

SUPPLEMENTAL CONVERTIBLE DEBENTURE INDENTURE

THIS SUPPLEMENTAL CONVERTIBLE DEBENTURE INDENTURE made this 8th day of February 2023.

BETWEEN:

HYBRID POWER SOLUTIONS INC., a corporation existing under the laws of British Columbia and having its registered and records office in Vancouver, British Columbia

(the “**Corporation**”)

AND

ODYSSEY TRUST COMPANY, a trust company incorporated under the laws of Alberta and having an office in Calgary, Alberta

(the “**Trustee**”)

WHEREAS:

- A. The Corporation and the Trustee entered into a convertible debenture indenture (the “**Indenture**”) dated as of August 19, 2022 providing for the issuance of unsecured convertible debentures of the Corporation (the “**Debentures**”) thereunder, all in accordance with the terms and conditions set forth in the Indenture;
- B. Debentures in the aggregate principal amount of \$1,628,500 have been issued under the Indenture as of the date hereof;
- C. The foregoing recitals are made as statements of fact by the Company and not by the Trustee; and
- D. Pursuant to Section 13 of the Indenture, the Corporation and the Trustee wish to enter into this supplemental convertible debenture indenture (the “**Supplemental Indenture**”) to amend Section 2.2(e) of the Indenture, such that the minimum gross proceeds of \$5,000,000 to be raised by the Corporation pursuant to the IPO will be reduced by such amount that the Corporation raises pursuant to any equity financing(s) undertaken by the Corporation provided that the effective price of such financing(s) is no less than the pricing of the IPO on a “per-share” basis, at any time after the Closing Date and prior to completion of the IPO, on the terms and conditions set out herein.

NOW THEREFORE THIS SUPPLEMENTAL 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 (each, a “**Party**” and, together, the “**Parties**”) covenant and agree, for the benefit of each other and for the equal and rateable benefit of the Debentureholders, as follows:

1. Unless otherwise defined herein, all capitalized terms used in this Supplemental Indenture will have the meanings ascribed to them by the Indenture;

2. The Indenture is hereby amended by deleting and replacing Section 2.2(e) with the following:

“(e) Notwithstanding the foregoing if the Corporation files the Preliminary Prospectus prior to the Maturity Date, but does not complete the IPO for minimum gross proceeds of \$5,000,000 (the “**Minimum IPO Proceeds**”) by the Outside Date (an “**IPO Miss**”), then, provided the Debenture remains outstanding and has not been repaid:

- i) the Maturity Date will automatically be extended to the date which is five (5) years from the Closing Date (the “**Extended Maturity Date**”),
- ii) the Debenture will bear interest, payable to the Agent on behalf of the Brokered Subscribers or, in the case of Debentureholders who are not Brokered Subscribers, directly to the Debentureholders, respectively, at the prime rate (as set out from time to time by the Bank of Canada on its website at the beginning of each calendar quarter) on an accrual basis and calculated from and including the Outside Date until the earlier of the Conversion Date and the date all of the Principal Amount has been repaid, subject to the Corporation’s prepayment right set out below, and

Notwithstanding anything contained in this section, the Minimum IPO Proceeds amount will be reduced by such amount that the Corporation raises pursuant to any equity financing(s) undertaken by the Corporation provided that the effective price of such financing(s) is no less than the pricing of the IPO on a “per-share” basis or otherwise consented to in writing by the Agent, at any time after the Closing Date and prior to the closing of the IPO. For illustration purposes only, if the Corporation completes a \$1,000,000 equity financing after the Closing Date and prior to the closing of the IPO as set out in this section, then the Minimum IPO Proceeds amount will be reduced by \$1,000,000 and be set at \$4,000,000.”

- (e) The form of certificate representing the Debentures from and after the date hereof shall be substantially in the form attached hereto as Schedule “A”.
- (f) Except as amended hereby, all terms and conditions of the Indenture remain the same, in full force and effect, and time shall continue to remain of the essence.
- (g) This Supplemental Indenture shall be construed and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and shall be treated in all respects as a British Columbia contract.
- (h) Time shall be of the essence of this Supplemental Indenture.
- (i) This Supplemental 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.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Supplemental Indenture by the hands of their proper officers in that behalf.

HYBRID POWER SOLUTIONS INC.

By: "Alex McAulay"
Name: Alex McAulay
Title: CFO

ODYSSEY TRUST COMPANY

By: "Dan Sander"
Name: Dan Sander
Title: President, Corporate Trust

By: "Amy Douglas"
Name: Amy Douglas
Title: Director, Corporate Trust

SCHEDULE "A"

FORM OF CONVERTIBLE DEBENTURE CERTIFICATE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) AUGUST 19, 2022 AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

THE UNDERLYING SECURITIES ISSUABLE UPON CONVERSION OF THE DEBENTURES REPRESENTED HEREBY ARE SUBJECT TO VOLUNTARY RESALE RESTRICTIONS AS PER SECTION 4.2 OF THE TERMS AND CONDITIONS OF THIS DEBENTURE CERTIFICATE.

[if applicable] THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY ACQUIRING SUCH SECURITIES, AGREES FOR THE BENEFIT OF HYBRID POWER SOLUTIONS INC. (THE "COMPANY") THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT; OR (C) IN ACCORDANCE WITH ANY OTHER REGISTRATION EXEMPTION EVIDENCED BY AN OPINION OF COUNSEL OF RECOGNIZED STANDING AND ACCEPTABLE TO THE COMPANY AND THE TRANSFER AGENT, AVAILABLE UNDER THE SECURITIES ACT AND APPLICABLE STATE LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA OR ELSEWHERE.

A NEW CERTIFICATE BEARING NO LEGEND, DELIVERY OF WHICH WILL CONSTITUTE "GOOD DELIVERY", MAY BE OBTAINED FROM THE COMPANY'S TRANSFER AGENT UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE TRANSFER AGENT AND THE COMPANY, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF SEC REGULATION S UNDER THE SECURITIES ACT AND APPLICABLE FOREIGN LAW.

**HYBRID POWER SOLUTIONS INC.
UNSECURED NON-TRANSFERRABLE \$0.20 CONVERTIBLE DEBENTURE**

CERTIFICATE NO: [◆]

PRINCIPAL AMOUNT: \$[◆]

THIS IS TO CERTIFY THAT

Hybrid Power Solutions Inc. (hereinafter referred to as the "**Company**"), for value received, hereby promises to pay to [◆] of [◆] with an email address of [◆] (the "**Holder**") on [◆] (the "**Maturity Date**"), or on such earlier or later date as the amount hereof may become due in accordance with the provisions of this non-transferrable unsecured \$0.20 convertible debenture (the "**Debenture**"), on presentation and surrender of this Debenture, the sum of \$[◆] in the lawful money of Canada (the "**Principal Amount**"), and to pay interest on the Principal Amount in the amounts and at the times specified in this Debenture.

This Debenture is made subject to the "Terms and Conditions of Unsecured Convertible Debenture", attached hereto.

TERMS AND CONDITIONS OF UNSECURED CONVERTIBLE DEBENTURE**ARTICLE 1
INTERPRETATION**

- 1.1 For the purpose of this Debenture, unless the subject matter or context is inconsistent therewith or unless otherwise defined below in this section, capitalized terms used herein will have the meaning given thereto in this Debenture. Any capitalized terms used and not otherwise defined in this Debenture shall have the meaning ascribed thereto in the Debenture Indenture.
- (a) **“Accelerated Exercise Period”** has the meaning set out in Section 4.1 herein;
 - (b) **“Agreement”** means the subscription agreement for convertible debentures, pursuant to which the Holder purchased this Debenture from the Company, and any amendments thereto;
 - (c) **“Board”** means the board of directors of the Company as constituted from time to time;
 - (d) **“Business Day”** means a day which is not a Saturday or Sunday or a civic or statutory holiday in Vancouver, British Columbia;
 - (e) **“Closing Date”** means the closing date of the private placement of Debentures pursuant to which this Debenture was issued to the Holder;
 - (f) **“Company”** means Hybrid Power Solutions Inc.;
 - (g) **“Conversion Date”** means the date on which all of this Debenture is converted into Units in accordance with the terms and conditions herein;
 - (h) **“Conversion Price”** means \$0.20 per Unit;
 - (i) **“Debenture”** will mean this instrument;
 - (j) **“Debenture Indenture”** means the debenture indenture dated August 19, 2022, including the supplemental convertible debenture indenture dated February [◆], 2023, entered into between the Company and Odyssey Trust Company as debenture trustee that governs the creation and issuance of this Debenture;
 - (k) **“DRS”** has the meaning ascribed to it in Section 4.2;
 - (l) **“Event of Default”** means any event specified in Section 5.1 herein, which has not been waived;
 - (m) **“Extended Maturity Date”** has the meaning ascribed to it in Section 2.4;
 - (n) **“Going Public Transaction”** has the meaning set out in Section 4.2 herein;
 - (o) **“Holder”** has the meaning ascribed to it on the front page of this Debenture;

- (p) **“IPO”** means the initial public offering of the Company’s securities;
- (q) **“IPO Miss”** has the meaning ascribed to it in Section 2.4;
- (r) **“Listing Date”** the date of the completion of the Going Public Transaction;
- (s) **“Maturity Date”** has the meaning ascribed to it on the front page of this Debenture;
- (t) **“Minimum IPO Proceeds”** has the meaning ascribed to it in Section 2.4;
- (u) **“NI 45-102”** means National Instrument 45-102 – Resale of Securities;
- (v) **“Outside Date”** means the date that is 180 days from the date of the Preliminary Receipt;
- (w) **“Outstanding Debentures”** means the unsecured non-transferable \$0.02 convertible debentures issued by the Company;
- (x) **“Principal Amount”** has the meaning ascribed to it on the front page of this Debenture;
- (y) **“Preliminary Prospectus”** means a long form preliminary prospectus filed by the Company with applicable securities commissions in connection with a Going Public Transaction;
- (z) **“Preliminary Prospectus Deadline”** means the date that is one year from the Closing Date;
- (aa) **“Preliminary Prospectus Delay”** has the meaning ascribed to it in Section 2.3;
- (bb) **“Preliminary Receipt”** means a receipt for the Preliminary Prospectus, which evidences that a receipt has been or has been deemed to be issued for the Preliminary Prospectus from all applicable securities commissions including the principal regulator and such other regulators pursuant to Multilateral Instrument 11-102 – Passport System;
- (cc) **“Securities”** means the Debentures, the Units, the Shares underlying the Units, the Warrants, and the Warrant Shares, as applicable;
- (dd) **“Share”** means one common share in the capital stock of the Company;
- (ee) **“Units”** has the meaning set out in Section 4.1 of this Debenture;
- (ff) **“Voluntary Resale Restrictions”** has the meaning set out in Section 4.2. hereto;
- (gg) **“Warrants”** has the meaning set out in Section 4.1 of this Debenture; and
- (hh) **“Warrant Shares”** means the common shares of the Company issuable upon exercise of the Warrants.

ARTICLE 2
REPAYMENT AND INTEREST

- 2.1. **Repayment.** The Company hereby acknowledges and confirms itself indebted to the Holder and promises to pay to the Holder the Principal Amount or any outstanding balance thereof, on the earlier of:
- (a) the Maturity Date; or
 - (b) the occurrence of an Event of Default,
- and promises to pay interest, if any, on the Principal Amount at the rate and times as hereinafter set forth.
- 2.2. **Interest.** Subject to any other provisions of this Certificate, this Debenture will bear no interest.
- 2.3. **Preliminary Prospectus Delay.** Notwithstanding any other provisions of this Certificate, if the Company fails to file a Preliminary Prospectus by the Preliminary Prospectus Deadline (a "**Preliminary Prospectus Delay**"), this Debenture will accrue interest at the rate of 10% per annum compounded monthly on an accrual basis, payable on a semi-annual basis, calculated from and including the Closing Date until the earlier of the Conversion Date and the date all of the Principal Amount has been repaid. For greater certainty, any interest accrued prior to the Preliminary Prospectus Deadline will be paid on the semi-annual payment dates in the subsequent year.
- 2.4. **IPO Miss.** Notwithstanding the foregoing, if the Company files the Preliminary Prospectus prior to the Maturity Date, but does not complete the IPO for minimum gross proceeds of \$5,000,000 (the "**Minimum IPO Proceeds**") by the Outside Date (an "**IPO Miss**"), then, provided the Principal Amount remains outstanding and has not been repaid:
- (a) the Maturity Date will automatically be extended to the date which is five years from the Closing Date (the "**Extended Maturity Date**") and
 - (b) this Debenture will bear interest at the prime rate (as set out from time to time by the Bank of Canada on its website at the beginning of each calendar quarter) on an accrual basis and calculated from and including the Outside Date until the earlier of the Conversion Date and the date all of the Principal Amount has been repaid, subject to the Company's prepayment right set out below in Section 2.7.

Notwithstanding anything contained herein, the Minimum IPO Proceeds amount will be reduced by such amount that the Corporation raises pursuant to any equity financing(s) undertaken by the Corporation, provided that the effective price of such financing(s) is no less than the pricing of the IPO on a "per-share" basis or otherwise consented to in writing by the Agent, at any time after the Closing Date and prior to the closing of the IPO. For illustration purposes only, if the Corporation completes a \$1,000,000 equity financing after the Closing Date and prior to the closing of the IPO as set out in this section, then the Minimum IPO Proceeds amount will be reduced by \$1,000,000 and be set at \$4,000,000."

- 2.5. **Preliminary Prospectus Delay and IPO Miss.** If prior to the Maturity Date there are both a Preliminary Prospectus Delay and an IPO Miss (for clarity, a scenario where the Company files a Preliminary Prospectus after the Preliminary Prospectus Deadline and such filing is followed by an IPO Miss), then this Debenture will accrue interest for the first two years from the Closing Date at a rate of 10% per annum and thereafter at a rate of 10% per annum, compounded monthly on an accrual basis, until the earlier of the Conversion Date and the date on which all of the Principal Amount has been repaid, subject to any prepayment by the Company.
- 2.6. **No Concurrent Interest.** For clarity, the interest rates contemplated in Sections 2.3, 2.4, and 2.5 under the headings “Preliminary Prospectus Delay”, “IPO Miss”, and “Preliminary Prospectus Delay and IPO Miss” contemplate different scenarios, are not intended to apply concurrently, and the Debentures will in no circumstances accrue interest under multiple concurrent rates.
- 2.7. **Prepayment.** If there is an IPO Miss, then the Company may, at any time following the Outside Date, prepay, without penalty, all or a portion of the Principal Amount and interest outstanding under this Debenture in cash prior to the Extended Maturity Date and, all or any portion of such amounts becoming due under this Debenture.
- 2.8. **Order of Repayment.** All payments of the Principal Amount, interest thereon and other amounts which are payable by the Company to the Holder under this Debenture will be applied in the following order:
- (a) all expenses and other amounts from time to time secured hereunder (other than the Principal Amount and interest thereon)
 - (b) interest payable hereunder; and
 - (c) the Principal Amount.
- 2.9. **Obligations.** This Debenture is issued pursuant to the Debenture Indenture and upon payment of all amounts owing under this Debenture (such payment which may include the issuance of Units upon the automatic conversion of all of the Principal Amount thereon in accordance with Article 4 herein), the obligations of the Company in respect of this Debenture and the Debenture Indenture will terminate.
- 2.10. **Ranking.** This Debenture and all other Debentures with the Conversion Price sold by the Company will rank *pari passu* with one another and repayment of such Debentures will be made to the holders thereof on a *pari passu* basis and will be subordinate to the Outstanding Debentures.

ARTICLE 3

AUTHORIZED ISSUE

- 3.1. The Company hereby represents and warrants to and in favour of the Holder that this Debenture has been issued in accordance with the resolutions of the Board and all other matters and things have been done and performed so as to authorize and make the creation and issue of this Debenture and the execution and delivery thereof legal, valid and binding against the Company in accordance with the constating documents of the Company and all statutes and laws applicable to the Company.

ARTICLE 4
RIGHT TO CONVERT

- 4.1. **Conversion.** Notwithstanding anything contained herein, the Holder may not and has no right to convert this Debenture into Units. If the Company completes a Going Public Transaction, then the Principal Amount and, at the Company's discretion any interest on the Debentures accrued in accordance with this Debenture, will automatically, be converted the "**Conversion**") without payment of additional consideration and without further action on the part of the Holder, into Units at the Conversion Price on either the Listing Date or a date that is within ten (10) Business Days (before or after) of the Listing Date, such date to be determined by the Board in its sole discretion (the "**Conversion Date**"), subject to any applicable stock exchange acceptance and securities laws. Prior to delivery of the Units issuable upon conversion of this Debenture, the Company may request certain certifications and confirmations from the Holder. If the Company does not complete a Going Public Transaction, the Conversion will not occur.

Each "Unit" will be comprised of one Share and one-half of one transferrable common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant is exercisable into one Warrant Share at \$0.60 per Warrant Share for a period of two years from the Conversion Date, subject to acceleration as set out below.

If over a period of 15 consecutive trading days between the date of issuance and the expiry of the Warrants following the Listing Date, the daily volume weighted average trading price of the Shares (on the stock exchange where the Shares are listed for trading and the majority of the trading volume occurs) exceeds \$0.80 on each of those 15 consecutive days, the Company may, at any time after such an occurrence, give written notice (via news release or direct written notice) to the holders of the Warrants that the Warrants will expire at 4:00 p.m. (Vancouver time) on the 30th day following the giving of notice (the "**Accelerated Exercise Period**") unless exercised by the holders prior to such date. Upon receipt of such notice, the holders of the Warrants will have 30 days to exercise their Warrants. Any Warrants which remain unexercised at the end of the Accelerated Exercise Period will automatically expire at that time. Any insiders who are unable to exercise their Warrants due to any 'blackout period' being in effect during the term of their Warrants will automatically have their Accelerated Exercise Period extended by the aggregate time of the blackout period(s).

The Warrants will be created and issued pursuant to the terms of a warrant indenture to be entered into on the Closing Date between the Company and warrant agent to be appointed by the Company.

- 4.2. **Voluntary Resale Restrictions.** In addition to any statutory or regulatory imposed escrow requirements, the Units issuable upon Conversion of this Debenture will be subject to the following voluntary resale restrictions ("**Voluntary Resale Restrictions**"):

- 10% of the Units (including all underlying securities) released on the Listing Date;
- 40% of the Units (including all underlying securities) released six (6) months after the Listing Date; and
- 50% of the Units (including all underlying securities) released twelve (12) months after the Listing Date.

The certificate(s) or Direct Registration System (“**DRS**”) advice statement(s) representing the Shares and Warrants issued upon conversion of this Debenture and any Warrant Shares issuable upon exercise of the Warrants will bear a legend to give effect to the Voluntary Resale Restrictions in accordance with Section 7.3 herein.

For purposes of this Debenture, a “Going Public Transaction” means: (I) the listing of the Shares on a recognized stock exchange in Canada or United States; or (II) the completion of a transaction (including a qualifying transaction, reverse takeover, reverse or forward triangular merger, amalgamation, merger, share exchange, plan of arrangement, business combination or similar transaction) between the Company and another company (or companies) which results in the shareholders of the Company receiving, in exchange for their securities, securities of a company listed on a recognized stock exchange in Canada or United States.

For greater certainty, the Company will register Shares and Warrants issued pursuant to this section using the registration details of the Holder on the face page of this Debenture.

- 4.3. **Deliveries.** Upon the automatic conversion of this Debenture in accordance with Section 4.1 above, the Company will issue that number of Shares and Warrants to the Holder and the Company will deliver or cause to be delivered to the Holder, the nominee or assignee thereof, a certificate or certificates or DRS advice statement(s) representing the number of Shares and Warrants into which this Debenture has been converted.

The Shares and Warrants issued on conversion of this Debenture may bear legends as provided in Article 7. Fractional Shares will not be issued on any conversion.

- 4.4. **Dividends.** The Holder of this Debenture will only be entitled to receive dividends declared in favour of shareholders of the Company of record on and after a Conversion Date, from which applicable date such Shares will for all purposes be, and be deemed to be, issued and outstanding as fully paid and non-assessable Shares.
- 4.5. **Loss or Destruction.** The forwarding of a certificate or certificates or DRS advice statement(s) representing the Shares and Warrants by the Company to the Holder upon conversion of this Debenture as provided in this Article 4 will satisfy and discharge the Company of the obligations thereof in respect of the Principal Amount converted, provided that in the event of non-receipt of the certificate(s) or DRS advice statement(s) representing such Shares and Warrants by the Holder, or the loss or destruction thereof, the Company, upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to the Company, will issue to the Holder a replacement certificate or certificates or DRS advice statement(s).
- 4.6. **Adjustments.** The Debenture Indenture makes provision for the adjustment of the Conversion Price under this Debenture in the events therein specified. Notwithstanding any adjustments provided for in the Debenture Indenture or otherwise, the Company shall not be required, upon the conversion of any Debenture, to issue fractional Shares or other securities in satisfaction of its obligations thereunder and, except as provided for therein, any fractions shall be eliminated.

ARTICLE 5
EVENTS OF DEFAULT

- 5.1 **Event of Default.** The Events of Default relating to the Debentures are defined in Article 7 of the Debenture Indenture. Upon the occurrence of an Event of Default, the rights and obligations of the Company, the Trustee and the Holder are set forth in the applicable provisions of the Debenture Indenture.

ARTICLE 6
COVENANTS OF THE COMPANY AND EVENTS OF DEFAULT

- 6.1 **Covenants of the Company.** The Company hereby covenants to the Holder as follows:
- (a) to pay the Principal Amount together with interest and other amounts payable hereunder in accordance with the terms and conditions hereof; and
 - (b) to immediately give notice to the Holder of any Event of Default or of any event which with notice or lapse of time, or both, would constitute an Event of Default.
- 6.2 **Remedies upon Event of Default.** If an Event of Default occurs or the Company fails to perform any of the obligations contained in this Debenture or the Debenture Indenture, the Holder will have the rights as set out in Article 7 of the Debenture Indenture.

ARTICLE 7
RESTRICTIONS ON SHARES

- 7.1 **U.S. Restrictions.** The Debenture (which for greater certainty includes the underlying Shares, Warrants, and Warrant Shares) has not been registered (and the Company has no intention to register the Debenture or the underlying securities in the future) under United States Securities Act of 1933, as amended or the securities laws of any state of the United States. The certificate(s) or DRS advice statement(s) representing the Securities will bear a legend in substantially the following form as required:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). THE HOLDER HEREOF, BY ACQUIRING SUCH SECURITIES, AGREES FOR THE BENEFIT OF HYBRID POWER SOLUTIONS INC. (THE “COMPANY”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT; OR (C) IN ACCORDANCE WITH ANY OTHER REGISTRATION EXEMPTION EVIDENCED BY AN OPINION OF COUNSEL OF RECOGNIZED STANDING AND ACCEPTABLE TO THE COMPANY AND THE TRANSFER AGENT, AVAILABLE UNDER THE SECURITIES ACT AND APPLICABLE STATE LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA OR ELSEWHERE.

A NEW CERTIFICATE BEARING NO LEGEND, DELIVERY OF WHICH WILL CONSTITUTE “GOOD DELIVERY”, MAY BE OBTAINED FROM THE COMPANY’S TRANSFER AGENT UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE TRANSFER

AGENT AND THE COMPANY, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF SEC REGULATION S UNDER THE SECURITIES ACT AND APPLICABLE FOREIGN LAW.”

The certificate(s) or DRS advice statement(s) representing the Warrants (and all securities issued in exchange therefor or in substitution thereof) may also bear a legend in substantially the following form as required:

“THESE WARRANTS MAY NOT BE EXERCISED BY OR ON BEHALF OF A U.S. PERSON OR A PERSON IN THE UNITED STATES UNLESS THE SUBSCRIPTION RECEIPT WARRANTS AND THE UNDERLYING SECURITIES HAVE BEEN REGISTERED UNDER THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. “UNITED STATES” AND “U.S. PERSON” ARE AS DEFINED BY REGULATION S UNDER THE SECURITIES ACT.”

- 7.2 Hold Period.** The Securities will be subject to an indefinite hold period imposed by NI 45-102. The certificate(s) or DRS advice statement(s) representing the Securities will contain a legend, which will be substantially in the following form, denoting the restrictions on transfer imposed by NI 45-102:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) [the distribution date will be inserted], AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.”

- 7.3 Legend.** The certificate(s) or DRS advice statement(s) representing the Shares and Warrants issuable upon conversion of this Debenture and any Warrant Shares issuable upon exercise of the Warrants will bear a legend in substantially the following form pursuant to the Voluntary Resale Restrictions:

“THESE SECURITIES ARE SUBJECT TO VOLUNTARY RESALE RESTRICTIONS. THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [◆expiry date of Voluntary Resale Restrictions]”.

ARTICLE 8 **NOTICES**

- 8.1 Notices.** All notices and other communications provided for herein will be in writing and will be deemed to have been duly given if delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid or by email or other electronic means indicating the date of receipt and the signatures of the parties:

- (a) If to the Company, at the following address:

Hybrid Power Solutions Inc.
c/o 1200 – 750 West Pender St.
Vancouver, BC V6C 2T8

Attention: Francois Renaud-Byrne – Director
Email: [Email Redacted]

- (b) If to the Holder, at the address or email address on the register maintained by Odyssey Trust Company as debenture trustee.

ARTICLE 9
GENERAL

- 9.1 **Transferability.** The Debenture evidenced hereby (or any portion thereof) is non-transferrable and may not be assigned or transferred by the Holder.
- 9.2 **Enurement.** This Debenture and all its provisions will enure to the benefit of the Holder, its successors and assigns and will be binding upon the Company, its successors and assigns.
- 9.3 **Time.** Time will be of the essence hereof.
- 9.4 **Governing Law.** This Debenture will in all respects be subject to and be interpreted and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. The Holder and the Company hereby attorn to the jurisdiction of the courts of the Province of British Columbia.
- 9.5 **Currency.** In this Agreement, references to “\$” are to Canadian dollars
- 9.6 **Paragraphs and Headings.** The division of this Debenture into articles, sections, subsections, paragraphs and subparagraphs and the provision of headings for all or any part hereof is for convenience of reference only and not for the construction or interpretation of this Debenture.
- 9.7 **Gender.** In this Debenture, unless there is something in the subject matter or context inconsistent therewith, words importing the singular will include the plural and vice versa and words importing either gender or neuter will include the masculine and feminine genders and the neuter.
- 9.8 **Severability.** If a provision of this Debenture is wholly or partially invalid, this Debenture will be interpreted as if the invalid provision was not a part hereof.
- 9.9 **Inconsistencies.** In the event of any inconsistency between the terms of this Debenture and the Debenture Indenture, the terms of the Debenture Indenture shall govern.

IN WITNESS WHEREOF this Debenture has been executed as of the ____ day of _____,
20____.

HYBRID POWER SOLUTIONS INC.

Per: _____
Authorized Signatory

This Debenture Certificate may be executed and delivered by DocuSign, by e-mail in pdf, or other legally permissible electronic signature, each of which will be deemed to be an original.

(FORM OF TRUSTEE'S CERTIFICATE)

This Certificate is one of the certificates representing the unsecured Convertible Debentures due _____ referred to in the Indenture within mentioned.

ODYSSEY TRUST COMPANY

By:

(Authorized Officer)

SCHEDULE B – FORM OF DECLARATION FOR REMOVAL OF LEGEND

[Available only at such time as the Corporation qualifies as a “foreign issuer” under Regulation S]

TO: Odyssey Trust Company, as trustee and registrar of the Unsecured Convertible Debentures and transfer agent of the Common Shares of HYBRID POWER SOLUTIONS INC. (the “**Corporation**”)

AND TO: The Corporation

The undersigned (a) acknowledges that the sale of the securities of the Corporation to which this declaration relates is being made in reliance on Rule 904 of Regulation S (“**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” of the Corporation, as that term is defined in Rule 405 under the U.S. Securities Act (or is an affiliate solely by virtue of holding the position of a director or officer 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 on or through the facilities of the CSE 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” (as defined in Regulation S) in the United States in connection with the offer and sale of the 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 defined in Rule 144(a)(3) under the U.S. Securities Act),

(5) the seller does not intend to and will not replace the securities sold in reliance on Rule 904 of Regulation S 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, 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.

[Signature Page Follows]

Certificate Number: _____

Number of Debentures: _____

Dated: _____

By: _____

Signature: _____

Name: _____

Title: _____

Affirmation by Seller's Broker-Dealer (required for sales pursuant to Section (b)(2)(B)above)

We have read the foregoing representations letter of our customer, _____ (the "Seller"), dated _____, 20____, pursuant to which the Seller has requested that we sell, for the Seller's account, the securities of the Corporation referenced above which are represented by certificate number _____ (the "Securities"). We have executed sales of the Securities pursuant to Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), on behalf of the Seller. In that connection, we hereby represent to you as follows:

- (1) no offer to sell Securities was made to a person in the United States;
- (2) the sale of the Securities was executed in, on or through the facilities of the CSE, and, to the best of our knowledge, the sale was not pre-arranged with a buyer in the United States;
- (3) no "directed selling efforts" were made in the United States by the undersigned, any affiliate of the undersigned, or any person acting on behalf of the undersigned; and
- (4) we have done no more than execute the order or orders to sell the Securities as agent for the Seller and will receive no more than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

For purposes of these representations: "affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the undersigned; "directed selling efforts" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Securities (including, but not be limited to, the solicitation of offers to purchase the Securities from persons in the United States); and "United States" means the United States of America, its territories or possessions, any State of the United States, and the District of Columbia.

Legal counsel to the Corporation shall be entitled to rely upon the representations, warranties and covenants contained in this letter to the same extent as if this letter had been addressed to them.

Name of Firm

By: _____
Authorized Signatory

(print name)

Title