivery of such 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 prior to the delivery to the Trustee of such Debentures of such series for Authentication and delivery;
 - (ii) the Trustee shall Authenticate and deliver 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 as may be specified from time to time by a Written Direction of the Corporation; and
 - (iii) the maturity date or dates, issue date or dates, interest rate or rates (if any) and any other terms of Debentures of such series shall be determined by an executed supplemental indenture or by Written Direction of the Corporation or pursuant to such procedures;

- (c) an opinion of Counsel, in form and substance satisfactory to the Trustee, acting reasonably, to the effect that all requirements imposed by this Indenture and by law in connection with the proposed issue of Debentures have been complied with, subject to the delivery of certain documents or instruments specified in such opinion; and
- (d) an Officers' Certificate (which Officers' 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 Debentures (including those set forth in Section 14.5), have been complied with subject to the delivery of any documents or instruments specified in such Officers' Certificate and that no Event of Default exists or will exist upon such Authentication and delivery.

2.3 Book Entry Debentures

- (a) Subject to the provisions hereof, at the Corporation's option, Debentures may be issued and registered in the name of CDS or its nominee through the electronic book entry system pursuant to which a Participant provides:
 - (i) the deposit ID of which is confirmed electronically by the Trustee to a particular Participant through CDS; and
 - (ii) shall be identified by a specific CUSIP/ISIN as requested by the Corporation from CDS, identified by CUSIP – 89624BAA2 / ISIN – CA89624BAA22.
- (b) If the Corporation issues Debentures in a non-certificated format, Beneficial Owners 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 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 Owners of Debentures registered and deposited with CDS from voting such Debentures using duly executed proxies or voting instruction forms.
- (c) 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 at the direction of Debentureholders evidencing a specified percentage of the aggregate Debentures outstanding, such direction or consent may be given by Beneficial Owners acting through CDS and the Participants owning Debentures evidencing the requisite percentage of the Debentures. The rights of a Beneficial Owner whose Debentures are held through CDS shall be exercised only through CDS and the Participants and shall be limited to those established by law and agreements between such holders and CDS and the Participants upon instructions from the Participants. Each of the Trustee and the Corporation may deal with CDS for all purposes (including the making of payments) as the registered holder of the respective Debentures and such dealing with CDS shall constitute satisfaction or performance, as applicable, of their respective obligations hereunder.

- (d) For so long as Debentures are held through CDS, if any notice or other communication is required to be given to Debentureholders, the Trustee will give such notices and communications to CDS.
- (e) If CDS resigns or is removed from its responsibility as Depository and the Trustee is unable or does not wish to locate a qualified successor, CDS shall provide the Trustee with instructions for registration of Debentures in the names and in the amounts specified by CDS and the Corporation shall issue and the Trustee shall Authenticate and deliver the aggregate number of Debentures then outstanding in the form of definitive Debentures Certificates representing such Debentures.
- (f) The rights of Beneficial Owners who hold securities entitlements in respect of the Debentures through the non-certificated inventory 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 Owners who hold securities entitlements in respect of the Debentures through the non-certificated inventory administered by CDS, and such rights must be exercised through a Participant in accordance with the rules and procedures of the Depository.
- (g) Notwithstanding anything herein to the contrary, none of the Corporation nor the Trustee nor any agent thereof shall have any responsibility or liability for:
 - (i) the electronic records maintained by the Depository relating to any ownership interests or any other interests in the 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 administered by CDS (other than the Depository or its nominee);
 - (ii) for maintaining, supervising or reviewing any records of the Depository or any Participant relating to any such interest; or
 - (iii) any advice or representation made or given by the Depository or those contained herein that relate to the rules and regulations of the Depository or any action to be taken by the Depository on its own direction or at the direction of any Participant.
- (h) The Corporation may terminate the application of this Section 2.2 in its sole discretion in which case all Debentures shall be evidenced by Debenture Certificates registered in the name of a Person other than the Depository.

2.4 Execution of Debenture Certificates

All Debenture Certificates shall be signed (either manually, by facsimile signature, scanned or other electronic copy) by any one authorized director or officer of the Corporation holding office at the time of signing. A facsimile, scanned or other electronic signature upon a Debenture Certificate 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 in facsimile, scan or other electronic form, appears on a Debenture Certificate as a director or officer may no longer hold such office at the date of the Debenture Certificate or at the date of the Authentication and delivery thereof, such Debenture Certificate shall be valid and binding upon the Corporation and entitled to the benefits of this Indenture.

2.5 Authentication

- (a) 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 Authenticated by or on behalf of the Trustee substantially in the form set out in this Indenture, in the relevant supplemental indenture, or in some other form approved by the Trustee. Such Authentication on 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.
- (b) The Authentication of the Trustee signed on the Debentures shall not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of the Debentures or as to the issuance of the Debentures and the Trustee shall in no respect be liable or answerable for the use made of the Debentures or the proceeds thereof. The Authentication of the Trustee on the Debentures shall, however, be a representation and warranty by the Trustee that the Debentures have been duly Authenticated by or on behalf of the Trustee pursuant to the provisions of this Indenture.
- (c) The Trustee shall Authenticate 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 under this Indenture. Such Authentication shall be conclusive evidence that 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 to maintain records or book 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.

2.6 Mutilation, Loss, Theft or Destruction

In case any of the Debentures issued hereunder shall become mutilated or be lost, stolen or destroyed, the Corporation, in its discretion, may issue, and thereupon the Trustee shall Authenticate 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 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 such evidence of the loss, theft or destruction of the Debenture as shall be satisfactory to them in their discretion and shall also furnish an indemnity and surety bond satisfactory to them in their discretion. The applicant shall pay all reasonable expenses incidental to the issuance of any substituted Debenture.

2.7 Concerning Interest

- (a) Except as may otherwise be provided in this Indenture or in any supplemental indenture or in a Written Direction of the Corporation in respect of the Debentures and subject to Section 2.1(c) with respect to the calculation of interest in respect of the initial interest payment to be paid on the Debentures, 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

the last Interest Payment Date to which interest shall have been paid or made available for payment on the outstanding Debentures, whichever shall be the later.

- (b) Unless otherwise specifically provided in the terms of the Debentures, interest shall be computed on the basis of a year of 365 days and shall be based on the actual number of days in the applicable period. 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.

2.8 Debentures to Rank *Pari Passu*

The Debentures will be unsecured obligations of the Corporation. Each Debenture will rank *pari passu* with each other Debenture (regardless of their actual date or terms of issue).

2.9 Payments of Amounts Due on Maturity

Except as may otherwise be provided herein, 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 a Maturity Account for the Debentures. The Maturity Account shall be maintained by and be subject to the control of the Trustee for the purposes of this Indenture. On or before 11:00 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 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, 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 designated for such purpose from time to time by the Corporation and the Trustee. The delivery of such funds to the Trustee 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 relates to the extent of the amount delivered (plus the amount of any tax deducted as aforesaid and remitted to the appropriate governmental authority) 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. For greater certainty, interest shall cease to accrue on the Debentures upon the Maturity Date, provided the Trustee has received, by the Maturity Date, from the Corporation all funds due and payable on the Debentures.

2.10 Payment of Interest

The following provisions shall apply to Debentures, except as otherwise provided in Section 2.1(c) or specified in a resolution of the Board of Directors or an Officers' Certificate:

- (a) Interest becomes due on each Debenture (except, subject to certain exceptions set forth herein including in Section 2.1(c), on conversion or on redemption, when interest may at the option of the Corporation be paid upon surrender of such Debenture), the Corporation, either directly or through the Trustee or any agent of the Trustee, shall send or forward by prepaid ordinary mail, wire transfer of funds or such other means as may be agreed to by the Trustee, payment of such interest (less any tax required to be withheld therefrom) to the order of the

registered holder of such Debenture appearing on the registers maintained by the Trustee at the close of business on the fifth Business Day 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 certified 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 the Trustee must receive confirmation of receipt of funds one Business Day prior to being able to wire funds to holders), 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 certified 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 and remitted to the appropriate governmental authority as aforesaid, 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 with the same effect as though payment had been made in the manner provided above.

- (b) Notwithstanding Section 2.10(a) above, in the case of an Uncertificated Debenture, all payments of interest on the Uncertificated Debenture shall be delivered to the Trustee on or before 11:00 a.m. (Vancouver time) on the Business Day immediately prior to each Interest Payment Date by wire transfer or certified cheque made payable (i) to the Depository or its nominee to Beneficial Owners of the applicable Uncertificated Debenture through the applicable Participant, unless the Corporation and the Depository otherwise agree or (ii) if the Corporation wishes to have the Trustee act as interest paying agent, to the Trustee 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 or any agent of the Trustee 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.

2.11 Canadian Legend

The certificates or other instruments representing the Debentures, and the certificates representing any Common Shares issued upon conversion of such Debentures, if issued prior to the expiration of the applicable hold period, will bear the following legend in accordance with Applicable Securities Legislation:

"UNLESS PERMITTED BY SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE AUGUST 21, 2023."

2.12 U.S. Legend

- (a) The Debentures and the Common Shares issuable upon conversion thereof have not been and will not be registered under the U.S. Securities Act or any state securities laws. To the

extent that Common Shares that are issued upon conversion of Debentures that otherwise bear or should bear a U.S. restrictive legend, such Debentures and all Common Shares issuable on conversion thereof (together, the "Legended Securities") shall bear the following legend (the "U.S. Legend") until such time as the same is no longer required under applicable requirements of the U.S. Securities Act or state securities laws:

- (i) **"THE SECURITIES REPRESENTED HEREBY [IN THE CASE OF UNDERLYING SECURITIES: AND THE SECURITIES ISSUABLE UPON CONVERSION OR EXERCISE HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF TRILLION ENERGY INTERNATIONAL INC. (THE "CORPORATION") THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE 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: (1) RULE 144 THEREUNDER, IF AVAILABLE; OR (2) RULE 144A THEREUNDER, IF AVAILABLE, AND IN BOTH CASES, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(1) OR (D) ABOVE, AFTER THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING OR SUCH OTHER EVIDENCE IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."**

provided, that if such Legended Securities are being transferred in compliance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act and subject to the expiry of any hold or restricted period under Canadian securities laws, the above legend may be removed by providing a declaration to the transfer agent for the applicable securities to the following effect (or as the Corporation may prescribe from time to time) (together with any other evidence required by the transfer agent for the applicable securities, which may, without limitation, include an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, to the effect that such legend is no longer required under the applicable requirements of the U.S. Securities Act):

"The undersigned (a) acknowledges that the sale of _____ of Trillion Energy International Inc. (the "Corporation") to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and (b) certifies that (1) the undersigned is not an "affiliate" (as that term is defined in Rule 405 under the U.S. Securities Act) of the Corporation, (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (B) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the seller nor any person acting

on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of “washing off” the resale restrictions imposed because the securities are “restricted securities” (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace such securities with fungible unrestricted securities and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act”

- (b) The parties hereto hereby acknowledge and agree that the Legended Securities may not be reoffered, or resold, pledged or otherwise transferred except: (i) to the Corporation; (ii) outside the United States in accordance with Rule 904 of Regulation S and in compliance with applicable local laws and regulations; (iii) in compliance with the exemption from registration under the U.S. Securities Act provided by (A) Rule 144 under the U.S. Securities Act, if available or (B) Rule 144A under the U.S. Securities Act, if available, and, in each case, in accordance with applicable state securities laws; or (iv) in a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws.
- (c) If required by the U.S. Securities Act or any applicable state securities laws, certificates representing Debentures issued pursuant to transfers of Debentures shall bear the legend set forth in above and the Corporation will provide direction to the Trustee to affix such legends to the applicable Debenture Certificates.

2.13 Withholding Tax

The Corporation will be entitled to deduct and withhold any applicable taxes or similar charges (including interest, penalties or similar amounts in respect thereof) imposed or levied by or on behalf of the Canadian government or of any province or territory thereof or any authority or agency therein or thereof having power to tax, including pursuant to the Tax Act, from any payment to be made on or in connection with the Debentures and, provided that the Corporation forthwith remits such withheld amount to such government, authority or agency and files all required forms in respect thereof and, at the same time, provides copies of such remittance and filing to the Trustee and the relevant Debentureholder, the amount of any such deduction or withholding will be considered an amount paid in satisfaction of the Corporation's obligations under the Debentures and there is no obligation on the Corporation to gross-up amounts paid to a holder in respect of such deductions or withholdings. The Corporation shall provide the Trustee and the relevant Debentureholder with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of such forms received from such government, authority or agency promptly after receipt thereof.

The Trustee shall have no obligation to verify any payments under the Tax Act or any provision of provincial, state, local or foreign tax law. The Trustee shall at all times be indemnified and held harmless by the Corporation from and against any personal liabilities of the Trustee incurred in connection with the failure of the Corporation or its agents, to report, remit or withhold taxes as required by the Tax Act or otherwise failing to comply with the Tax Act. This indemnification shall survive the resignation or removal of the Trustee and the termination of this Indenture solely to the extent that such liabilities have been incurred in connection with taxation years occurring during the term of this Indenture.

ARTICLE 3
REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP

3.1 Fully Registered Debentures

- (a) With respect to the Debentures issuable as Fully Registered Debentures, the Corporation shall cause to be kept by and at the principal offices of the Trustee in Vancouver, British Columbia and by the Trustee or such other registrar as the Corporation, with the approval of the Trustee, may appoint at such other place or places, if any, as may be specified in the Debentures of such series or as the Corporation may designate with the approval of the Trustee, a register in which shall be entered the names and addresses of the holders of Fully Registered Debentures and particulars of the Debentures held by them respectively and of all transfers of Fully Registered Debentures. Such registration shall be noted on the Debentures by the Trustee or other registrar unless a new Debenture shall be issued upon such transfer.
- (b) No transfer of a Fully Registered Debenture shall be valid unless made on such register referred to in Section 3.1(a) by the registered holder or such holder's executors, administrators or other legal representatives or an attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee or other registrar upon surrender of the Debentures together with a duly executed form of transfer acceptable to the Trustee and upon compliance with such other reasonable requirements as the Trustee or other registrar may prescribe, or unless the name of the transferee shall have been noted on the Debenture by the Trustee or other registrar.
- (c) Fully Registered Debentures and the Common Shares issuable upon conversion thereof have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "**1933 Act**"), and may only be transferred pursuant to an exemption or exclusion from the registration requirements of the 1933 Act and applicable state securities laws.

3.2 Transferee Entitled to Registration

The transferee of a Debenture shall be entitled, after the appropriate form of transfer is lodged with the Trustee 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 shall Authenticate 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 3.1. 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 his name evidencing the Debentures not transferred.

3.3 No Notice of Trusts

Neither the Corporation nor the Trustee 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.

3.4 Registers Open for Inspection

The registers referred to in Section 3.1 shall at all reasonable times be open for inspection by the Corporation, the Trustee or any Debentureholder. Every registrar, including the Trustee, shall from time to time when requested so to do by the Corporation or by the Trustee, in writing, furnish the Corporation or the Trustee, as the case may be, with a 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 shall be entitled to charge a reasonable fee to provide such a list.

3.5 Exchanges of Debenture Certificates

- (a) Subject to Sections 3.1 and 3.6, Debentures in any authorized form or denomination, other than Uncertificated Debentures, 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.
- (b) In respect of exchanges of Debentures permitted by Section 3.5(a), Debentures may be exchanged only at the principal office of the Trustee in Vancouver, British Columbia 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. Any Debentures tendered for exchange shall be surrendered to the Trustee. The Corporation shall execute and the Trustee shall Authenticate all Debentures necessary to carry out exchanges as aforesaid. All Debentures surrendered for exchange shall be cancelled.
- (c) 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.

3.6 Closing of Registers

- (a) Neither the Corporation nor the Trustee nor any registrar shall be required to:
 - (i) make transfers or exchanges or convert any of Uncertificated Debentures on any Interest Payment Date for such Debentures or during the five preceding Business Days;
 - (ii) make transfers or exchanges of, or convert any Debentures on the day of any selection by the Trustee of Debentures to be redeemed or during the five preceding Business Days; or
 - (iii) 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.

- (b) Subject to any restriction herein provided, the Corporation with the approval of the Trustee may at any time close any register for any series of Debentures, other than those kept at the principal offices of the Trustee in Calgary, Alberta or Vancouver, British Columbia, 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.

3.7 Charges for Registration, Transfer and Exchange

For each Debenture exchanged, registered, transferred or discharged from registration, the Trustee 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 the Corporation), and payment of such charges and reimbursement of the Trustee 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;
- (b) for any exchange of an Uncertificated Debenture as contemplated in Section 3.1;
- (c) for any exchange of any Debenture resulting from a partial redemption under Section 4.2;
- (d) for any exchange of any Debenture resulting from a partial conversion under Section 5.4(i);
or
- (e) for any exchange of any Debenture resulting from a partial purchase under Section 2.1(j).

3.8 Ownership of Debentures

- (a) 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.
- (b) The registered holder from time to time 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, any registrar and to the Corporation for the same and none shall be bound to inquire into the title of any such registered holder.
- (c) Where Debentures are registered in more than one name, the principal and/or the interest (if any) from time to time payable in respect thereof may, upon the delivery of such reasonable requirements as the Trustee may prescribe, be paid to the order of any one of 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, any registrar and to the Corporation.

- (d) In the case of the death of one or more joint holders of any Debenture the principal and/or the interest (if any) 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 any registrar and to the Corporation.

ARTICLE 4 REDEMPTION AND PURCHASE OF DEBENTURES AND CERTAIN PAYMENTS ON MATURITY

4.1 Applicability of Article

Subject to regulatory approval, Section 2.1(d) and the provisions relating to the 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, by payment of money, any Debentures issued hereunder which by their terms are made so redeemable (subject, however, to any applicable restriction on the redemption of Debentures) 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 or in an Officers' Certificate.

Subject to regulatory approval, the Corporation shall also have the right at its option to repay, either in whole or in part, on redemption or at maturity, by payment of money in accordance with Section 2.9, the principal amount of any Debentures issued hereunder which by their terms are made so repayable on maturity (subject however, to any applicable restriction on the repayment of the principal amount of the 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 Debenture and shall have been expressed in this Indenture, in the Debentures or in an Officers' Certificate.

4.2 Partial Redemption

If less than all the Debentures for the time being outstanding are at any time to be redeemed, the Debentures to be so redeemed shall be selected by the Trustee 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 deems equitable, subject, if required, to the approval of the CSE (or such other exchange on which the Debentures are then listed), as may be required from time to time. Unless otherwise specifically provided in the terms of the 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 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. 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 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 book entry 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.

4.3 Notice of Redemption

Notice of redemption (the "**Redemption Notice**") of the 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 or by news release. 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 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.

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 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 whose decision shall be final and binding upon all parties in interest.

4.5 Deposit of Redemption Monies

Redemption of Debentures shall be provided for by the Corporation depositing with the Trustee or any paying agent to the order of the Trustee, on or before 11:00 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 satisfy this requirement by providing the Trustee with such funds through wire transfer of funds on the Business Day immediately prior to the Redemption Date. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with such redemption. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid 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, less applicable withholding taxes, if any.

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 may require, such redemption monies may be set aside in trust, either in the deposit department of the Trustee 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, 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 to satisfy the Redemption Price, upon surrender and delivery of such holder's Debenture. In the event that any money required to be deposited hereunder with the Trustee 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, shall at the end of such period be paid over or delivered over by the Trustee or such depository or paying agent to the Corporation on its demand, and thereupon the Trustee 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 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 for any amounts required to be paid by the Trustee 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.

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 cancelled and no Debentures shall be issued in substitution therefore.

4.8 Purchase of Debentures by the Corporation

Subject to Applicable Securities Legislation and 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 by tender or by private contract, at any price. All Debentures so purchased will be delivered to the Trustee and shall be cancelled and no Debentures shall be issued in substitution therefor.

If, upon an invitation for tenders, more Debentures are tendered at the same lowest price that the Corporation is prepared to accept, the Debentures to be purchased by the Corporation shall be selected by the Trustee on a pro rata basis or in such other manner as consented to by the CSE (or such other exchange on which the Debentures are then listed which the Trustee considers appropriate), from the Debentures tendered by each tendering Debentureholder who tendered at such lowest price. For this purpose the Trustee 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 Certificate 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 Debenture Certificates for the unpurchased part so surrendered, and the Trustee shall Authenticate and deliver such new Debenture Certificate(s) upon receipt of the Debenture so surrendered or, with respect to Uncertificated Debentures, the Depository shall electronically deposit the unpurchased part so surrendered.

ARTICLE 5 CONVERSION OF DEBENTURES

5.1 Applicability of Article

Any Debentures issued hereunder which by their terms are convertible (subject, however, to any applicable restriction of the conversion of Debentures) will be convertible into Common Shares 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 Sections 2.1(f), 2.1 (k) and 3.6 hereof), in such Debentures or in an Officers' Certificate.

Such right of conversion shall extend only to the maximum number of whole Common Shares into which the aggregate principal amount of the Debenture or Debentures surrendered for conversion at any one time by the holder thereof may be converted. Fractional interests in Common Shares shall be adjusted for in the manner provided in Section 5.6.

5.2 Notice of Expiry of Conversion Privilege

Notice of the expiry of the conversion privileges of the Debentures (other than resulting from the occurrence of the Maturity Date) 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 13.2.

5.3 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.

5.4 Manner of Exercise of Right to Convert

- (a) The holder of a Debenture desiring to convert such Debenture in whole or in part into Common Shares shall surrender such Debenture to the Trustee at either of its principal office in the City Vancouver, British Columbia together with the conversion notice attached hereto as Schedule "C" or any other written notice in a form satisfactory to the Trustee, in either case duly executed by the holder or his executors or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee, exercising his 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 book entry system. Thereupon such Debentureholder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges and compliance with all reasonable requirements of the Trustee, his 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 5.4(g)) as the holder of the number of Common Shares 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, his nominee(s) or assignee(s), a certificate or certificates for such Common Shares or deposit such Common Shares through the Depository's book entry system and make or cause to be made any payment of interest to which such holder is entitled in accordance with Section 5.4(j) hereof.

- (b) A Beneficial Owner may exercise the right evidenced by a Debenture to receive Common Shares by causing a Participant to deliver to the Depository on behalf of the Beneficial Owner, a notice of such Beneficial Owner's intention to convert the Debentures in a manner acceptable to the Depository. Forthwith upon receipt by the Depository of such notice, the Depository shall deliver to the Trustee a Transaction Instruction confirming its intention to convert Debentures in a manner acceptable to the Trustee, including by electronic means through the book entry system.
- (c) A notice in form acceptable to the Participant from such Beneficial Owner should be provided to the Participant sufficiently in advance so as to permit the Participant to deliver notice to the Depository and for the Depository in turn to deliver notice to the Trustee prior to the Time of Expiry. The Depository will initiate the exercise by way of the Transaction Instruction and the Trustee will execute the exercise by issuing to the Depository through the book entry system the Common Shares to which the exercising Debentureholder is entitled pursuant to the conversion.
- (d) By causing a Participant to deliver notice to the Depository, a Debentureholder shall be deemed to have irrevocably surrendered his or her Debentures so exercised and appointed such Participant to act as his or her exclusive settlement agent with respect to the conversion and the receipt of Common Shares in connection with the obligations arising from such conversion.
- (e) Any notice which the Depository determines to be incomplete, not in proper form, or not duly executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a Participant to exercise or to give effect to the settlement thereof in accordance with the Debentureholder's instructions will not give rise to any obligations or liability on the part of the Corporation or Trustee to the Participant or the Debentureholder.
- (f) Any Transaction Instruction referred to in this Section 5.4 shall be signed by the registered Debentureholder, or its executors or administrators or other legal representatives or an attorney of the registered Debentureholder, duly appointed by an instrument in writing satisfactory to the Trustee but such exercise form need not be executed by the Depository.
- (g) For the purposes of this Article, a Debenture shall be deemed to be surrendered for conversion on the date on which it is so surrendered when the register of the Trustee is open and in accordance with the provisions of this Article or, in the case of Uncertificated Debentures which the Trustee received notice of and all necessary documentation in respect

of the exercise of the conversion rights and, in the case of a Debenture so surrendered by post or other means of transmission, on the date on which it is received by the Trustee at one of its offices specified in Section 6.4(a); provided that: (i) if a Debenture is surrendered for conversion on a day on which the register of Common Shares is closed, the person or persons entitled to receive Common Shares shall become the holder or holders of record of such Common Shares as at the date on which such registers are next reopened; and (ii) 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 Common Shares in respect of the Debenture so surrendered for conversion shall not become the holder or holders of record of such Common Shares 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 date that is five (5) Business Days prior to the relevant Interest Payment Date (in each case, called the "**Date of Conversion**").

- (h) 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 and all references in this Indenture to conversion of Debentures shall be deemed to include conversion of such parts.
- (i) The holder of any Debenture of which only a part is converted shall, upon the exercise of his right of conversion surrender such Debenture to the Trustee in accordance with Section 6.4(a), and the Trustee shall cancel the same and shall without charge forthwith Authenticate 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 a Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's book entry system.
- (j) The holder of a Debenture surrendered for conversion in accordance with this Section 5.4 shall be entitled (subject to any applicable restriction on the right to receive interest on conversion of the Debentures) to receive accrued and unpaid interest in respect thereof, in cash, up to but excluding the Date of Conversion and the Common Shares issued upon such conversion shall rank 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 5.5(f), 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.

5.5 Adjustment of Conversion Price

Subject to the requirements of the CSE (or such other recognized exchange on which the Debentures are then listed), 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 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, dividend or distribution, 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 5.5(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 5.5.

- (b) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Common Shares (other than for 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) 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 of a Common Share on such record date (other than pursuant to a distribution reinvestment plan of the Corporation), 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 quotient obtained by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) by such Current Market Price per Common Share, 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 readjusted 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 if only 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.
- (c) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of: (i) shares of any class other than Common Shares and other than shares distributed to holders of Common Shares who have elected to receive dividends or distributions in the form of such shares in lieu of dividends or distributions paid in the ordinary course; (ii) rights, options or warrants (excluding rights, options or warrants for which any adjustment was made pursuant to Section 5.5(b) and rights, options or warrants entitling the holders thereof for a period of not more than 45 days to subscribe for or purchase Common Shares or securities convertible into Common Shares); (iii) evidences of its indebtedness; or (iv) assets (excluding dividends or distributions paid in the ordinary course) then, in each such case, 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 multiplied by the Current Market Price per Common Share on such record date, less the fair market value (as determined by the Board of Directors, subject to CSE approval (if required) and with the approval of the Trustee, which determination shall be conclusive) of such shares or rights, options or warrants or evidences of indebtedness or assets so distributed, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price per Common Share. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, 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 such shares or rights, options or warrants or evidences of indebtedness or assets actually distributed, as the case may be. In clause (iv) of this Subsection (c) the term "dividends or distributions paid in the ordinary course" shall include the value of any securities or other property or assets distributed in lieu of cash dividends or distributions paid in the ordinary course at the option of shareholders. Notwithstanding the foregoing, if the securities distributed by the Corporation to all holders of its Common Shares consist of capital stock of, or similar equity interests in, a Subsidiary or other business of the Corporation (the "**Spinoff Securities**"), the Conversion Price shall be adjusted, unless the Corporation makes an equivalent distribution to the holders of Debentures, so that the same shall be equal to the rate determined by multiplying the Conversion Price in effect on the record date fixed for the determination of shareholders entitled to receive such distribution by a fraction, the denominator of which shall be the sum of (A) the weighted average trading price of one Common Share over the 20 consecutive trading day period (the "**Spinoff Valuation Period**") commencing on and including the fifth trading day after the Ex-Dividend Date and (B) the product of (I) the weighted average trading price (calculated in substantially the same way as the Current Market Price is calculated for the Common Shares) over the Spinoff Valuation Period of one Spinoff Security or, if no such prices are available, the fair market value of one Spinoff Security as reasonably determined by the Board of Directors, subject, if required, to CSE approval (which determination shall be conclusive and shall be evidenced by an Officers' Certificate delivered to the Trustee) multiplied by (II) the number of Spinoff Securities distributed in respect of one Common Share and the numerator of which shall be the weighted average trading price of one Common Share over the Spinoff Valuation Period, such adjustment to become effective immediately preceding the opening of business on the 25th trading day after the date on which ex-dividend trading commences; provided, however, that the Corporation may in lieu of the foregoing adjustment elect to make adequate provision so that each holder of Debentures shall have the right to receive upon conversion thereof the amount of such Spinoff Securities that such holder of Debentures would have received if such Debentures had been converted on the record date with respect to such distribution. In respect of any conversion during the Spinoff Valuation Period, references to consecutive trading days shall be deemed to be replaced with such lesser number of trading days as have elapsed between the commencement of the Spinoff Valuation Period and the relevant conversion date.

- (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 or change of the Common Shares other than as described in Section 5.5(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other person or other entity; or a sale, transfer or other disposition of the property and assets of the Corporation as an entirety or substantially as an entirety to any other person or other entity or a liquidation, dissolution or winding-up of the

Corporation, any holder of a Debenture who has not exercised its right of conversion prior to the effective date of such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement or merger, sale, transfer, disposition 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 then sought to be acquired by it, the number of shares or other securities or property of the Corporation or of the person or other entity resulting from such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement or merger, or to which such sale, transfer, disposition 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, change, consolidation, amalgamation, arrangement or merger, sale, transfer, dispositions or liquidation, dissolution or winding-up, if, on the record date or the effective date thereof, as the case may be, the holder had been the registered holder of the number of Common Shares sought to be acquired by it and to which it was entitled to acquire upon the exercise of the conversion right. If determined appropriate by the Directors to give effect to or to evidence the provisions of this Section 5.5(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, change, consolidation, amalgamation, arrangement, merger, sale, transfer, dispositions or liquidation, dissolution or winding-up or other similar transaction, 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 shares or other securities or property to which a holder of Debentures is entitled on the exercise of its conversion rights thereafter. Any indenture entered into between the Corporation and the Trustee pursuant to the provisions of this Section 5.5(d) shall be a supplemental indenture entered into pursuant to the provisions of Article 15. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing person or other entity and the Trustee shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 5.5(d) and which shall apply to successive reclassifications, capital reorganizations, changes, consolidations, amalgamations, mergers, sales, transfers, dispositions and to any successive liquidation, dissolution or winding up or other similar transaction. For greater certainty, nothing in this Section 5.5(d) shall affect or reduce the requirement for any person to make a Debenture Offer or to pay the Make Whole Premium in accordance with Section 2.1, and notice of any transaction to which this Section 5.5(d) applies shall be given in accordance with Section 5.10.

- (e) If any issuer bid (other than a normal course issuer bid made through the facilities of the CSE or such other exchange the Common Shares are listed and posted for trading on) made by the Corporation or any of its Subsidiaries for all or any portion of the Common Shares shall expire, then, if the issuer bid shall require the payment to shareholders who accept such bid of consideration per Common Share having a fair market value (determined as provided below) that exceeds 95% of the Current Market Price per Common Share 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 in respect of the Debentures shall be adjusted so that the same shall equal the price 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 numerator of which shall be the product

of the number of Common Shares outstanding (including Purchased Common Shares (as defined below) but excluding any Common Shares held in the treasury of the Corporation) at the Expiration Time multiplied by the Current Market Price per Common Share on the Expiration Date; and (ii) the denominator shall be the sum of (A) the fair market value of the aggregate consideration (the fair market value being as determined by the Board of Directors, subject to CSE approval, if applicable, which determination shall be conclusive evidence of such fair market value and which shall be evidenced by an Officer's Certificate delivered to the Trustee) 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 to the issuer bid 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 per Common Share on the Expiration Date, such adjustment to be 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 Section 5.5(d) to any issuer bid would result in an increase in the Conversion Price, no adjustment shall be made for such issuer bid pursuant hereto.

For purposes of this Section 5.5(d), the term "issuer bid" shall mean an issuer bid (other than an issuer bid which is exempt from the requirements of Part 2 of NI 62-104) under Applicable Securities Legislation or a take-over bid (other than a take-over bid which is exempt from the requirements of Part 2 of NI 62-104) 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.

- (f) In any case in which this Section 5.5 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 5.5(f), have become the holder of record of such additional Common Shares pursuant to Section 5.5(g).
- (g) The adjustments provided for in this Section 5.5 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, provided that, notwithstanding any other provision of this Section, 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 5.5(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

- (h) 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.
- (i) In the event of any question arising with respect to the adjustments provided in this Section 5.5, such question shall be conclusively determined by a firm of nationally recognized chartered professional accountants appointed by the Corporation and acceptable to the Trustee (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 the Debentureholders.
- (j) In case the Corporation shall take any action affecting the Common Shares other than action described in this Section 5.5, which in the opinion of the 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 Directors, subject to the prior written consent of the CSE (or, if the Debentures are not listed thereon, on such other exchange on which the Debentures are then listed), as the Directors in their sole discretion may determine to be equitable in the circumstances. 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.
- (k) Except as stated above in this Section 5.5, no adjustment in the Conversion Price shall be made in respect of any event described in Sections 5.5(a), 5.5(b) or 5.5(c) other than the events described in Sections 6.5(a)(i) or 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.
- (l) Except as stated above in this Section 5.5, 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 for such Common Shares on the date of issuance or the then applicable Conversion Price.

5.6 No Requirement to Issue Fractional Common Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of Debentures pursuant to this Article. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of whole Common Shares 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, be deliverable upon the conversion of any principal amount of Debentures, the number of Common Shares so issuable shall be rounded down to the nearest whole number and the holder of Debentures will not receive any consideration in respect of any such fraction

5.7 Corporation to Reserve Common Shares

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

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

5.8 Cancellation of Converted Debentures

Subject to the provisions of Section 5.4 as to Debentures converted in part, all Debentures converted in whole or in part under the provisions of this Article shall be forthwith delivered to and cancelled by the Trustee and no Debenture shall be issued in substitution for those converted.

5.9 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 5.5, deliver an Officers' Certificate to the Trustee 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, in the event of any question regarding such calculation, be verified by a firm of nationally recognized chartered accountants appointed by the Corporation and acceptable to the Trustee (who may be the Auditors of the Corporation) and shall be conclusive and binding on all parties in interest. When so approved, the Corporation shall, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Common Shares, forthwith give notice to the Debentureholders in the manner provided in Section 13.2 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Price. In such circumstances, the Corporation shall contemporaneously provide the CSE or such other exchange on which the Common Shares are then listed with written notice of the adjustment.

5.10 Notice of Special Matters

The Corporation covenants with the Trustee that so long as any Debenture remains outstanding, it will give notice to the Trustee, and to the Debentureholders in the manner provided in Section 13.2, of its intention to fix a record date for any event referred to in Section 5.5(a), 5.5(b), 5.5(c) or 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.

In addition, the Corporation covenants with the Trustee that so long as any Debenture remains outstanding, it will give notice to the Trustee, and to the Debentureholders in the manner provided in Section 13.2, at least 30 days prior to the (a) effective date of any transaction referred to in Section 5.5(d) stating the consideration into which the Debentures will be convertible after the effective date of such transaction, and (b) the Expiration Date of any transaction referred to in Section 5.5(d) stating the consideration paid per Common Share in such transaction.

5.11 Protection of Trustee

Subject to Section 14.3, the Trustee:

- (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.

5.12 Payment of Cash in Lieu of Common Shares

Upon conversion, the Corporation may offer and the converting holder may agree to the delivery of cash for all or a portion of the Debentures surrendered in lieu of Common Shares, the cash equivalent thereto to be determined on the basis of the Current Market Price of the Common Shares to be received upon conversion on the Date of Conversion (less applicable withholding taxes, if any).

ARTICLE 6 COVENANTS OF THE CORPORATION

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

6.1 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.

6.2 To Pay Trustee's Remuneration

The Corporation will pay the Trustee reasonable remuneration for its services as Trustee hereunder and will repay to the Trustee on demand all monies which shall have been paid by the Trustee in connection with the execution of the trusts hereby created and such monies including the Trustee's remuneration, shall be payable out of any funds coming into the possession of the Trustee 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.

6.3 To Give Notice of Default

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

6.4 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.

6.5 Other Indebtedness

The Corporation shall not create, incur, grant, assume or suffer to exist any indebtedness for borrowed money, other than Priority Ranking Debt to the extent that no Event of Default exists at the time of creation of the Priority Ranking Debt.

6.6 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.

6.7 Annual Certificate of Compliance

The Corporation shall deliver to the Trustee, within 120 days after the end of each calendar year, (and at any reasonable time upon demand by the Trustee) an Officers' Certificate as to the knowledge of such officers of the Corporation who execute the Officers' 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.

6.8 Performance of Covenants by Trustee

If the Corporation shall fail to perform any of its covenants contained in this Indenture, the Trustee 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 shall be repayable as provided in Section 6.2. No such performance, expenditure or advance by the Trustee shall be deemed to relieve the Corporation of any default hereunder.

6.9 SEC Notice

The Corporation represents and warrants that it is not required to file reports with the U.S. Securities and Exchange Commission ("SEC") pursuant to Section 13(a) or 15(d) of the United States Securities Exchange Act of 1934, as amended, and covenants that, in the event that it shall incur such a reporting obligation, the Corporation shall promptly deliver to the Trustee an Officer's Certificate (in a form provided by the Trustee) to such effect and containing such other information as the Trustee may reasonably require.

6.10 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.

6.11 Maintain Listing

The Corporation will use 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 10 would apply if carried out in compliance with Article 10 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 stock exchange.

ARTICLE 7 DEFAULT

7.1 Events of Default

Each of the following events constitutes, and is herein 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, if any, when due on the Debentures whether at maturity or upon redemption or a Change of Control, by declaration or otherwise;
- (c) default in the delivery, when due, of any Common Shares or other consideration, including any Make Whole Premium, payable on conversion with respect to the Debentures, which default continues for 15 days;
- (d) default in the observance or performance of any covenant or condition of the Indenture by the Corporation and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Trustee or from holders of not less than 50% in aggregate principal amount of the Debentures to the Corporation specifying such default and requiring the Corporation to rectify such default or obtain a waiver for same;
- (e) 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;
- (f) 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;

- (g) if a resolution is passed for the winding-up or liquidation of the Corporation 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;
- (h) 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
- (i) if an event of default occurs or exists under any indenture, agreement or other instrument evidencing or governing indebtedness for borrowed money of the Corporation or any Material Subsidiary and as a result of such event of default (i) indebtedness for borrowed money thereunder in excess of \$10,000,000 (or the equivalent amount in any other currency) has become due and payable before the date it would otherwise have been due and payable and (ii) the holders of such indebtedness are entitled to commence, and have commenced, the enforcement of security they hold for such indebtedness (if any) or the exercise of any other creditors' remedies to collect such indebtedness;

then: (x) in each and every such event listed above, the Trustee may, in its discretion, but subject to the provisions of this section, and shall, upon receipt of a request in writing signed by the holders of not less than 50% 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 7.3, by notice in writing to the Corporation declare the principal of and interest and premium, if any, on all Debentures then outstanding (and, where such a declaration is based upon a voluntary winding-up or liquidation of the Corporation, the premium, if any, on the Debentures then outstanding which would have been payable upon the redemption thereof by the Corporation on the date of such declaration) 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 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 (y) on the occurrence of an Event of Default under Section 7.1(e), 7.1(f), 7.1(g), 7.1(g) (if such proceedings are initiated by the Corporation or any Material Subsidiary) or 7.1(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 or any Debentureholder become immediately due and payable to the Trustee and, in either case, upon such amounts becoming due and payable in either (x) or (y) above, the Corporation shall forthwith pay to the Trustee 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, 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 shall be applied in the manner provided in Section 7.6.

For greater certainty, for the purposes of this Section 7.1, the Debentures shall be in default in respect of an Event of Default if such Event of Default relates to a default in the payment of principal, premium, if any, or interest on the Debentures.

7.2 Notice of Events of Default

If an Event of Default shall occur and be continuing the Trustee shall, within 30 days 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 13.2, provided that notwithstanding the foregoing, unless the Trustee shall have been requested to do so by the holders of at least 50% of the principal amount of the Debentures then outstanding, the Trustee shall not be required to give such notice if the Trustee 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 to the Debentureholders within 15 days after the Trustee becomes aware the Event of Default has been cured.

7.3 Waiver of Default

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 66 $\frac{2}{3}$ % of the principal amount of Debentures then outstanding, to instruct the Trustee to waive any Event of Default and to cancel any declaration made by the Trustee pursuant to Section 7.1 and the Trustee 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 66 $\frac{2}{3}$ % of the principal amount of the outstanding Debentures shall be entitled to exercise the foregoing power and the Trustee 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, 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'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 in the exercise of its discretion, upon such terms and conditions as the Trustee may deem advisable.

No such act or omission either of the Trustee 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.

7.4 Enforcement by the Trustee

Subject to the provisions of Section 7.3 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, forthwith after the same shall have been declared to be due and payable under Section 7.1, the principal of and premium (if any) and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 50% 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 in such request shall have been directed to take, or if such request contains no such direction, or if the Trustee shall act without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Trustee shall deem expedient.

The Trustee shall be entitled and empowered, either in its own name or as Trustee 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 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 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) 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, in order to have the respective claims of the Trustee 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 7.3, nothing contained in this Indenture shall be deemed to give to the Trustee, 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.

The Trustee 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.

All rights of action hereunder may be enforced by the Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in the name of the Trustee as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Trustee (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 shall be a party) the Trustee 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.

7.5 No Suits by Debentureholders

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, premium (if any) 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) such holder shall previously have given to the Trustee written notice of the happening of an Event of Default hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 50% in principal amount of the Debentures then outstanding shall have made a request to the Trustee and the Trustee 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 (c) the Debentureholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Trustee 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, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

7.6 Application of Monies by Trustee

- (a) Except as herein otherwise expressly provided, any monies received by the Trustee from the Corporation pursuant to the foregoing provisions of this Article 7, 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 available for such purpose, as follows:
 - (i) first, in payment or in reimbursement to the Trustee of its compensation, costs, charges, expenses, borrowings, advances or other monies furnished or provided by or at the instance of the Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;
 - (ii) second, but subject as hereinafter in this Section 7.6 provided, in payment, ratably 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
 - (iii) third, 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 (ii) 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 Subsidiary (other than any Debenture pledged for value and in good faith to a person other than the Corporation or any Subsidiary 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.

- (b) The Trustee 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 may think necessary to provide for the payments mentioned in Section 7.6(a), 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 14.9 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.

7.7 Notice of Payment by Trustee

Not less than 15 days' notice shall be given in the manner provided in Section 13.2 by the Trustee to the Debentureholders of any payment to be made under this Article 7. 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.

7.8 Trustee May Demand Production of Debentures

The Trustee 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 7 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 may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Corporation as the Trustee shall deem sufficient.

7.9 Remedies Cumulative

No remedy herein conferred upon or reserved to the Trustee, 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.

7.10 Judgment Against the Corporation

The Corporation covenants and agrees with the Trustee 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, 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.

7.11 Immunity of Directors, Officers and Others

The Debentureholders and the Trustee 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 holder of Common Shares 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 8 SATISFACTION AND DISCHARGE

8.1 Cancellation

All Debentures shall forthwith after payment thereof be delivered to the Trustee and cancelled by it. All Debentures Certificates cancelled or required to be cancelled under this or any other provision of this Indenture shall be destroyed by the Trustee, within a reasonable period of time and in accordance with the rules applicable to the Trustee, and, if required by the Corporation, the Trustee shall furnish to it a cancellation certificate setting out the designating numbers of the Debentures so cancelled.

8.2 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 may require:

- (a) the Corporation shall be entitled to pay or deliver to the Trustee and direct it to set aside; or
- (b) in respect of monies or Common Shares in the hands of the Trustee which may or should be applied to the payment of the Debentures, the Corporation shall be entitled to direct the Trustee to set aside; or
- (c) if the redemption was pursuant to notice given by the Trustee, the Trustee may itself set aside;

the monies or Common Shares, as the case may be, 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 or Common Shares, if applicable, 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 or Common Shares, if applicable, so set aside by the Trustee upon due presentation and surrender thereof, subject always to the provisions of Section 8.3.

8.3 Repayment of Unclaimed Monies or Common Shares

Subject to applicable law, any monies or Common Shares, if applicable, set aside under Section 8.2 and not claimed by and paid to holders of Debentures as provided in Section 8.2 within three years less one day after the date of such setting aside shall be repaid and delivered to the Corporation by the Trustee and thereupon the Trustee shall be released from all further liability with respect to such monies or Common Shares, if applicable, and thereafter the holders of the Debentures in respect of which such monies or Common Shares, if applicable, were so repaid to the Corporation shall have no rights in respect thereof except to obtain payment and delivery of the monies or Common Shares, if applicable, from the Corporation subject to any limitation provided by the laws of the Province of Alberta. Notwithstanding the foregoing, the Trustee will pay any remaining funds prior to the expiry of three years less one day after the setting

aside described in Section 8.2 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 such setting aside, the Corporation shall reimburse the Trustee for any amounts so set aside which are required to be paid by the Trustee to a holder of a Debenture after the date of such payment of the remaining funds to the Corporation but prior to three years less one day after such setting aside.

8.4 Discharge

The Trustee shall at the written request of the Corporation release and discharge this Indenture 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), upon proof being given to the reasonable satisfaction of the Trustee 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 including the payment of all costs, charges and expenses properly incurred by the Trustee and all interest thereon.

8.5 Satisfaction

- (a) The Corporation shall be deemed to have fully paid, satisfied and discharged all of the outstanding Debentures and the Trustee, 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:
 - (i) the Corporation has deposited or caused to be deposited with the Trustee as trust funds or property in trust for the purpose of making payment on such Debentures, an amount in money or Common Shares, if applicable, 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 Redemption Date, or any Change of Control Purchase Date, or upon conversion or otherwise as the case may be, of such Debentures (including the maximum number of Common Shares that may be issuable as Make Whole Premium Shares);
 - (ii) the Corporation has deposited or caused to be deposited with the Trustee as trust property in trust for the purpose of making payment on such Debentures:
 - (A) if the Debentures are issued in Canadian dollars, such amount in Canadian dollars of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or Common Shares, if applicable; or
 - (B) if the Debentures are issued in a currency or currency unit other than Canadian 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 of Canada or the government

that issued the currency or currency unit in which the Debentures are payable or Common Shares, if applicable;

as will be sufficient to pay and discharge the entire amount of principal of, premium, if any (including the maximum amount that may be payable as a Make Whole Premium) on, and accrued and unpaid interest to maturity or any repayment date, as the case may be, of all such Debentures; or

- (iii) all Debentures authenticated and delivered (other than (A) Debentures which have been destroyed, lost or stolen and which have been replaced or paid and (B) Debentures for whose payment has been deposited in trust and thereafter repaid to the Corporation as provided in Section 8.3) have been delivered to the Trustee for cancellation; so long as in any such event:
 - (A) the Corporation has paid, caused to be paid or made provisions to the satisfaction of the Trustee for the payment of all other sums payable or which may be payable (including the maximum number of Common Shares that may be issuable as Make Whole Premium Shares) with respect to all of such Debentures (together with all applicable expenses of the Trustee in connection with the payment of such Debentures); and
 - (B) the Corporation has delivered to the Trustee an Officers' 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 referred to in this Section 8.5 shall be irrevocable, subject to Section 8.6, and shall be made under the terms of an escrow and/or trust agreement in form and substance satisfactory to the Trustee and which provides for the due and punctual payment of the principal of, premium, if any, and interest on the Debentures being satisfied.

- (b) Upon the satisfaction of the conditions set forth in this Section 8.5 with respect to all the outstanding Debentures, 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, Article 4 and Article 5 and the provisions of Article 1 pertaining to Article 2, Article 4 and Article 5) shall no longer be binding upon or applicable to the Corporation.
- (c) Any funds or obligations deposited with the Trustee pursuant to this Section 8.5 shall be denominated in the currency or denomination of the Debentures in respect of which such deposit is made.
- (d) If the Trustee is unable to apply any money or securities in accordance with this Section 8.5 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 8.5 until such time as the Trustee is permitted to apply all such money or securities in accordance with this Section 8.5, 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.

8.6 Continuation of Rights, Duties and Obligations

- (a) Where trust funds or trust property have been deposited pursuant to Section 8.5, 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 5 and the provisions of Article 1 pertaining to the foregoing provisions, as may be applicable.
- (b) In the event that, after the deposit of trust funds or trust property pursuant to Section 8.5 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 Common Shares or other securities of the Corporation in accordance with Subsections 2.1(f) and, if applicable, 2.1(k), Article 5 or any other provision of this Indenture, the Trustee 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 pursuant to Section 8.5 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).
- (c) In the event that, after the deposit of trust funds or trust property pursuant to Section 8.5, the Corporation is required to make a Debenture Offer to purchase any outstanding Debentures pursuant to Subsection 2.1(j), in relation to the Debentures, the Corporation shall be entitled to use any trust money or trust property deposited with the Trustee pursuant to Section 8.5 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 Debenture Offer in respect of the Debentures. Upon receipt of a Written Direction of the Corporation, the Trustee shall be entitled to pay to such holder from such trust money or trust property deposited with the Trustee pursuant to Section 8.5 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 9 COMMON SHARE INTEREST PAYMENT ELECTION

9.1 Common Share Interest Payment Election

- (a) The Corporation shall have the right, at the time of redemption, to make a Common Share Interest Payment Election in respect of any Interest Obligation by delivering a Common Share Interest Payment Election Notice to the Trustee no later than the earlier of: (i) the date required by applicable law or the rules of any stock exchange on which the Debentures or Common Shares are then listed; and (ii) the day which is 15 Business Days prior to the Interest Payment Date to which the Common Share Interest Payment Election relates. Such Common Share Interest Payment Election Notice shall provide that all or a portion of such Interest Obligation may be paid by the Corporation in Common Shares by the delivery of Common Shares, as provided in Subsection 9.1(c), in an amount equal to (A) the amount of interest payable pursuant to such Interest Obligation divided by (B) the Conversion Price, subject to the approval of the CSE, if applicable.

- (b) The Corporation's right to exercise the Common Share Interest Payment Election shall be conditional upon the following conditions being met on or before 2:00 p.m. (Vancouver time) on the day which is 3 Business Days prior to the Interest Payment Date, such conditions being in favour of the Debentureholders:
- (i) the issuance of the Common Shares on the exercise of the Common Share Interest Payment Election shall be made in accordance with Applicable Securities Legislation and such Common Shares shall be issued as Freely Tradeable Common Shares;
 - (ii) the listing of such additional Freely Tradeable Common Shares on each stock exchange on which the Common Shares are then listed;
 - (iii) no Event of Default shall have occurred and be continuing;
 - (iv) the receipt by the Trustee of an Officers' Certificate stating that conditions (i), (ii) and (iii) above have been satisfied and setting forth (A) the number of Common Shares to be delivered for each \$1,000 principal amount of Debentures, (B) the amount of interest payable on such Interest Payment Date, and (C) the Conversion Price; and
 - (v) the receipt by the Trustee of an opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the Interest Obligations, will be validly issued as fully paid and non-assessable Common Shares, and that conditions (i) and (ii) above have been satisfied.

If the foregoing conditions are not satisfied on or before 2:00 p.m. (Vancouver time) on the day which is 3 Business Days prior to the Interest Payment Date, the Corporation shall pay the interest payable on the Debentures on such Interest Payment Date for which a Common Share Interest Payment Election was made in accordance with Section 2.9, unless the Debentureholders waive the conditions in writing in form and substance delivered to the Corporation and to the Trustee, acting reasonably.

- (c) In the event that the Corporation duly exercises its Common Share Interest Payment Election, the Corporation shall on or before 11:00 a.m. (Vancouver time) on the Business Day immediately prior to the Interest Payment Date issue to the registered holders of such Debentures appearing on the registers maintained by the Trustee at the close of business on the fifth Business Day prior to the applicable Interest Payment Date (the "**Entitled Debentureholders**"), the Freely Tradeable Common Shares to which such holders are entitled. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with the Common Share Interest Payment Election. Every such deposit shall be irrevocable. The Trustee shall cause the deliver to such Debentureholders the Freely Tradeable Common Shares to which they are entitled pursuant to the Common Share Interest Payment Election Notice, if at the relevant time CDS is the registered holder of the Debentures then the Trustee shall deliver such Freely Tradeable Common Shares to CDS. The delivery of such Freely Tradeable Common Shares to the registered holder of the Debentures by the Trustee will satisfy and discharge the liability of the Corporation for the Interest Obligation to which the delivery of such Freely Tradeable Common Shares relates (including the amount of any Common Shares sold to pay applicable withholding taxes in accordance with Section 9.1(i)),

and such Common Shares will represent full satisfaction of such Interest Obligation and such holders will have no further recourse to the Corporation in respect of such Interest Obligation. For greater certainty, in the event that the Corporation duly exercises its Common Share Interest Payment Election, the Corporation shall deliver a treasury direction to the Trustee no later than 11:00 a.m. (Vancouver time) on the Business Day immediately prior to the Interest Payment Date that directs the Trustee to issue the Freely Tradeable Common Shares to the registered holder of the Debentures in satisfaction of the Corporation's Interest Obligation and directs the Trustee to update the register of holders of Common Shares on such date. The Freely Tradeable Common Shares to be issued to the Debentureholders in the event the Corporation duly exercises its Common Share Interest Payment Election may be issued and registered in the name of CDS or its nominee through the electronic book entry system pursuant to which a Participant provides the deposit ID of which is confirmed electronically by the Trustee to a particular Participant through CDS and shall be identified by a specific CUSIP/ISIN as requested by the Corporation from CDS to identify the Freely Tradeable Common Shares.

- (d) A holder shall be treated as the shareholder of record of the Freely Tradeable Common Shares issued on due exercise by the Corporation of its Common Share Interest Payment Election effective immediately after the close of business on the Interest Payment Date, and shall be entitled to all substitutions therefore, all income earned thereon or accretions thereto and all dividends or distributions (including dividends and dividends or distributions in kind) thereon and arising thereafter, and in the event that the Trustee receives the same, it shall hold the same in trust for the benefit of such holder.
- (e) The Corporation shall at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue and delivery upon the exercise of the Common Share Interest Payment Election as provided herein, and shall issue to Debentureholders to whom Freely Tradeable Common Shares will be issued pursuant to exercise of the Common Share Interest Payment Election, such number of Freely Tradeable Common Shares as shall be issuable in such event. All Freely Tradeable Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (f) The Corporation shall from time to time promptly pay, or make provision satisfactory to the Trustee for the payment of, all taxes and charges which may be imposed by the laws of Canada or any province thereof (except income tax, withholding tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Freely Tradeable Common Shares to holders upon exercise of the Common Share Interest Payment Election pursuant to the terms of the Debentures and of this Indenture.
- (g) If the Corporation makes a Common Share Interest Payment Election in accordance with this Section 9.1 and if the payment represented by the Freely Tradable Common Shares issuable in satisfaction of the Interest Obligation is subject to withholding taxes and the amount of the cash payment, if any, of the principal amount due on maturity, if such maturity is concurrent with the interest payment, is insufficient to satisfy such withholding taxes, the Corporation shall deduct and withhold such withholding taxes from any payment to be made with respect to the Debentures and, provided that the Corporation forthwith remit 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 Debentureholder in respect of such deductions or withholdings.

- (h) For greater certainty, if any amount is required or permitted to be deducted or withheld in respect of withholding taxes, whether of interest or other amounts, and including with respect to delivery of Freely Tradeable Common Shares upon conversion of Debentures or in respect of any Interest Obligation, the Corporation shall be entitled to liquidate such number of Common Shares issuable in connection with such payment as shall be necessary in order to satisfy such deduction or withholding and remit to Debentureholders the remaining net Common Shares. The Corporation shall provide the Trustee with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of any forms received from such governmental authority or agency promptly after receipt thereof.

ARTICLE 10 SUCCESSORS

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

- (a) The Corporation may not, without the consent of the holders provided by Extraordinary Resolution, 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:
 - (i) 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 is a corporation, organized and existing under the laws of Canada or any province or territory thereof or the laws of the United States or any state thereof and such corporation (if other than the Corporation or the continuing corporation resulting from the amalgamation of the Corporation with another corporation under the laws of Canada or any province or territory thereof) expressly assumes, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the obligations of the Corporation under the Debentures and this Indenture and the performance or observance of every covenant and provision of this Indenture 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 4, by supplemental indenture satisfactory in form to the Trustee, executed and delivered to the Trustee, by the Person (if other than the Corporation or the continuing corporation resulting from the amalgamation of the Corporation with another corporation under the laws of Canada or any province or territory thereof) 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;
 - (ii) 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
 - (iii) if the Corporation or the continuing corporation resulting from the amalgamation or merger of the Corporation with another Person under the laws of Canada or any province or territory thereof or the laws of the United States or any state thereof 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 an Officers' Certificate and an opinion of Counsel, each stating that such consolidation, merger or transfer complies with this Article and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture complies with this Article, and that all conditions precedent herein provided for relating to such transaction have been complied with.

- (b) 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.

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(b) 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(a)(iii), the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Debentures.

ARTICLE 11 COMPULSORY ACQUISITION

11.1 Definitions

In this Article:

- (a) "**Affiliate**" and "**Associate**" shall have their respective meanings set forth in the *Securities Act* (Alberta);
- (b) "**Dissenting Debentureholders**" means a Debentureholder who does not accept an Offer referred to in Section 11.2 and includes any assignee of the Debenture of a Debentureholder to whom such an Offer is made, whether or not such assignee is recognized under this Indenture;
- (c) "**Offer**" means an offer to acquire outstanding Debentures where, as of the date of the offer to acquire, the Debentures that are subject to the offer to acquire, together with the Offeror's Debentures, constitute in the aggregate 20% or more of the outstanding principal amount of the Debentures;
- (d) "**offer to acquire**" includes an acceptance of an offer to sell;

- (e) "**Offeror**" means a person, or two or more persons acting jointly or in concert, who make an Offer to acquire Debentures;
- (f) "**Offeror's Debentures**" means Debentures beneficially owned, or over which control or direction is exercised, on the date of an Offer by the Offeror, any Affiliate or Associate of the Offeror or any person or company acting jointly or in concert (as such term is defined in NI 62-104) with the Offeror; and
- (g) "**Offeror's Notice**" means the notice described in Section 11.3.

11.2 Offer for Debentures

If an Offer for all of the outstanding Debentures (other than the Offeror's Debentures) is made and:

- (a) within the time provided in the Offer for its acceptance or within 120 days after the date the Offer is made, whichever period is the shorter, the Offer is accepted by Debentureholders representing at least 90% of the outstanding principal amount of the Debentures, other than the Offeror's Debentures;
- (b) the Offeror is bound to take up and pay for, or has taken up and paid for the Debentures of the Debentureholders who accepted the Offer; and
- (c) the Offeror complies with Sections 11.3 and 11.5;

the Offeror is entitled to acquire, and the Dissenting Debentureholders are required to sell to the Offeror, the Debentures held by the Dissenting Debentureholder for the same consideration per Debenture payable or paid, as the case may be, under the Offer.

11.3 Offeror's Notice to Dissenting Debentureholders

Where an Offeror is entitled to acquire Debentures held by Dissenting Debentureholders pursuant to Section 11.2 and the Offeror wishes to exercise such right, the Offeror shall send by registered mail within 30 days after the date of termination of the Offer a notice (the "**Offeror's Notice**") to each Dissenting Debentureholder stating that:

- (a) Debentureholders holding at least 90% of the principal amount of all outstanding Debentures, other than Offeror's Debentures, have accepted the Offer;
- (b) the Offeror is bound to take up and pay for, or has taken up and paid for, the Debentures of the Debentureholders who accepted the Offer;
- (c) Dissenting Debentureholders must transfer their respective Debentures to the Offeror on the terms on which the Offeror acquired the Debentures of the Debentureholders who accepted the Offer within 21 days after the date of the sending of the Offeror's Notice; and
- (d) Dissenting Debentureholders must send their respective Debenture Certificate(s) to the Trustee within 21 days after the date of the sending of the Offeror's Notice.

11.4 Delivery of Debenture Certificates

A Dissenting Debentureholder to whom an Offeror's Notice is sent pursuant to Section 11.3 shall, within 21 days after the sending of the Offeror's Notice, send his or her Debenture Certificate(s) to the Trustee duly endorsed for transfer.

11.5 Payment of Consideration to Trustee

Within 21 days after the Offeror sends an Offeror's Notice pursuant to Section 11.3, the Offeror shall pay or transfer to the Trustee, or to such other person as the Trustee may direct, the cash or other consideration that is payable to Dissenting Debentureholders pursuant to Section 11.2. The acquisition by the Offeror of all Debentures held by all Dissenting Debentureholders shall be effective as of the time of such payment or transfer.

11.6 Consideration to be held in Trust

The Trustee, or the person directed by the Trustee, shall hold in trust for the Dissenting Debentureholders the cash or other consideration they or it receives under Section 11.5. The Trustee, or such persons, shall deposit cash in a separate account in a Canadian chartered bank, or other body corporate, any of whose deposits are insured by the Canada Deposit Insurance Corporation, and shall place other consideration in the custody of a Canadian chartered bank or such other body corporate.

11.7 Completion of Transfer of Debentures to Offeror

Within 30 days after the date of the sending of an Offeror's Notice pursuant to Section 11.3, the Trustee, if the Offeror has complied with Section 11.5, shall:

- (a) do all acts and things and execute and cause to be executed all instruments as in the Trustee's opinion, relying on the advice of Counsel, may be necessary or desirable to cause the transfer of the Debentures of the Dissenting Debentureholders to the Offeror;
- (b) send to each Dissenting Debentureholder who has complied with Section 11.4 the consideration to which such Dissenting Debentureholder is entitled under this Article 11; and
- (c) send to each Dissenting Debentureholder who has not complied with Section 11.4 a notice stating that:
 - (i) his or her Debentures have been transferred to the Offeror;
 - (ii) the Trustee or some other person designated in such notice are holding in trust the consideration for such Debentures; and
 - (iii) the Trustee, or such other person, will send the consideration to such Dissenting Debentureholder as soon as possible after receiving such Dissenting Debentureholder's Debenture Certificate(s) or such other documents as the Trustee or such other person may require in lieu thereof;

and the Trustee is hereby appointed the agent and attorney of the Dissenting Debentureholders for the purposes of giving effect to the foregoing provisions.

11.8 Communication of Offer to the Corporation

An Offeror cannot make an Offer for Debentures unless, concurrent with the communication of the Offer to any Debentureholder, a copy of the Offer is provided to the Corporation.

ARTICLE 12 MEETINGS OF DEBENTUREHOLDERS

12.1 Right to Convene Meeting

The Trustee or the Corporation may at any time and from time to time, and the Trustee 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 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 Calgary or the City of Vancouver at such other place as may be approved or determined by the Trustee. Any meeting held pursuant to this Article 12 may be done through a virtual or electronic meeting platform, subject to the Trustee's capabilities at the time

12.2 Notice of Meetings

- (a) At least 21 days' notice of any meeting shall be given to the Debentureholders in the manner provided in Section 13.2 and a copy of such notice shall be sent by post to the Trustee, 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. 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.
- (b) 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 12.15, 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 Sections 12.2(c) and (d)), then:
 - (i) a reference to such fact, indicating each series of Debentures in the opinion of the Trustee 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
 - (ii) 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 12.15 unless in addition to compliance with the other provisions of this Article 13:

- (A) at such Serial Meeting: (I) 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 12 as to quorum at adjourned meetings; and (II) 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 voted on the resolution; or
 - (B) in the case of action taken or power exercised by instrument in writing under Section 12.15, such instrument is signed in one or more counterparts by the holders of not less than 66 $\frac{2}{3}$ % in principal amount of the Debentures of such series then outstanding.
- (c) Subject to Section 12.2(d), 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 12.15, 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 the Corporation for all purposes hereof.
- (d) A proposal:
- (i) 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;
 - (ii) 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
 - (iii) to reduce with respect to Debentureholders of any particular series any percentage stated in this Section 12.2 or Sections 12.4, 12.12 and 12.15;

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.

12.3 Chairman

Some person, who need not be a Debentureholder, nominated in writing by the Corporation (in case it convenes the meeting) or by the Trustee (in any other case) 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.

12.4 Quorum

Subject to the provisions of Section 12.12, 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 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 12.12, 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.

12.5 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.

12.6 Show of Hands

Every question submitted to a meeting shall, subject to Section 12.7, 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.

12.7 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.

12.8 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 Canadian dollars, the principal amount thereof for these purposes shall be computed in Canadian 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.

12.9 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 (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, 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 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.

12.10 Persons Entitled to Attend Meetings

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

12.11 Powers Exercisable by Extraordinary Resolution

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), (b), (c), (d) and (l) to receipt of the prior approval of the CSE (or such other exchange on which the Debentures are then listed):

- (a) power to authorize the Trustee 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 (with its consent) against the Corporation, or against its property, whether such rights arise under this Indenture or the Debentures or otherwise provided that such sanctioned actions are not prejudicial to the Trustee;
- (c) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture or any Debenture which shall be agreed to by the Corporation and to authorize the Trustee 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 to exercise any power, right, remedy or authority given to it by this Indenture 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 to waive, any default hereunder and/or cancel any declaration made by the Trustee pursuant to Section 7.1 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 7.5, 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 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 from office and to appoint a new Trustee or Trustees provided that no such removal shall be effective unless and until a new Trustee or Trustees 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 Section 12.11(l); 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 Section 12.11(j).

12.12 Meaning of "Extraordinary Resolution"

- (a) The expression "Extraordinary Resolution" when used in this Indenture means, subject as hereinafter in this Article 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, 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, in each case present or represented by proxy at the meeting and voted upon on a poll on such resolution.
- (b) 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 13.2. 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 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, in each case present or represented by proxy at the meeting 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.

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

12.13 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.

12.14 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 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.

12.15 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 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.

12.16 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 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 12.15 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Trustee (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.

12.17 Evidence of Rights Of Debentureholders

- (a) 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.
- (b) The Trustee 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.

12.18 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 12.15, does not adversely affect the rights of the holders of Debentures of one or more series, the provisions of this Article 12 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 13 NOTICES

13.1 Notice to Corporation

Any notice to the Corporation under the provisions of this Indenture shall be valid and effective if delivered to the Corporation c/o Arthur Halleran, President and Chief Executive Officer, at: Trillion Energy International Inc. Suite 700, 838 West Hastings Street Vancouver, BC, V6C 0A6, (email: [Redacted]) and a copy, which shall not constitute notice, delivered to DS Lawyers Canada LLP Suite 800, 333 – 7th Avenue S.W. Calgary Alberta T2P 2Z1 Attention: Dale Burstall (email [Redacted]), 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 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.

13.2 Notice to Debentureholders

Subject to Section 2.2, 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 any for any Debentures held through CDS or other Depository, if any notice or other communication is required to be given to Debentureholders, the Trustee or the Corporation may give such notices and communications to CDS or such other Depository by e-mail or facsimile (at such email or facsimile number as is given by CDS or the Depository, as applicable, for such purpose from time to time) or in such other manner as is acceptable to CDS or the Depository, as applicable, 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. 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.

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 cities of Calgary and Vancouver (or in such of those cities as, in the opinion of the Trustee is sufficient in the particular of circumstances), each such publication to be made in a daily newspaper of general circulation in the designated city.

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.

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.

13.3 Notice to Trustee

Any notice to the Trustee under the provisions of this Indenture shall be valid and effective if delivered to the Trustee at its principal office in the City of Vancouver, at United Kingdom Building 350-409 Granville Street Vancouver, British Columbia V6C 1T2, Attention: Corporate Trust, Email: [Redacted] 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, or if given by email, on the next Business Day following the date of transmission provided that its contents are transmitted and received.

13.4 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Trustee would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to Section 13.3, such notice shall be valid and effective only if delivered at the appropriate address in accordance with Section 13.3.

ARTICLE 14 CONCERNING THE TRUSTEE

14.1 No Conflict of Interest

The Trustee represents to the Corporation that to the best of its knowledge at the date of execution and delivery by it of this Indenture there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder but if, notwithstanding the provisions of this Section 14.1 such a material conflict of interest exists, or hereafter arises, the validity and enforceability of this Indenture, and the Debentures issued hereunder, shall not be affected in any manner whatsoever by reason only that such material conflict of interest exists or arises but the Trustee shall, within 30 days after ascertaining that it has a material conflict of interest, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Section 14.2.

14.2 Replacement of Trustee

The Trustee 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's role as a fiduciary hereunder the Trustee 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 14.2. 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 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 unless a new Trustee has already been appointed by the Debentureholders. Failing such appointment by the Corporation, the retiring Trustee or any Debentureholder may apply to a Judge of the Court of King's Bench of Alberta, on such notice as such Judge may direct at the Corporation's expense, for the appointment of a new Trustee but any new Trustee so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Debentureholders and the appointment of such new Trustee shall be effective only upon such new Trustee becoming bound by this Indenture. Any new Trustee appointed under any provision of this Section 14.2 shall be a corporation authorized to carry on the business of a trust company in all of the Provinces of Canada. On any new appointment the new Trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Trustee.

Any company into which the Trustee 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 shall be a party, shall be the successor trustee under this Indenture without the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Trustee or of the Corporation, the Trustee ceasing to act shall execute and deliver an instrument assigning and transferring to such successor Trustee, upon the trusts herein expressed, all the rights, powers and trusts of the Trustee so ceasing to act, and upon receipt by the Trustee 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 to the successor Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Corporation be required by any new Trustee 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, be made, executed, acknowledged and delivered by the Corporation.

14.3 Duties of Trustee

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

14.4 Reliance Upon Declarations, Opinions, etc.

In the exercise of its rights, duties and obligations hereunder the Trustee 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 to be furnished to it in the exercise of its rights and duties hereunder, if the Trustee examines such statutory declarations, opinions, reports or certificates and determines that they comply with Section 14.5, if applicable, and with any other applicable requirements of this Indenture. The Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Trustee may rely on an opinion of Counsel satisfactory to the Trustee notwithstanding that it is delivered by a solicitor or firm which acts as solicitors for the Corporation.

14.5 Evidence and Authority to Trustee, Opinions, etc.

The Corporation shall furnish to the Trustee 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 under this Indenture or as a result of any obligation imposed under this Indenture, including without limitation, the Authentication 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 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 in accordance with the terms of this Section 14.5, or (b) the Trustee, 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.

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 for such purposes hereby approves, that such condition precedent has been complied with in accordance with the terms of this Indenture.

Whenever such evidence relates to a matter other than the Authentication 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 director, 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.

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.

The Corporation shall furnish or cause to be furnished to the Trustee at any time if the Trustee 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 noncompliance. The Corporation shall, whenever the Trustee so requires, furnish the Trustee with evidence by way of statutory declaration, opinion, report or certificate as specified by the Trustee 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.

14.6 Officers' Certificates Evidence

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

14.7 Experts, Advisers and Agents

The Trustee 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 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'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 may, but need not be, solicitors for the Corporation.

14.8 Trustee May Deal in Debentures

Subject to Sections 14.1 and 14.3, the Trustee 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.

14.9 Investment of Monies Held by Trustee

Unless otherwise provided in this Indenture, any monies held by the Trustee, which, under the trusts of this Indenture, may or ought to be invested or which may be on deposit with the Trustee or which may be in the hands of the Trustee, may be invested and reinvested in the name or under the control of the Trustee in securities in which, under the laws of the Province of Alberta, 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 unless and until the Trustee shall have declared the principal of and interest on the Debentures to be due and payable, the Trustee 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 in any chartered bank of Canada or, with the consent of the Corporation, in the deposit department of the Trustee 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.

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

14.10 Trustee Not Ordinarily Bound

Except as provided in Section 7.2 and as otherwise specifically provided herein, the Trustee shall not, subject to Section 14.3, 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 shall have been required to do so in writing by the holders of not less than 50% of the aggregate principal amount of the Debentures then outstanding 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.

14.11 Trustee Not Required to Give Security

The Trustee 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.

14.12 Trustee Not Bound to Act on Corporation's Request

Except as in this Indenture otherwise specifically provided, the Trustee 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 the Trustee

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

14.13 Conditions Precedent to Trustee's Obligations to Act Hereunder

The obligation of the Trustee to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Trustee and of the Debentureholders hereunder shall be conditional upon the Debentureholders furnishing when required by notice in writing by the Trustee, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Trustee to protect and hold harmless the Trustee against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.

None of the provisions contained in this Indenture shall require the Trustee 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 unless indemnified as aforesaid.

The Trustee 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 the Debentures held by them for which Debentures the Trustee shall issue receipts.

14.14 Authority to Carry on Business

The Trustee 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 each of the provinces of Canada but if, notwithstanding the provisions of this Section 14.14, 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 shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in any of the provinces of Canada, either become so authorized or resign in the manner and with the effect specified in Section 14.2.

14.15 Compensation and Indemnity

- (a) The Corporation shall pay to the Trustee from time to time compensation for its services hereunder as agreed separately by the Corporation and the Trustee, and shall pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee 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 under this Indenture shall be finally and fully performed. Any fees and expenses of the trustee 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 to its corporate clients. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.
- (b) The Corporation hereby indemnifies and saves harmless the Trustee and its directors, officers and employees from and against any and all reasonable loss, damages, charges, expenses, claims, demands, actions or liability whatsoever which may be brought against the Trustee or which it may suffer or incur as a result of or arising out of the performance of its duties and obligations hereunder save only in the event of the gross negligence, wilful misconduct or bad faith of the Trustee. This indemnity will survive the termination or discharge of this

Indenture and the resignation or removal of the Trustee. The Trustee shall notify the Corporation promptly of any claim for which it may seek indemnity. The Corporation shall defend the claim and the Trustee shall co-operate in the defence. The Trustee may have separate Counsel and the Corporation shall pay the reasonable fees and expenses of such Counsel. The Corporation need not pay for any settlement made without its consent, which consent must not be unreasonably withheld. This indemnity shall survive the resignation or removal of the Trustee or the discharge of this Indenture.

- (c) Notwithstanding any other provision of this Indenture, the Trustee 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. Notwithstanding the foregoing or any other provision of this Indenture, other than in respect of fraud, bad faith, gross negligence and wilful misconduct, any liability of the Trustee shall be limited, in the aggregate, to the amount of annual retainer fees paid by the Corporation to the Trustee under this Indenture in the twelve months immediately prior to the Trustee receiving the first notice of the claim.

14.16 Acceptance of Trust

The Trustee 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.

14.17 Third Party Interests

Each party to this Indenture (in this paragraph referred to as a "**representing party**") hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of such representing party, either (a) is not intended to be used by or on behalf of any third party; or (b) is intended to be used by or on behalf of a third party, in which case such representing party hereby agrees to complete, execute and deliver forthwith to the Trustee a declaration, in the Trustee's prescribed form or in such other form as may be satisfactory to it, as to the particulars of such third party.

14.18 Anti-Money Laundering

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, acting reasonably, determines that such act might cause it to be in noncompliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Indenture has resulted in its being in noncompliance with any applicable anti-money laundering, antiterrorist 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 (a) the Trustee's written notice shall describe the circumstances of such non-compliance; and (b) if such circumstances are rectified to the Trustee's satisfaction within such 10-day period, then such resignation shall not be effective.

14.19 Privacy Laws

- (a) The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to

certain obligations and activities under this Indenture. Notwithstanding any other provision of this Indenture, neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Trustee agrees: (i) to have a designated chief privacy officer; (ii) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (iii) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and to comply with applicable laws and not to use it for any other purpose except with the consent of or direction from the Corporation or the individual involved or as permitted by Privacy Laws; (iv) not to sell or otherwise improperly disclose personal information to any third party; and (v) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

- (b) Subject to compliance with Section 14.19(a), the Trustee 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 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 terms, uses and disclosures.

14.20 Force Majeure

Except for the payment of obligations of the Corporation contained herein, 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 acts 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 14.20.

ARTICLE 15 SUPPLEMENTAL INDENTURES

15.1 Supplemental Indentures

Subject to the approval of the CSE (or such other exchange on which the Debentures are then listed), from time to time the Trustee and, when authorized by a resolution of the directors of Corporation, the Corporation, may, 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, 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 or benefit 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 relying on an opinion 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) giving effect to any Extraordinary Resolution passed as provided in Article 12; and
- (f) 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 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 provided that, in the opinion of the Trustee (relying on an opinion of Counsel), the rights of the Debentureholders are in no way prejudiced thereby. The Trustee will have the right to request a legal opinion regarding matters of United States law on the issuance of Debentures into the United States prior to or concurrently with making such amendments. Further, the Corporation and the Trustee 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 (relying upon an opinion of Counsel) the rights of the Debentureholders are in no way prejudiced thereby.

ARTICLE 16 EXECUTION AND FORMAL DATE

16.1 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.

16.2 Formal Date

For the purpose of convenience this Indenture may be referred to as bearing the formal date of April 20, 2023 irrespective of the actual date of execution hereof.

[Rest of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS whereof the parties hereto have executed these presents under their respective corporate seals and the hands of their proper officers in that behalf.

**TRILLION ENERGY INTERNATIONAL
INC.**

Per: (signed) "Arthur Halleran"
Name: Arthur Halleran
Title: President, CEO and Director

Per: (Signed) "Renata Kubicek"
Name: Renata Kubicek
Title: Corporate Secretary

ODYSSEY TRUST COMPANY

Per: (Signed) "Dan Sander"
Name: Dan Sander
Title: President, Corporate Trust

Per: (Signed) "Amy Douglas"
Name: Amy Douglas
Title: Director, Corporate Trust

SCHEDULE "A"

TO THE DEBENTURE INDENTURE BETWEEN

TRILLION ENERGY INTERNATIONAL INC.

AND

ODYSSEY TRUST COMPANY

FORM OF DEBENTURE

CUSIP – [●]

ISIN – [●]

No. [●]

[\$●]

TRILLION ENERGY INTERNATIONAL INC.

(a corporation continued under the laws of the Province of British Columbia)

12.0% CONVERTIBLE DEBENTURES DUE APRIL 30, 2025

Trillion Energy International Inc. (the "**Corporation**") for value received hereby acknowledges itself indebted and, subject to the provisions of the debenture indenture (the "**Indenture**") dated as of April 20, 2023 between the Corporation and Odyssey Trust Company (the "**Trustee**"), promises to pay to the registered holder hereof on April 30, 2025 (the "**Maturity Date**"), or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of [●] Dollars (\$●) in lawful money of Canada on presentation and surrender of this Debenture at the main branch of the Trustee in in Vancouver, British Columbia in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, or from the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of 12.00% per annum (based on a year of 365 days), in like money, in arrears in (with the exception of the first interest payment which will include interest accrued from April 20, 2023) semi-annual installments (less any tax required by law to be deducted) on October 31 and April 30 in each year commencing on October 31, 2023 and the last payment (representing interest payable from the Interest Payment Date immediately prior to the Maturity Date to, but excluding, the Maturity Date) to fall due on the Maturity Date and, should the Corporation at any time make default in the payment of any principal, premium, if any, or interest, to pay interest on the amount in default at the same rate, in like money and on the same dates. For greater certainty, the first interest payment will include interest accrued from and including April 20, 2023 to October 31, 2023, which will be equal to \$\$63.78 for each \$1,000 principal amount of Debentures. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

Upon and subject to the terms of the Indenture, the Corporation may elect, upon redemption, to satisfy interest hereon by delivering: (a) cash; (b) Freely Tradeable Common Shares; or (c) a combination of (a) and (b), to the Trustee pursuant to the Common Share Interest Payment.

Election and delivery of such cash or Freely Tradeable Common Shares, or any combination thereof, less the amount of any tax required to be withheld, shall satisfy and discharge all liability for interest on this Debenture to the extent of the sum represented thereby plus any tax withheld as aforesaid.

This Debenture is one of the 12.0% Convertible Debentures due April 30, 2025 (referred to herein as the "**Debentures**") of the Corporation issued under the provisions of the Indenture. The Debentures authorized for issue immediately are limited to an aggregate principal amount of \$15,000,000.00 million in lawful money of Canada. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are or are to be issued and held and the rights and remedies of the holders of the Debentures and of the Corporation and of the Trustee, 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 Debenture by acceptance hereof assents.

The Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, the Debentures of any denomination may be exchanged for an equal aggregate principal amount of the Debentures in any other authorized denomination or denominations.

Any part, being \$1,000 or an integral multiple thereof, of the principal of this Debenture, provided that the principal amount of this Debenture is in a denomination in excess of \$1,000, is convertible, at the option of the holder hereof, upon surrender of this Debenture at the principal office of the Trustee in Vancouver, British Columbia, at any time prior to the close of business on the last Business Day immediately preceding the Maturity Date or, if this Debenture is called for redemption on or prior to such date, then, to the extent so called for redemption, up to but not after the close of business on the last Business Day immediately preceding the date specified for redemption of this Debenture or, if called for repurchase pursuant to the 90% Redemption Right on the Business Day immediately prior to the payment date, or, if subject to compulsory acquisition as provided for in the Indenture, on the Business Day immediately prior to the day on which such acquisition becomes effective, into Common Shares (without adjustment for interest accrued hereon or for dividends or distributions on Common Shares issuable upon conversion) at a conversion price of \$0.60 (the "**Conversion Price**") per Common Share, being a ratio of 1,667 Common Shares for each \$1,000 principal amount of Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. No Debentures may be converted during the five Business Days preceding and including October 31 and April 30 in each year, commencing October 31, 2023, as the registers of the Trustee will be closed during such periods. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion and any Common Shares so issuable will be rounded down to the nearest whole number and the holder will not receive any consideration in respect of any such fraction. Holders converting their Debentures will receive accrued and unpaid interest thereon. If a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Common Shares in respect of the Debentures so surrendered for conversion shall not become the holder or holders of record of such Common Shares 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..

This Debenture may be redeemed at the option of the Corporation on the terms and conditions set out in the Indenture at the Redemption Price therein and herein set out provided that this Debenture is not redeemable before April 30, 2024, except in the event of the satisfaction of certain conditions after a Change of Control has occurred. On and after April 30, 2024 and at any time prior to April 30, 2025, the Debentures are redeemable at the option of the Corporation at a price equal to 105.0% of their principal amount plus accrued and unpaid interest and otherwise on the terms and conditions described in the Indenture. In connection with the redemption of the Debentures, the aggregate principal portion of the Redemption Price of the Debentures and any accrued and unpaid interest will be paid in cash.

Upon the occurrence of a Change of Control of the Corporation, the Corporation is required to make an offer to purchase all of the Debentures at a price equal to 100% of the principal amount of such Debentures plus accrued and unpaid interest (if any) up to, but excluding, the date the Debentures are so repurchased (the "**Debenture Offer**"). If 90% or more of the principal amount of all Debentures outstanding on the date the Corporation provides notice of the Change of Control to the Trustee have been tendered for purchase pursuant to the Debenture Offer, the Corporation has the right to redeem all the remaining outstanding Debentures on the same date and at the same price.

In addition to the requirement for the Corporation to make a Debenture Offer in the event of a Change of Control, if any part of the consideration for the Common Shares in the transaction or transactions constituting the Change of Control consists of:

- (a) cash, other than cash payments for fractional Common Shares and cash payments made in respect of dissenter's appraisal rights;
- (b) equity securities that are not traded or intended to be traded immediately following such transactions on a recognized stock exchange; or
- (c) other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange,

then subject to regulatory approvals, during the period beginning 10 trading days before the anticipated date on which the Change of Control becomes effective and ending 30 days after the Debenture Offer is delivered, holders of Debentures will be entitled to convert their Debentures, subject to certain limitations, and receive, in addition to the number of Common Shares they would otherwise be entitled to receive, an additional number of Common Shares per \$1,000 principal amount of Debentures calculated in accordance with the terms of the Indenture.

If an Offer for all of the outstanding Debentures (other than the Offeror's Debentures) is made and 90% or more of the principal amount of all the Debentures (other than Debentures held at the date of the offer by or on behalf of the Offeror, associates or affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Debentures of those holders who did not accept the offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Debentures.

On redemption or maturity of the Debentures, the Corporation shall satisfy its obligation to pay the aggregate principal amount of the Debentures due on redemption or maturity in cash. The Corporation shall pay any accrued and unpaid interest by delivering cash to the Trustee.

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

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making 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 Debenture or the Indenture.

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

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

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

If any of the provisions of this Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture shall take precedence and shall govern.

Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

The Indenture and this Debenture shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF TRILLION ENERGY INTERNATIONAL INC. has caused this Debenture to be signed by its authorized representatives as of the ____ day of _____, 2023.

**TRILLION ENERGY INTERNATIONAL
INC.**

Per: _____
Name:
Title:

(FORM OF TRUSTEE'S CERTIFICATE)

This Debenture is one of the 12.0% Convertible Debentures due April 30, 2025 referred to in the Indenture within mentioned.

ODYSSEY TRUST COMPANY

Per: _____
(Authorized Officer)

(Form of Registration Panel)

(No writing hereon except by Trustee or other registrar)

Date of Registration	In Whose Name Registered	Signature of Trustee 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 Debenture (or \$ _____ principal amount hereof*) of TRILLION ENERGY INTERNATIONAL INC. standing in the name(s) of the undersigned in the register maintained by the Corporation with respect to such Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Debenture in such register, with full power of substitution in the premises.

Dated: _____

Address of Transferee: _____

Social Insurance Number of Transferee, if applicable: _____

*If less than the full principal amount of the within 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 a Debenture in a non-integral multiple of \$1,000 by reason of your having exercised your right to exchange upon the making of a Debenture Offer, in which case such Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".
2. The registered holder of this 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

EXHIBIT 1

**TRILLION ENERGY INTERNATIONAL INC.
12.0% CONVERTIBLE DEBENTURES DUE APRIL 30, 2025**

Initial Principal Amount: \$[●]

CUSIP – [●]

ISIN – [●]

Authorization:

ADJUSTMENTS

Date	Amount of Increase	Amount of Decrease	New Principal Amount	Authorization

SCHEDULE "B"

**TO THE DEBENTURE INDENTURE BETWEEN
TRILLION ENERGY INTERNATIONAL INC.
AND
ODYSSEY TRUST COMPANY REDEMPTION NOTICE**

To: Holders of 12.0% Convertible Debentures due April 30, 2025 (the "**Debentures**") of Trillion Energy International 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 April 20, 2023 between the Corporation and Odyssey Trust Company (the "**Trustee**"), that the aggregate principal amount of \$[●] of the \$[●] 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; and (ii) all accrued and unpaid interest hereon to but excluding the Redemption Date (collectively, the "**Redemption Price**").

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

Odyssey Trust Company
United Kingdom Building
350- 409 Granville Street
Vancouver, British Columbia V6C 1T2

Email: [Redacted]

Attention: Corporate Trust

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:

**TRILLION ENERGY INTERNATIONAL
INC.**

Per: _____
(Authorized Director or Officer)

SCHEDULE "C"

**TO THE DEBENTURE INDENTURE BETWEEN
TRILLION ENERGY INTERNATIONAL INC.
AND
ODYSSEY TRUST COMPANY
CONVERSION NOTICE**

TO: Odyssey Trust Company

AND TO: Trillion Energy International Inc. (the "**Corporation**")

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

The undersigned registered holder of 12.0% Convertible Debentures due April 30, 2025 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, if applicable, directs that the Common Shares of Trillion Energy International Inc. issuable upon a conversion be issued and delivered to the person indicated below. (If Common Shares are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned).

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 Common Shares 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 Common Shares are to be issued, delivered and registered)

Name: _____

(Address)

(City, Province and Postal Code)

Name of guarantor: _____

Authorized signature: _____