

THIRD SUPPLEMENTAL INDENTURE

This third supplemental indenture (this “**Supplemental Indenture**”) dated April 5, 2019

BETWEEN:

KONTROL ENERGY CORP.

(hereinafter referred to as the “**Corporation**”)

AND:

COMPUTERSHARE TRUST COMPANY OF CANADA

(hereinafter referred to as the “**Trustee**”)

WHEREAS the Corporation and the Trustee entered into a debenture indenture dated August 23, 2016, including any amendments, restatements, supplements, or other modifications thereto (the “**Indenture**”);

AND WHEREAS on the date hereof the Corporation may enter into debenture exchange and subscription agreements whereby the subscribers thereto will purchase units of the Corporation consisting of one 2020 Debenture (as defined below) and 50 common shares of the Corporation (each, a “**Common Share**”) in exchange for tendering to the Corporation for cancellation an equal number of \$1,000 8% unsecured debentures of the Corporation maturing on October 31, 2019 (the “**Debenture Offering**”);

AND WHEREAS contemporaneously with or subsequent to the Debenture Offering the Corporation may enter into subscription agreements whereby the subscribers thereto will purchase units of the Corporation, each unit consisting of one 2020 Debenture and 50 Common Shares for a subscription price of \$1,000 per unit (the “**Cash Offering**”, and together with the Debenture Offering, the “**Offering**”);

AND WHEREAS pursuant to section 14(a) of the Indenture the parties hereto may enter into this Supplemental Indenture providing for the issuance of additional debentures under the Indenture and the Corporation wishes to create and issue the 2020 Debentures subject to the terms and conditions of the Indenture;

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 rateable benefit of the holders, as follows:

1. **Definitions.** Capitalized words or expressions used in this Supplemental Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.
2. **Creation of 2020 Debentures.** The Company hereby creates for immediate issue pursuant to the Indenture and this Supplemental Indenture the 8% unsecured debentures of the Corporation maturing on October 31, 2020 (each, a “**2020 Debenture**”) on the following terms and conditions:

- (a) The 2020 Debentures authorized for issue immediately are limited to an aggregate principal amount of \$6,000,000 at an issue price of \$1,000 per 2020 Debenture and shall be designated as “8% Unsecured Redeemable Debentures due October 31, 2020”, which consist of the 2020 Debentures offered in the Offering.
- (b) Each 2020 Debenture shall be dated as of its date of issue and shall mature on October 31, 2020 (the “**Maturity Date**” for the 2020 Debentures).
- (c) The 2020 Debentures shall bear interest from and including their date of issue at the rate of 8% per annum calculated monthly on the basis of a 365 day year or 366 day year, as applicable and payable in equal instalments monthly in arrears on the last calendar day of each month (each, an “**Interest Payment Date**”) in each year, with interest payable after as well as before maturity and after as well as before default, with interest on amounts after maturity or in default at the same rate. Notwithstanding the foregoing, the first such payment will fall due on May 31, 2019 and will represent interest payable from and including the date of issue of the applicable 2020 Debenture up to, but excluding, May 31, 2019, and the last such payment will fall due on the earlier of the Maturity Date and the Redemption Date and will represent interest payable from and including September 30, 2020, to but excluding, the earlier of the Maturity Date and the Redemption Date. 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 2020 Debentures will be the fifth Business Day prior to the applicable Interest Payment Date.
- (d) The 2020 Debentures shall be redeemable in whole or in part at any time on or after their date of issue and prior to the Maturity Date at the option of the Corporation (in the manner hereinafter provided and in accordance with and subject to the provisions hereinafter set forth) upon payment of the outstanding principal of the 2020 Debentures, together with accrued and unpaid interest on the principal amount, and a premium equal to two percent of the principal amount of the 2020 Debentures being redeemed (the “**Redemption Premium**”). For greater certainty, unpaid interest shall be calculated in accordance with Section 2.10 of the Indenture and paid in accordance with Section 2.12(a) of the Indenture, which shall apply *mutatis mutandis* as if payments under the redeemed 2020 Debentures were made upon the maturity of such 2020 Debentures, upon surrender of the 2020 Debenture at any branch of the Trustee designated for such purpose from time to time by the Corporation and the Trustee. If the Corporation elects to redeem only a part of the 2020 Debentures outstanding, the Corporation must redeem the 2020 Debentures on a *pro rata* basis.

Notice of intention to redeem the 2020 Debentures shall be given by or on behalf of the Corporation to the holders of the 2020 Debentures (each, a “**Holder**”) which are to be redeemed and the Trustee, no less than 15 days prior to the date fixed for redemption, in the manner provided in Section 12.2 of the Indenture. The notice of redemption shall specify the distinguishing letters and numbers of the 2020 Debentures which are to be redeemed and shall specify the effective date of the redemption (the “**Redemption Date**”) and places of payment and shall state that all interest thereon shall cease from and after such Redemption Date.

Upon notice having been given as aforesaid, all the 2020 Debentures called for redemption shall thereupon be and become due and payable 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 2020 Debentures, anything therein or herein to the contrary

notwithstanding. From and after such Redemption Date, if the moneys necessary to redeem such 2020 Debentures shall have been deposited with the Trustee as hereinafter provided and affidavits or other proof satisfactory to the Trustee as to the mailing of such notices shall have been lodged with it, such 2020 Debentures shall not be considered as outstanding hereunder and interest upon such 2020 Debentures shall cease to accrue after said date.

In case any question shall arise as to whether any notice has been given as above provided and any such deposit made, such question shall be decided by the Trustee whose decision shall be final and binding upon all parties interested.

Following the 2020 Debentures having been called for redemption, the Corporation shall deposit with the Trustee at least one Business Day prior to the Redemption Date fixed in the notice of the redemption thereof, such moneys as are sufficient to pay the principal amount together with accrued and unpaid interest and the Redemption Premium of the 2020 Debentures to be redeemed and the estimated charges and expenses to be incurred in connection with such redemption, if any. From the moneys so deposited the Trustee shall pay to the Holders the principal amount together with accrued and unpaid interest and the Redemption Premium of such 2020 Debentures called for redemption, upon surrender of such 2020 Debentures.

In case the Holder of any such 2020 Debenture called for redemption shall within 30 days from the Redemption Date fail to surrender any of his or her 2020 Debentures or shall not within such time accept payment for the redemption moneys payable with respect thereto or give such receipt therefor, if any, as the Trustee may require, such redemption moneys shall be set aside by the Trustee in trust for such Holder, and no interest shall be payable to such Holder as and from the Redemption Date, and such setting aside shall for all purposes be deemed a payment to the Holder of the sum set aside. The Holder shall thereupon have no further rights hereunder except to receive payment of such redemption moneys set aside by the Trustee, upon surrender of such 2020 Debenture.

All 2020 Debentures redeemed by the Corporation shall forthwith be delivered to the Trustee and shall be cancelled by the Trustee and no 2020 Debentures shall be issued in substitution thereof. In the event of a partial redemption of the 2020 Debentures, the Trustee shall issue a replacement 2020 Debenture representing the unredeemed principal amount thereof.

- (e) The 2020 Debentures will be subordinated and postponed to the Senior Indebtedness in accordance with Article 6 of the Indenture. For greater certainty, nothing in this Supplemental Indenture will in any manner restrict the Corporation from incurring, directly or indirectly, any additional indebtedness.
- (f) The 2020 Debentures shall be issued in denominations of \$1,000 and integral multiples of \$1,000. Each 2020 Debenture and the certificate of the Trustee endorsed thereon shall be issued in substantially the form set out in Schedule "A" hereto (provided that the 2020 Debentures, which shall all be initially issued in the form of Definitive Debentures, shall be issued without the Global Debenture Legend), with such insertions, omissions, substitutions or other variations as shall be required or permitted by this Supplemental Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Supplemental Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority

or to conform with general usage, all as may be determined by the Board of Directors executing such 2020 Debentures in accordance with Section 2.7 of the Indenture, as conclusively evidenced by their execution of an 2020 Debenture. Each 2020 Debenture shall additionally bear such distinguishing letters and numbers as the Trustee shall approve. Notwithstanding the foregoing, a 2020 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.

The 2020 Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.

The 2020 Debentures shall be issued in the form of one or more Definitive Debentures, and shall not be initially issued in the form of one or more Global Debentures.

Any Global Debentures will be registered in the name of the Depository which, as of the date hereof, shall be CDS (or any nominee of the Depository). No Beneficial Holder will receive definitive certificates representing their interest in Debentures except as provided in this Section 2(e) and as provided in Section 3.2 of the Indenture. A Global Debenture may be exchanged for Definitive Debentures, or transferred to and registered in the name of a person other than the Depository for such Global Debenture or a nominee thereof, as provided in Section 3.2 of the Indenture.

The Definitive Debentures will be registered in the names of each Holder thereof as provided in Section 3.1 of the Indenture. A Definitive Debenture may be exchanged, or transferred to and registered in the name of a person other than the registered holder thereof, as provided in Section 3.2 of the Indenture.

3. **Headings.** The headings in this Supplemental Indenture are inserted for convenience of reference only and shall not affect the construction or interpretation of this Supplemental Indenture.
4. **Indenture Remains in Effect.** Except as expressly modified by this Supplemental Indenture, the terms and conditions of the Indenture and the other supplemental indentures remain in full force and effect and are hereby ratified by the parties in all respects. Unless explicitly amended by this Supplemental Indenture, no term, condition, covenant, liability or obligation contained in the Indenture is otherwise amended, varied or modified by this Supplemental Indenture. The 2020 Debenture will be deemed to be an 'Additional Debenture' for all purposes under the Indenture.
5. **Entire Agreement.** This Supplemental Indenture constitutes the entire agreement among the parties and supersedes all prior agreements, representations, warranties, conditions, statements, promises, information, arrangements and understandings, whether written or oral, express or implied, statutory or otherwise, with respect to the subject matter hereof. This Supplemental Indenture may not be amended or modified in any respect except by written instrument signed by the parties hereto.
6. **Governing Law.** This Supplemental Indenture, for all purposes, shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
7. **Counterparts.** This Supplemental Indenture may be executed in one or more counterparts, each of which when so executed and delivered shall be an original, and such counterparts shall together

constitute one and the same instrument. An executed counterpart of this Supplemental Indenture may be delivered by facsimile transmission or emailed.

[Remainder of this page intentionally left blank; signature page follows]

IN WITNESS WHEREOF the parties have executed this Supplemental Indenture as of the date first written above.

KONTROL ENERGY CORP.

By:



Name: Paul Ghezzi

Title: Chief Executive Officer

**COMPUTERSHARE TRUST
COMPANY OF CANADA**

By:

Name:

W. ANNE DEWAELE
CORPORATE TRUST OFFICER

Title:

By:

Name:



ANGELA FLETCHER
CORPORATE TRUST OFFICER

Title:

SCHEDULE “A” – FORM OF 2020 DEBENTURE

[GLOBAL DEBENTURE LEGEND]

THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

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

TRANSFERS OF THIS DEBENTURE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CDS & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE.

[DEBENTURE LEGENDS]

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY FROM DATE OF ISSUANCE.

[U.S. LEGEND (RULE 506) – TO BE INCLUDED ON ALL DEBENTURES ISSUED TO U.S. PERSONS OR IN THE UNITED STATES PURSUANT TO RULE 506]

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO AN EXEMPTION OR EXCLUSION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

No. [•]

KONTROL ENERGY CORP.

(A corporation formed under the laws of British Columbia)

8% UNSECURED REDEEMABLE DEBENTURES DUE OCTOBER 31, 2020

KONTROL ENERGY CORP. (the “**Corporation**”) for value received hereby acknowledges itself indebted and, subject to the provisions of the third supplemental indenture dated April 5, 2019 (the “**Supplemental Indenture**”) to the debenture indenture (dated as of August 23, 2016 the “**Indenture**”, which, for greater clarity, includes the Supplemental Indenture) between the Corporation and Computershare Trust Company of Canada (the “**Trustee**”), promises to pay to _____, the registered holder hereof on October 31, 2020 or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture (any such date, the “**Maturity Date**”) the principal sum of [•] thousand dollars [\$•] in lawful money of Canada on presentation and surrender of this 2020 Debenture at the principal office of the Trustee in Calgary, Alberta in accordance with the terms of the Indenture.

The 2020 Debentures shall bear interest from their date of issue at the rate of 8% per annum calculated monthly on the basis of a 365 day year or 366 day year, as applicable and payable in equal instalments monthly in arrears on the last calendar day of each month (each, an “**Interest Payment Date**”) in each year, with interest payable after as well as before maturity and after as well as before default, with interest on amounts after maturity or in default at the same rate. Notwithstanding the foregoing, the first such payment will fall due on May 31, 2019 and will represent interest payable from and including the date of issue of the applicable 2020 Debenture up to, but excluding, May 31, 2019, and the last such payment will fall due on the Maturity Date and will represent interest payable from and including September 30, 2020, to but excluding, the Maturity Date. 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 2020 Debentures will be the fifth Business Day prior to the applicable Interest Payment Date.

For the purposes of disclosure under the *Interest Act* (Canada), whenever interest is computed under this 2020 Debenture 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 by multiplying such rate of interest by the actual number of days in such calendar year of calculation and dividing it by the number of days in the deemed year.

This 2020 Debenture is one of the 8% Unsecured Redeemable Debentures due October 31, 2020 (referred to herein as the “Debentures”) of the Corporation issued or issuable in one or more series under the provisions of the Indenture. The 2020 Debentures authorized for issue immediately are limited to an aggregate principal amount of \$6,000,000 in lawful money of Canada. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the 2020 Debentures are or are to be issued and held and the rights and remedies of the holders of the 2020 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 2020 Debenture by acceptance hereof assents.

The 2020 Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indentures, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

The indebtedness evidenced by this 2020 Debenture, and by all other 2020 Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Corporation and is subordinated in right of payment to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness (including any indebtedness to trade creditors), whether outstanding at the date of the Supplemental Indenture or thereafter created, incurred, assumed or guaranteed. Each Debenture of the same series of Debentures will rank *pari passu* with each other Debenture of the same series (regardless of their actual date or terms of issue) and, subject to statutory preferred exceptions, with all other present and future unsecured indebtedness 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. In accordance with the Indenture, and as further provided in the Supplemental Indenture, the 2020 Debentures are redeemable in whole or in part at any time on or after their date of issue and prior to the Maturity Date, upon payment of the outstanding principal of the 2020 Debentures, together with accrued and unpaid interest on the principal amount, and the Redemption Premium. Notice of intention to redeem the 2020 Debentures shall be given by or on behalf of the Corporation to the holders of the 2020 Debentures and shall specify the effective date of the redemption and shall state that all interest thereon shall cease from and after such date. If the Corporation elects to redeem only a part of the 2020 Debentures outstanding, the Corporation must redeem the 2020 Debentures on a *pro rata* basis.

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 2020 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 2020 Debenture.

This 2020 Debenture has not been and will not be registered under the United States Securities Act of 1933, as amended, or under the securities laws of any state of the United States; as such, if this Debenture was issued to a U.S. Person, a person in the United States, or for the account or benefit of a U.S. Person or a person in the United States, each certificate representing this Debenture shall bear a U.S. restrictive legend (the “**U.S. Legend**”) and the applicable securities shall be subject to the restrictions on transfer set forth in the U.S. Legend; provided, however, that the U.S. Legend may be removed as provided in Section 2.13(b) of the Indenture.

This 2020 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

Calgary, Alberta 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 2020 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 2020 Debenture for cancellation. Thereupon a new 2020 Debenture or 2020 Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

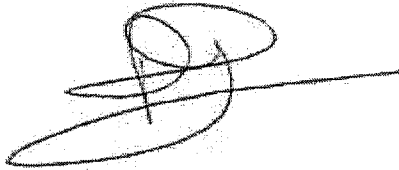
This 2020 Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

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

IN WITNESS WHEREOF • has caused this Debenture to be signed by its authorized representatives as of ♦, 2019.

KONTROL ENERGY CORP.

By:



Name: Paul Ghezzi
Title: Chief Executive Officer

(FORM OF TRUSTEE'S CERTIFICATE)

This 2020 Debenture is one of the 8% Unsecured Redeemable Debentures due October 31, 2020 referred to in the Indenture within mentioned.

**COMPUTERSHARE TRUST
COMPANY OF CANADA**

By: _____
(Authorized Officer)