
PATRIOT ONE TECHNOLOGIES INC.

SPECIAL WARRANT INDENTURE

July 13, 2017

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SPECIAL WARRANT INDENTURE

THIS SPECIAL WARRANT INDENTURE made as of July 13, 2017.

B E T W E E N:

PATRIOT ONE TECHNOLOGIES INC., a corporation incorporated under the laws of the Province of British Columbia and having its head office in Vancouver, British Columbia

(the “**Corporation**”)

AND:

TSX TRUST COMPANY, a trust company existing under the laws of Canada and having an office in Vancouver, British Columbia

(the “**Special Warrant Agent**”)

WHEREAS pursuant to the terms of an agency agreement (the “**Agency Agreement**”) dated July 13, 2017 between the Corporation and Canaccord Genuity Corp. (the “**Lead Agent**”) and Mackie Research Capital Corporation, the Corporation proposes to create, issue and sell up to 6,612,500 special warrants as defined below (the “**Special Warrants**”) on a private placement basis and the Lead Agent has arranged purchasers to purchase such Special Warrants from the Corporation;

AND WHEREAS pursuant to the terms of the Agency Agreement, the Lead Agent wishes to receive a portion of its compensation by the issue to it of 32,250 Special Warrants (the “**Agent Special Warrants**”), which Agent Special Warrants shall have the same terms as the Special Warrants (unless otherwise noted, hereinafter the Special Warrants and Agent Special Warrants shall collectively be referred to as the “**Special Warrants**”);

AND WHEREAS the Corporation is authorized to create and issue the Special Warrants;

AND WHEREAS the Corporation represents to the Special Warrant Agent that all necessary resolutions of the directors of the Corporation have been or will be duly enacted, passed or confirmed and all other proceedings taken and conditions complied with to authorize the execution and delivery of this Indenture and the execution and issue of the Special Warrants and to make the same legal, valid and binding on the Corporation with the benefits of and subject to the terms of this Indenture;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Special Warrant Agent;

AND WHEREAS the Special Warrant Agent has agreed to act as agent on behalf of the Special Warrantholders (as defined below) on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the premises and mutual covenants herein set forth and such other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. INTERPRETATION

1.1 Definitions

In this Indenture, unless there is something in the subject matter or context inconsistent therewith, the following words have the respective meaning indicated below:

“**1933 Act**” means the United States *Securities Act of 1933*, as amended;

“**1934 Act**” means the United States *Securities Exchange Act of 1934*, as amended;

“**Agency Agreement**” has the meaning ascribed thereto in the recitals;

“**Agent Special Warrants**” means the issue to, or at the direction of, the Lead Agent of 32,250 Special Warrants at a deemed price of \$0.70 per Special Warrant pursuant to the Agency Agreement;

“**Lead Agent**” has the meaning ascribed thereto in the recitals;

“**Applicable Legislation**” means the provisions, if any, for the time being, of any statute of Canada or a province thereof, and of the regulations under such statute, relating to warrant indentures and to the rights, duties and obligations of trustees under trust indentures, and of corporations issuing their securities under trust indentures, to the extent that any such provisions are in force and applicable to this Indenture;

“**Authenticated**” means (a) with respect to the issuance of a Special Warrant Certificate, one which has been duly signed by the Corporation and authenticated by manual signature of an authorized officer of the Special Warrant Agent, (b) with respect to the issuance of an Uncertificated Special Warrant, one in respect of which the Special Warrant Agent has completed all Internal Procedures such that the particulars of such Uncertificated Special Warrant as required by Article 2 are entered in the register of Special Warrantholders, “*Authenticate*”, “*Authenticating*” and “*Authentication*” have the appropriate correlative meanings;

“**BCSC**” means the British Columbia Securities Commission;

“**Book Entry Exercise Confirmation**” means a confirmation of intention to exercise Special Warrants, delivered to the Special Warrant Agent by the Depository;

“**Book Entry Participants**” means institutions that participate directly or indirectly in the Depository’s book entry registration system for the Special Warrants;

“**Book Entry Special Warrants**” means Special Warrants that are to be held only by or on behalf of the Depository;

“Business Day” means any day other than a Saturday, Sunday or statutory or civic holiday, or any other day on which banks are not open for business in Vancouver, British Columbia and Toronto, Ontario, and shall be a day on which the TSX Venture Exchange is open for trading;

“Capital Reorganization” has the meaning ascribed thereto in subsection 4.1(e);

“CDS Global Special Warrants” means Special Warrants representing all or a portion of the aggregate number of Special Warrants issued in the name of the Depository represented by an Uncertificated Special Warrant, or if requested by the Depository or the Corporation, by a Special Warrant Certificate;

“Closing” means the completion of the issuance and sale of Special Warrants by the Corporation to purchasers in accordance with the Agency Agreement and the respective subscription agreements entered into by the Corporation and the purchasers of Special Warrants;

“Closing Date” means July 13, 2017 or such other date as the Lead Agent and the Corporation agree for the Closing;

“Common Share” means a fully paid and non-assessable common share in the capital of the Corporation as such capital is presently constituted;

“Common Share Reorganization” has the meaning ascribed thereto in subsection 4.1(b)(iii);

“Convertible Securities” has the meaning ascribed thereto in subsection 4.1(b)(iii);

“Corporation” has the meaning ascribed thereto in the recitals;

“Corporation’s auditors” means the firm of accountants appointed by the shareholders of the Corporation and serving as the auditors of the Corporation at the relevant time;

“Court” has the meaning ascribed thereto in subsection 8.5(a);

“Counsel” means a barrister and/or solicitor or a firm of barristers and/or solicitors retained by the Special Warrant Agent or retained by the Corporation, which may or may not be counsel for the Corporation;

“Current Market Price” of a Common Share at any date means the price per share equal to the weighted average price at which the Common Shares have traded during the 20 consecutive Trading Days ending on the third Trading Day immediately prior to such date on any Canadian stock exchange on which such shares are listed as may be selected for such purpose by the directors or, if such shares are not listed on any stock exchange, then on such over-the-counter market in Canada as may be selected for such purpose by the directors, provided further that if the Common Shares are not then listed on any Canadian stock exchange or traded in the over-the-counter market, then the Current Market Price shall be determined by such firm of independent chartered accountants as may be selected by the directors of the Corporation;

“Deemed Exercise Date” means the earlier of:

- (a) the third business day after the Qualifying Date; and

(b) four months and one day following the Closing Date;

“Deemed Exercise Time” means 5:00 p.m. (Vancouver time) on the Deemed Exercise Date;

“Depository” means CDS Clearing and Depository Services Inc. or such other person as is designated in writing by the Corporation to act as depository in respect of the Special Warrants;

“Designated Provinces” means each of the provinces of Canada where Special Warrants are sold;

“director” means a director of the Corporation for the time being and, unless otherwise specified herein, a reference to an action by the directors means an action by the directors of the Corporation as a board or, whenever duly empowered, action by a committee of such board;

“Dividends paid in the Ordinary Course” means a dividend paid on the Common Shares in any fiscal year of the Corporation in cash (or in securities, properties or assets of equivalent value) and for such purpose the amount of any dividend paid in shares shall be the aggregate stated capital of such shares, and the amount of any dividend paid in other than cash or shares shall be the fair market value of such dividend as determined by a resolution passed by the directors of the Corporation, subject, if applicable, to the prior consent of any stock exchange or any other over-the counter market on which the Common Shares are traded;

“Exercise Notice” has the meaning ascribed thereto in subsection 3.7(a);

“Extraordinary Resolution” has the meaning ascribed thereto in subsection 6.13;

“Final Passport System Decision Document” means a final decision document issued by the BCSC for a short form prospectus to qualify for distribution the Underlying Securities, which is deemed to also be a receipt of the securities commissions and other regulatory authorities of the provinces in which the Underlying Securities are distributed, and which evidences that the British Columbia Securities Commission has issued a receipt therefor, pursuant to Multilateral Instrument 11-102 - Passport System, and National Policy 11-202 - Process for Prospectus Reviews in Multiple Jurisdictions prior to the Qualification Deadline;

“Indenture”, **“herein”**, **“hereto”**, **“hereunder”**, **“hereof”**, **“hereby”** and similar expressions mean or refer to this Indenture and not to any particular Article, Section, paragraph, clause, subdivision or portion hereof and include any indenture, deed or instrument supplemental or ancillary hereto; and the expressions **“Article”**, **“Section”** and **“paragraph”** followed by a number mean and refer to the specified Article, Section or paragraph of this Indenture;

“Indemnified Parties” has the meaning ascribed thereto in subsection 8.20;

“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 at any time (including, without limitation, original issuance or registration of transfer of ownership) the minimum number of the Special Warrant Agent’s 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 Special Warrant

Agent, it being understood that neither preparation and issuance shall constitute part of such procedures for any purpose of this definition;

“Offered Securities” has the meaning ascribed thereto in subsection 4.1(c);

“Officer’s Certificate” means a certificate signed by a senior officer of the Corporation;

“person” includes an individual, a corporation, a partnership, a trustee, any unincorporated organization or any other juridical entity and words importing persons have a similar meaning;

“Preliminary Prospectus” means a preliminary short form prospectus of the Corporation filed by or on behalf of the Corporation with the BCSC to qualify, among others, the distribution of the Underlying Securities in the Designated Provinces, including all documents to be incorporated by reference therein or that are deemed to be incorporated by reference therein;

“Private Placement” means the private placement of up to 6,612,500 Special Warrants for a purchase price of \$0.70 per Special Warrant pursuant to the Agency Agreement and the subscription agreements entered into on the Closing Date between the Corporation and the purchasers of Special Warrants;

“Prospectus” means a final short form prospectus of the Corporation filed by or on behalf of the Corporation with the BCSC to qualify, among others, the distribution of the Underlying Securities in the Designated Provinces, including all documents to be incorporated by reference therein or that are deemed to be incorporated by reference therein;

“Qualification Deadline” means 5:00 p.m. (Vancouver time) on the first Business Day that is 45 days after the Closing Date;

“Qualified Institutional Buyer” has the meaning ascribed thereto in Rule 144A under the 1933 Act;

“Qualifying Date” means the date on which a Final Passport System Decision Document is received by the Corporation from the BCSC;

“Regulation S” means Regulation S under the 1933 Act;

“Rights Offering” has the meaning ascribed thereto in subsection 4.1(c);

“Rights Period” has the meaning ascribed thereto in subsection 4.1(c);

“Securities Commissions” means, collectively, the securities commissions or other applicable securities regulatory authorities of each of the Designated Provinces which shall, for greater certainty, include the BCSC;

“Special Distribution” has the meaning ascribed thereto in subsection 4.1(d);

“Special Warrant” means a special warrant of the Corporation created by it and issued and authenticated hereunder, each Special Warrant exercisable, without payment of any additional consideration, into one Unit provided that if the Final Passport System Decision Document is not

issued prior to the Qualification Deadline then each holder of a Special Warrant will be entitled to exercise each Special Warrant, without payment of any additional consideration, into 1.05 Units per Special Warrant, subject to deemed exercise on the Deemed Exercise Date. For further clarity, unless otherwise noted, the Special Warrants and Agent Special Warrants shall collectively be referred to as the “**Special Warrants**”);

“**Special Warrant Agent**” means TSX Trust Company, in its capacity as Special Warrant Agent hereunder, having an office at Vancouver, British Columbia or such other address as it shall inform the Corporation and Special Warrantholders from time to time;

“**Special Warrant Certificate**” means a certificate evidencing one or more Special Warrants issuable hereunder, substantially in the form attached hereto as Schedule A;

“**Special Warrantholder**” means the registered holder from time to time of an outstanding Special Warrant as such name appears on the register of the Special Warrant Agent from time to time;

“**Special Warrantholder’s Request**” means an instrument signed in one or more counterparts by Special Warrantholders entitled to acquire in the aggregate not less than 50% of the aggregate number of Common Shares which could be acquired pursuant to all Special Warrants then unexercised and outstanding, requesting the Special Warrant Agent to take some action or proceeding specified therein; and “**written order of the Corporation**”, “**written request of the Corporation**”, “**written consent of the Corporation**” and “**certificate of the Corporation**” mean, respectively, a written order, request, consent and certificate signed in the name of the Corporation by at least one duly authorized signatory of the Corporation and may consist of one or more instruments so executed;

“**Subsidiary of the Corporation**” means a corporation of which voting securities carrying a majority of the votes attached to all outstanding voting securities of the Corporation are owned, directly or indirectly, by the Corporation or by one or more subsidiaries of the Corporation, or by the Corporation and one or more subsidiaries of the Corporation, and, as used in this definition, voting securities means securities, other than debt securities, carrying a voting right to elect directors either under all circumstances or under some circumstances that may have occurred and are continuing;

“**Trading Day**” means any day on which the facilities of the TSX Venture Exchange or Toronto Stock Exchange, or, if the Common Shares are not listed thereon, the facilities of any stock exchange on which the Common Shares are listed, are open for trading;

“**Transaction Instruction**” means a written order signed by a Special Warrantholder or the Depository entitled to request that one or more actions be taken, or such other form as may be reasonably acceptable to the Special Warrant Agent, requesting one or more such actions to be taken in respect of an Uncertificated Special Warrant;

“**Uncertificated Special Warrant**” means any Special Warrant that is not evidenced by a Special Warrant Certificate;

“**Underlying Security**” means any of an Underlying Share and an Underlying Warrant;

“Underlying Share” means one Common Share, subject to adjustment in accordance with Article 4;

“Underlying Warrant” means one-half of one common share purchase warrant, each whole Underlying Warrant being exercisable to acquire one Common Share for a period of 36 months following the Closing Date at a price of \$1.25 per Common Share, subject to adjustment in accordance with Article 4;

“Unit” means a unit of the Corporation, consisting of one Underlying Share and one-half of one Underlying Warrant, subject to adjustment in accordance with Article 4;

“U.S. Person” and **“United States”** have the meanings ascribed thereto in Regulation S; and

“written direction of the Corporation” and **“certificate of the Corporation”** and any other document required to be signed by the Corporation, means, respectively, a written direction, request, consent, certificate or other document signed in the name of the Corporation by any duly authorized officer or director and may consist of one or more instruments so executed.

1.2 Gender and Number

Words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa.

1.3 Headings

The division of this Indenture into Articles, Sections or other subdivisions, 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 the Special Warrants.

1.4 Weekends and Holidays

If the date for the taking of any action under this Indenture expires on a day which is not a Business Day, such action may be taken on the next succeeding Business Day with the same force and effect as if taken within the period for the taking of such action.

1.5 Meaning of “Outstanding”

Every Special Warrant represented by a Special Warrant Certificate countersigned by the Special Warrant Agent or Uncertificated Special Warrant that has been Authenticated and delivered to the holder thereof is deemed to be outstanding until it is cancelled or delivered to the Special Warrant Agent for cancellation or until the Deemed Exercise Time. Where a new Special Warrant Certificate has been issued pursuant to Section 2.9 to replace one which has been mutilated, lost, stolen or destroyed, the Special Warrants represented by only one of such Special Warrant Certificates are counted for the purpose of determining the aggregate number of Special Warrants outstanding. A Special Warrant Certificate representing a number of Special Warrants which has been partially exercised will be deemed to be outstanding only to the extent of the unexercised portion of the Special Warrants.

1.6 Time

Time is of the essence hereof and of each Special Warrant Certificate.

1.7 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.

1.8 Applicable Law

This Indenture, the Special Warrants, the Special Warrant Certificates (including all documents relating thereto, which by common accord have been and will be drafted in English) shall be construed in accordance with the laws of the Province of British Columbia and the federal laws applicable therein and shall be treated in all respects as British Columbia contracts. Each of the parties hereto, which shall be deemed to include the Special Warrantholders, irrevocably attorns to the exclusive jurisdiction of the courts of the Province of British Columbia with respect to all matters arising out of this Indenture and the transactions contemplated herein.

1.9 Conflicts

In the event of any conflict or inconsistency between the provisions of this Indenture and the Special Warrant Certificates, the provisions of this Indenture will govern.

1.10 Schedules

The attached Schedules are incorporated into and form part of this Indenture.

2. ISSUE AND PURCHASE OF SPECIAL WARRANTS

2.1 Creation, Form and Terms of Special Warrants

- (a) The Corporation hereby creates and authorizes for issuance 6,612,500 Special Warrants at a price of \$0.70 per Special Warrant.
- (b) The Corporation hereby creates and authorizes for issuance 32,250 Agent Special Warrants at deemed price of \$0.70 per Agent Special Warrant.
- (c) Subject to the provisions hereof, the Special Warrants created and issued under this Indenture are limited in the aggregate to 6,644,750 Special Warrants, provided that the number of Underlying Securities to be issued upon exercise or deemed exercise of the Special Warrants is subject to increase or decrease so as to give effect to the adjustments required by Article 4 hereof.
- (d) No fractional Special Warrants shall be issued or otherwise provided for hereunder.

2.2 Form of Special Warrants, Certificated Special Warrants

The Special Warrants may be issued in both certificated and uncertificated form. All Special Warrants issued in certificated form shall be evidenced by a Special Warrant Certificate (including all replacements issued in accordance with this Indenture), substantially in the form set out in Schedule A hereto, which shall be dated as of the Closing Date, shall bear such distinguishing letters and numbers as the Corporation may, with the approval of the Special Warrant Agent, prescribe, and shall be issuable in any denomination excluding fractions. All Special Warrants issued to the Depository may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book position on the register of Special Warrantholders to be maintained by the Special Warrant Agent.

2.3 Book Entry Special Warrants

- (a) Registration of beneficial interests in and transfers of Special Warrants held by the Depository shall be made only through the book entry registration system and no Special Warrant Certificates shall be issued in respect of such Special Warrants except where physical certificates evidencing ownership in such securities are required or as set out herein or as may be requested by the Depository, as determined by the Corporation, from time to time. Except as provided herein, owners of beneficial interests in any CDS Global Special Warrants shall not be entitled to have Special Warrants registered in their names and shall not receive or be entitled to receive Special Warrants in definitive form or to have their names appear in the register. Notwithstanding any terms set out herein, Special Warrants having any legend set forth in Section 2.4(g) herein and held in the name of the Depository may only be held in the form of Uncertificated Special Warrants with the prior consent of the Special Warrant Agent and in accordance with the Internal Procedures of the Special Warrant Agent.
- (b) Notwithstanding any other provision in this Indenture, no CDS Global Special Warrants may be exchanged for Special Warrants registered, and no transfer of any CDS Global Special Warrants may be registered, in the name of any person other than the Depository for such CDS Global Special Warrants or a nominee thereof unless:
 - (i) the Depository notifies the Corporation that it is unwilling or unable to continue to act as depository in connection with the Book Entry Special Warrants and the Corporation is unable to locate a qualified successor;
 - (ii) the Corporation determines that the Depository is no longer willing, able or qualified to discharge properly its responsibilities as holder of the CDS Global Special Warrants and the Corporation is unable to locate a qualified successor;
 - (iii) the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Corporation is unable to locate a qualified successor;

- (iv) the Corporation determines that the Special Warrants shall no longer be held as Book Entry Special Warrants through the Depository;
- (v) such right is required by Applicable Legislation, as determined by the Corporation and the Corporation's Counsel; or
- (vi) such registration is effected in accordance with the internal procedures of the Depository and the Special Warrant Agent;

following which, Special Warrants for those holders requesting the same shall be registered and issued to the beneficial owners of such Special Warrants or their nominees as directed by the holder. The Corporation shall provide an Officer's Certificate giving notice to the Special Warrant Agent of the occurrence of any event outlined in this Section 2.3(b).

- (c) Subject to the provisions of this Section 2.3, any exchange of CDS Global Special Warrants for Special Warrants which are not CDS Global Special Warrants may be made in whole or in part in accordance with the provisions of Section 2.10, *mutatis mutandis*. All such Special Warrants issued in exchange for a CDS Global Special Warrant or any portion thereof shall be registered in such names as the Depository for such CDS Global Special Warrants shall direct and shall be entitled to the same benefits and subject to the same terms and conditions (except insofar as they relate specifically to CDS Global Special Warrants) as the CDS Global Special Warrants or portion thereof surrendered upon such exchange.
- (d) Every Special Warrant that is Authenticated upon registration or transfer of a CDS Global Special Warrant, or in exchange for or in lieu of a CDS Global Special Warrant or any portion thereof, whether pursuant to this Section 2.3, or otherwise, shall be Authenticated in the form of, and shall be, a CDS Global Special Warrant, unless such Special Warrant is registered in the name of a person other than the Depository for such CDS Global Special Warrant or a nominee thereof.
- (e) Notwithstanding anything to the contrary in this Indenture, subject to applicable law, the CDS Global Special Warrant will be issued as an Uncertificated Special Warrant, unless otherwise requested in writing by the Depository or the Corporation.
- (f) The rights of beneficial owners of Special Warrants who hold securities entitlements in respect of the Special Warrants through the book entry registration system shall be limited to those established by applicable law and agreements between the Depository and the Book Entry Participants and between such Book Entry Participants and the beneficial owners of Special Warrants who hold securities entitlements in respect of the Special Warrants through the book entry registration system, and such rights must be exercised through a Book Entry Participant in accordance with the rules and procedures of the Depository.

- (g) Notwithstanding anything herein to the contrary, neither the Corporation nor the Special Warrant Agent nor the Lead 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 Special Warrants 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 Special Warrant represented by an electronic position in the book entry registration system (other than the Depository or its nominee);
 - (ii) maintaining, supervising or reviewing any records of the Depository or any Book Entry 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 Book Entry Participant.
- (h) The Corporation may terminate the application of this Section 2.3 in its sole discretion in which case all Special Warrants shall be evidenced by Special Warrant Certificates registered in the name of a person other than the Depository.

2.4 Special Warrant Certificate

- (a) For Special Warrants issued in certificated form, the form of certificate representing Special Warrants shall be substantially as set out in Schedule A hereto or such other form as is authorized from time to time by the Special Warrant Agent. Each Special Warrant Certificate shall be Authenticated manually by or on behalf of the Special Warrant Agent. Each Special Warrant Certificate shall be signed by at least one duly authorized signatory of the Corporation; whose signature shall appear on the Special Warrant Certificate and may be printed, lithographed or otherwise mechanically or electronically reproduced thereon and, in such event, a certificate so signed is as valid and binding upon the Corporation as if it had been signed manually. Any Special Warrant Certificate which has two signatures as hereinbefore provided shall be valid notwithstanding that one or more of the persons whose signature is printed, lithographed or mechanically or electronically reproduced no longer holds office at the date of issuance of such certificate. The Special Warrant Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Special Warrant Agent may determine.
- (b) The Special Warrant Agent shall Authenticate Uncertificated Special Warrants (whether upon original issuance, exchange, registration of transfer, partial payment, 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 Special Warrants under this Indenture. Such Authentication shall be conclusive evidence that such Uncertificated Special

Warrant has 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 Special Warrants with respect to which this Indenture requires the Special Warrant Agent to maintain records or accounts. In case of differences between the register at any time and any other time the register at the later time shall be controlling, absent manifest error and such Uncertificated Special Warrants are binding on the Corporation.

- (c) No Special Warrant shall be considered issued and shall be valid or obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by the Special Warrant Agent.
- (d) No Special Warrant Certificate shall be considered issued and Authenticated or, if Authenticated, shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by manual signature by or on behalf of the Special Warrant Agent. Such Authentication on any such Special Warrant Certificate shall be conclusive evidence that such Special Warrant Certificate is duly Authenticated and is valid and a binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.
- (e) No Uncertificated Special Warrant shall be considered issued and shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by entry on the register of the particulars of the Uncertificated Special Warrant. Such entry on the register of the particulars of an Uncertificated Special Warrant shall be conclusive evidence that such Uncertificated Special Warrant is a valid and binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.
- (f) The Authentication by the Special Warrant Agent of any Special Warrants whether by way of entry on the register or otherwise shall not be construed as a representation or warranty by the Special Warrant Agent as to the validity of this Indenture or such Special Warrants (except the due Authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Special Warrant Agent shall in no respect be liable or answerable for the use made of the Special Warrants or any of them or the proceeds thereof. Authentication by the Special Warrant Agent shall be conclusive evidence as against the Corporation that the Special Warrants so Authenticated have been duly issued hereunder and that the holder thereof is entitled to the benefits of this Indenture.
- (g) Each CDS Global Special Warrant originally issued in Canada and held by the Depository, and each CDS Global Special Warrant issued in exchange therefor or in substitution thereof shall bear or be deemed to bear the following legend or such variations thereof as the Corporation may prescribe from time to time:

“UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO PATRIOT ONE TECHNOLOGIES INC. (THE “ISSUER”)

OR ITS LEAD AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS, OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS 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 VOID AND OF NO FORCE AND EFFECT SINCE THE REGISTERED HOLDER HEREOF, CDS, HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.”

2.5 Transferability and Ownership of Special Warrants

- (a) The Corporation hereby appoints the Special Warrant Agent as registrar of the Special Warrants and shall cause the Special Warrant Agent to keep at its Toronto office set out in Section 9.1, a register in which the Special Warrant Agent shall enter the names and addresses of the Special Warrantholders and other particulars, prescribed by law, of the Special Warrants held by them, together with a record of transfers in which particulars of all transfers of Special Warrants will be recorded. The Special Warrant Agent shall cause the register to be open at all reasonable times for inspection by the Corporation, the Lead Agent and any Special Warrantholder.
- (b) The Special Warrant Certificates may only be transferred by the Special Warrantholders (or their legal representatives or their attorneys duly appointed), in accordance with applicable laws and upon compliance with the conditions herein, on the register kept at the office of the Special Warrant Agent pursuant to Section 2.5(a) by delivering to the Special Warrant Agent’s Toronto office set out in Section 9.1, a duly executed Form of Transfer attached as Appendix 2 to the Special Warrant Certificate and complying with such other reasonable requirements as the Corporation and the Special Warrant Agent may prescribe and such transfer shall be duly noted on the register by the Special Warrant Agent. In the case of Uncertificated Special Warrants the Special Warrants may only be transferred in accordance with the procedures of the Depositary under the book entry registration system.
- (c) Notwithstanding anything contained in this Indenture, in the Special Warrant Certificate or in any subscription agreements under which Special Warrants were issued and sold, the Special Warrant Agent, relying solely on the Form of Transfer attached as Appendix 2 to the Special Warrant Certificate or such other reasonable requirements as the Corporation and Special Warrant Agent may prescribe pursuant to Section 2.5(b) or this Section shall not register any transfer of a Special Warrant unless the transfer is made in compliance with this Section 2.5.

- (d) If a Special Warrant is tendered for transfer to a person in the United States or a U.S. Person, the Special Warrant Agent shall not register such transfer unless the Corporation has provided written instructions to the Special Warrant Agent prior to such transfer to the effect that the Corporation believes such transfer would not violate the 1933 Act or applicable U.S. state securities laws.
- (e) The Corporation shall direct the Special Warrant Agent as to matters related to the applicable hold periods and applicable securities legislation. The Special Warrant Agent shall have no obligation to ensure or verify compliance with any applicable laws or regulatory requirements on the issue, exercise or transfer of any Special Warrants or any Underlying Securities or other securities issuable upon the exercise of any Special Warrants. The Special Warrant Agent shall be entitled to process all proffered transfers and exercises of Special Warrants upon the presumption that such transfers or exercises are permissible pursuant to all applicable laws and regulatory requirements and the terms of this Indenture. The Special Warrant Agent may assume for the purposes of this Indenture that the address on the register of Special Warrantholders of any Special Warrantholder is the Special Warrantholder's actual address and is also determinative of the Special Warrantholder's residency and that the address of any transferee to whom any Special Warrants or any Underlying Securities are to be registered, as shown on the transfer document, is the transferee's actual address and is also determinative of the transferee's residency.
- (f) Upon any transfer of Special Warrants in accordance with the provisions of this Indenture, the Corporation shall covenant and agree with the Special Warrant Agent, on behalf of the transferee holder and with the transferee holder, that the transferee holder is a permitted assignee of the transferring holder.
- (g) A person who furnishes evidence that he is, to the reasonable satisfaction of the Special Warrant Agent:
 - (i) the executor, administrator, heir or legal representative of the heirs of the estate of a deceased Special Warrantholder;
 - (ii) a guardian, committee, trustee, curator or tutor representing a Special Warrantholder who is an infant, an incompetent person or a missing person; or
 - (iii) a liquidator or, a trustee in bankruptcy for, a Special Warrantholder,may, as hereinafter stated, by surrendering such evidence together with the Special Warrant Certificate in question to the Special Warrant Agent (by delivery or mail as set forth in Section 9.1 hereof), and subject to such reasonable requirements as the Special Warrant Agent may prescribe and all applicable securities legislation and requirements of regulatory authorities, become noted upon the register of Special Warrantholders. After receiving the surrendered Special Warrant Certificate and upon the person surrendering the Special Warrant Certificate meeting the requirements as hereinbefore set forth, the Special

Warrant Agent shall forthwith give written notice thereof together with confirmation as to the identity of the person entitled to become the holder to the Corporation. Forthwith after receiving written notice from the Special Warrant Agent as aforesaid, the Corporation shall cause a new Special Warrant Certificate to be issued and sent to the new holder and the Special Warrant Agent shall alter the register of Special Warrantholders accordingly upon receipt of written direction of the Corporation.

- (h) The Corporation and the Special Warrant Agent shall deem and treat the registered holder of any Special Warrant as the absolute legal and beneficial owner thereof for all purposes, free from all equities or rights of set off or counterclaim between the Corporation and any previous holder of such Special Warrant, 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, and neither the Corporation nor the Special Warrant Agent is affected by any notice to the contrary.
- (i) Subject to the provisions of this Indenture and applicable law, each Special Warrantholder is entitled to the rights and privileges attaching to the Special Warrants, and the issue of the Underlying Securities by the Corporation upon exercise of Special Warrants by any Special Warrantholder in accordance with the terms and conditions herein contained discharges all responsibilities of the Corporation and the Special Warrant Agent with respect to such Special Warrants and neither the Corporation nor the Special Warrant Agent is bound to inquire into the title of any such registered holder.
- (j) A reasonable charge will be levied on a presenter of a Special Warrant Certificate pursuant to this Indenture for the transfer of any Special Warrant.
- (k) Notwithstanding any other provision of this Section 2.5, in connection with any transfer of Special Warrants, the transferor and transferee shall comply with all Applicable Legislation and all reasonable requirements of the Special Warrant Agent as the Special Warrant Agent may deem necessary to secure the obligations of the transferee of such Special Warrants with respect to such transfer.

2.6 Special Warrantholders Not Shareholders

A Special Warrantholder is not deemed or regarded as a shareholder of the Corporation nor is such Special Warrantholder entitled to any right or interest except as is expressly provided in this Indenture and in the Special Warrant Certificates.

2.7 Signing of Special Warrants

Each Special Warrant Certificate shall be signed by the Corporation in accordance with Section 2.4(a).

2.8 Countersigning

The Special Warrant Agent shall countersign the Special Warrant Certificates and Authenticate Uncertificated Special Warrants upon the written direction of the Corporation. No Special Warrant shall be issued, or if issued, is valid or exercisable or entitles the holder thereof to the benefits of this Indenture until the Special Warrant Certificate has been manually countersigned by the Special Warrant Agent or the Uncertificated Special Warrant has been Authenticated by the Special Warrant Agent, as the case may be. The countersignature or Authentication by or on behalf of the Special Warrant Agent will be conclusive evidence as against the Corporation that the Special Warrant Certificate so countersigned or Uncertificated Special Warrant so Authenticated has been duly issued hereunder and that the holder is entitled to the benefits hereof. The countersignature by or on behalf of the Special Warrant Agent on any Special Warrant Certificate or the Authentication of any Uncertificated Special Warrant by or on behalf of the Special Warrant Agent is not to be construed as a representation or warranty by the Special Warrant Agent as to the validity of this Indenture or of the Special Warrants or as to the performance by the Corporation of its obligations under this Indenture and the Special Warrant Agent is in no way liable or answerable for the use made of the Special Warrants or the proceeds from the issuance thereof, except as specified by this Indenture. The countersignature or Authentication, as the case may be, by or on behalf of the Special Warrant Agent is, however, a representation and warranty of the Special Warrant Agent that the Special Warrant Certificate has been duly countersigned by or on behalf of the Special Warrant Agent or the Uncertificated Special Warrant has been duly Authenticated by or on behalf of the Special Warrant Agent pursuant to the provisions of this Indenture.

2.9 Loss, Mutilation, Destruction or Theft of Special Warrants

In case any of the Special Warrant Certificates issued and countersigned hereunder is mutilated, lost, destroyed or stolen, the Corporation, in its discretion, may issue and thereupon the Special Warrant Agent will countersign and deliver a new Special Warrant Certificate of like date and tenor in exchange for and in place of the one mutilated, lost, destroyed or stolen and upon surrender and cancellation of such mutilated Special Warrant Certificate or in lieu of and in substitution for such lost, destroyed or stolen Special Warrant Certificate and the substituted Special Warrant Certificate entitles the holder thereof to the benefits hereof and ranks equally in accordance with its terms with all other Special Warrants issued hereunder.

The Special Warrantholder applying for the issue of a new Special Warrant Certificate pursuant to this Section 2.9 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation and the Special Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Special Warrant Certificate so lost, destroyed or stolen as is satisfactory to the Corporation and the Special Warrant Agent in their discretion. The Corporation and the Special Warrant Agent may also, as a condition precedent to issuing a new Special Warrant Certificate, require such applicant to furnish an indemnity and surety bond in amount and form satisfactory to the Corporation and Special Warrant Agent in their discretion, and the applicant shall pay the reasonable charges of the Corporation and the Special Warrant Agent in connection therewith.

2.10 Exchange of Special Warrants

A Special Warrantholder may at any time prior to the Deemed Exercise Time, by written instruction delivered to the Special Warrant Agent at the office of the Special Warrant Agent set forth in Section 1.1, exchange his Special Warrant Certificates for Special Warrant Certificates evidencing Special Warrants in other denominations entitling the Special Warrantholder to acquire in the aggregate the same number of Underlying Securities to which it was entitled to acquire under the Special Warrant Certificates so surrendered, in which case the Special Warrant Agent may make a charge sufficient to reimburse it for any government fees or charges required to be paid and such reasonable fees as the Special Warrant Agent may determine for every Special Warrant Certificate issued upon exchange. The Special Warrantholder surrendering such Special Warrant Certificate shall bear such fees and charges. Payment of the fees and charges is a condition precedent to the exchange of any Special Warrant Certificate. The Corporation shall sign and the Special Warrant Agent shall countersign all Special Warrant Certificates necessary to carry out exchanges as aforesaid.

2.11 Ranking

All Special Warrants will have the same attributes and rank *pari passu* regardless of the date of actual issue.

2.12 Purchase of Special Warrants for Cancellation

Subject to applicable law, the Corporation may, at any time or from time to time, purchase all or any of the Special Warrants in the market, by private contract or otherwise, on such terms as the Corporation may determine. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the directors, such Special Warrants are then obtainable plus reasonable costs of purchase. The Special Warrant Certificates representing the Special Warrants purchased hereunder by the Corporation shall, immediately following purchase, be delivered to and cancelled by the Special Warrant Agent and no Special Warrants shall be issued in substitution therefor.

2.13 Rights, Privileges, Restrictions and Conditions Attaching to the Special Warrants

The Special Warrantholders shall be entitled to receive and participate rateably, and *pari passu* with the holders of Common Shares, in any dividends declared by the directors of the Corporation. In addition, in the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purposes of winding-up its affairs, the Special Warrantholders shall participate rateably, and *pari passu* with the holders of Common Shares, in the distribution of the assets of the Corporation.

3. COVENANTS OF THE COMPANY

So long as any Special Warrants remain outstanding, the Corporation represents, warrants, covenants and agrees with the Special Warrant Agent for the benefit of the Special Warrant Agent and Special Warrantholders as follows:

3.1 To Issue Special Warrants and Reserve Common Shares

- (a) That it is authorized to create, issue and sell the Special Warrants and that the Special Warrant Certificates, when issued and countersigned by the Special Warrant Agent, and each Uncertificated Special Warrant that has been Authenticated by the Special Warrant Agent, will be valid and enforceable against the Corporation in accordance with their terms and the terms of this Indenture and that the Corporation has reserved, allotted and set aside for issuance up to 3,322,375 Underlying Warrants and up to 9,967,125 Common Shares, being that number of Underlying Shares and Common Shares underlying the Underlying Warrants issuable upon the exercise or deemed exercise of the Special Warrants in accordance with the terms of this Indenture and such Underlying Securities, when issued upon the exercise or deemed exercise of the Special Warrants pursuant to and in accordance with the terms of this Indenture, are authorized to be issued as fully paid and non-assessable Underlying Securities of the Corporation.
- (b) That TSX Trust Company is the transfer agent of the Common Shares, and is duly authorized to countersign, register and issue certificates representing, or document such other evidence of ownership of, such Common Shares, in each case in accordance with and pursuant to the terms of this Indenture.
- (c) That TSX Trust Company is the transfer agent of the Underlying Warrants, and is duly authorized to countersign, register and issue certificates representing, or document such other evidence of ownership of, such Underlying Warrants, in each case in accordance with and pursuant to the terms of this Indenture.

3.2 To Execute Further Assurances

That it shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all other acts, deeds and assurances in law as may reasonably be required for the better accomplishing and effecting of the intentions and provisions of this Indenture.

3.3 To Carry On Business

That subject to the express provisions hereof the Corporation or any Subsidiary of the Corporation may cease to operate or may dispose of any business, premises, property, assets or operation if in the opinion of the directors or officers of the Corporation or any Subsidiary of the Corporation, as the case may be, it would be advisable and in the best interests of the Corporation or any Subsidiary of the Corporation, as the case may be, to do so, and subject to the express provisions hereof, it shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, provided, however, that (subject to Article 4 hereof) nothing herein contained shall prevent any winding-up or liquidation of the Corporation or any Subsidiary of the Corporation or the abandonment of any rights and franchises of the Corporation or any Subsidiary of the Corporation or any corporate reorganization, amalgamation, consolidation, merger, sale, or take-over bid or other business combination from being completed by the Corporation in accordance with applicable corporate and securities laws

if, in the opinion of the directors or officers of the Corporation or any Subsidiary of the Corporation, as the case may be, it is advisable and in the best interest of the Corporation or of such Subsidiary of the Corporation to do so.

3.4 Reporting Issuer

That the Corporation is presently a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario, and will use its commercially reasonable efforts to maintain its status in such jurisdictions, and will use its commercially reasonable efforts make all requisite filings under applicable Canadian securities legislation and stock exchange rules to report the exercise of the right to acquire Underlying Securities pursuant to the exercise of the Special Warrants.

3.5 No Breach of Constatng Documents

That the issue and sale of the Special Warrants and the issue of the Underlying Securities do not or will not conflict with any of the terms, conditions or provisions of the constating documents of the Corporation or the articles or resolutions of the Corporation or any trust indenture, loan agreement or any other agreement or instrument to which the Corporation or any Subsidiary of the Corporation is contractually bound as of the date of this Indenture.

3.6 Filing of Prospectus and Related Matters

That following the Closing Date, the Corporation shall, in accordance with the terms of the Agency Agreement, use its best efforts to:

- (a) prepare and file the Preliminary Prospectus with the BCSC (in its capacity as the principal regulator under National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions*) and with the applicable Securities Commission in each of the Designated Provinces;
- (b) obtain a receipt or deemed receipt, as applicable, for the Preliminary Prospectus in each of the Designated Provinces;
- (c) promptly resolve all comments received or deficiencies raised by the applicable Securities Commissions in respect of the Preliminary Prospectus; and
- (d) file the Prospectus and obtain the Final Passport System Decision Document therefor in each of the Designated Provinces before the Qualification Deadline.

3.7 Notices to Special Warrant Agent

That upon obtaining the Final Passport System Decision Document for the Prospectus as contemplated in Section 3.6, the Corporation shall forthwith, and in any event not later than one Business Day thereafter:

- (a) give written notice to the Special Warrant Agent and the Lead Agent of the issuance of the Final Passport System Decision Document for the Prospectus and the date upon which the Special Warrants will be deemed to be exercised (the

“**Exercise Notice**”), which shall be no later than three Business Days after the Qualifying Date; and

- (b) provide written confirmation to the Special Warrant Agent and the Lead Agent of any adjustment that has been made pursuant to Article 4.

3.8 Securities Qualification Requirements

That if any instrument is required to be filed with or any permission, order or ruling is required to be obtained from and Securities Commission or any other step is required under any federal or provincial law of the Designated Provinces before any securities or property which a Special Warrantholder is entitled to receive pursuant to the exercise or deemed exercise of a Special Warrant may properly and legally be delivered upon the due exercise or deemed exercise of a Special Warrant, the Corporation covenants that it shall use its commercially reasonable efforts to make such filing, obtain such permission, order or ruling and take all such action, at its expense, as is required or appropriate in the circumstances.

3.9 Maintain Listing

That the Corporation will use its commercially reasonable best efforts to maintain the listing of the Common Shares which are outstanding on the TSX Venture Exchange and ensure that the Underlying Securities will be approved for listing and trading on such exchange or on the TSX Venture Exchange or Toronto Stock Exchange on the Qualifying Date.

3.10 Satisfy Covenants

That the Corporation will comply with all covenants and satisfy all terms and conditions on its part to be performed and satisfied under this Indenture and advise the Special Warrant Agent promptly in writing of any default under the terms of this Indenture.

3.11 Performance of Covenants by Special Warrant Agent

If the Corporation shall fail to perform any of its covenants contained in this Indenture and the Corporation has not rectified such failure within ten Business Days after receiving notice of such failure by the Special Warrant Agent, the Special Warrant Agent may notify the Special Warrantholders 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 perform said covenants or to notify the Special Warrantholders of such performance by it. No such performance, expenditure or advance by the Special Warrant Agent shall relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

3.12 Special Warrant Agent’s Remuneration and Expenses

The Corporation will pay the Special Warrant Agent from time to time such reasonable remuneration for its services hereunder as may be agreed upon between the Corporation and the Special Warrant Agent and will pay or reimburse the Special Warrant Agent upon its request for all reasonable expenses and disbursements and advances properly incurred or made by the Special Warrant Agent in the administration or execution of the duties hereby created (including

the reasonable fees 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 Special Warrant Agent hereunder shall be finally and fully performed, except any such expense, disbursement or advance as may arise from the gross negligence, wilful misconduct or fraud of the Special Warrant Agent. Any amount owing hereunder and remaining unpaid after thirty days from the invoice date will bear interest at the then current rate charged by the Special Warrant Agent against unpaid invoices and shall be payable upon demand. This Section 3.12 shall survive the resignation of the Special Warrant Agent and/or the termination of this Indenture.

3.13 Trust for Special Warrantholder's Benefit

The covenants of the Corporation to the Special Warrant Agent provided for in this Indenture shall be held in trust by the Special Warrant Agent for the benefit of the Special Warrantholders.

3.14 Notice to Special Warrantholders of Certain Events

The Corporation covenants with the Special Warrant Agent for the benefit of the Special Warrant Agent and the Special Warrantholders that, so long as any of the Special Warrants are outstanding, it will not:

- (a) pay any dividend payable in shares of any class to all holders of its Common Shares or make any other distribution (other than a cash distribution made as a dividend out of retained earnings or contributed surplus legally available for the payment of dividends) to all holders of its Common Shares;
- (b) offer to any holders of its Common Shares rights to subscribe for or to purchase any Common Shares or shares of any class or any other securities, rights, warrants or options;
- (c) make any repayment of capital or distribution of any of its assets (excluding cash dividends) to the holders of Common Shares;
- (d) amalgamate, consolidate or merge with any other person or sell or lease the whole or substantially the whole of its assets or undertaking;
- (e) effect any subdivision, consolidation or reclassification of its Common Shares; or
- (f) liquidate, dissolve or wind-up,

unless, in each such case, the Corporation will have given notice, in the manner specified in Section 9.2, to each Special Warrantholder, of the action proposed to be taken and the date on which (i) the books of the Corporation will close or a record will be taken for such dividend, repayment, distribution, subscription right or other right, warrant or security, or (ii) such subdivision, consolidation, reclassification, amalgamation, merger, sale or lease, other disposition, dissolution, liquidation or winding-up will take place, as the case may be, provided that the Corporation will only be required to specify in the notice those particulars of the action as will have been fixed and determined at the date on which the notice is given. The notice will

also specify the date as of which the holders of Common Shares of record will participate in the dividend, repayment, distribution, subscription of rights or other rights, warrants or securities, or will be entitled to exchange their Common Shares for securities or other property deliverable upon such reclassification, amalgamation, merger, sale or lease, other disposition, dissolution, liquidation or winding-up, as the case may be. The notice will be given, with respect to the actions described in subsections 3.14(a), (b), (c), (d), (e) and (f) not less than two Business Days prior to the record date or the date on which the Corporation's transfer books are to be closed with respect thereto.

3.15 Closure of Share Transfer Books

The Corporation further covenants and agrees that it will not during the period of any notice given under Section 9 close its share transfer books or take any other corporate action which might deprive the Special Warrantholders of the opportunity to exercise their Special Warrants; provided that nothing contained in this Section 3.15 will be deemed to affect the right of the Corporation to do or take part in any of the things referred to in Section 3.14 or to pay cash dividends on the shares of any class or classes in its capital from time to time outstanding.

3.16 Payment of Commissions

The Corporation will not pay or give any commission or other remuneration within the meaning of Section 3(a)(9) of the 1933 Act to any person, directly or indirectly, for soliciting the exercise of the Special Warrants.

3.17 Contractual Right of Rescission

The Corporation covenants with the Special Warrant Agent to provide a right of rescission to each Special Warrantholder as hereinafter set forth, which right shall be exercisable by a Special Warrantholder directly.

The Corporation has agreed that in the event that a holder of Special Warrants who acquires Underlying Securities upon exercise of the Special Warrants is or becomes entitled under applicable Securities Laws to the remedy of rescission by reason of the Prospectus to be filed by the Corporation in connection with the offering of Special Warrants and any amendment thereto containing a misrepresentation, such holder shall, subject to available defences and any limitation period under applicable Securities Laws, be entitled to rescission not only of the holder's exercise or deemed exercise of its Special Warrants but also of the private placement transaction pursuant to which the Special Warrants were initially acquired, and shall be entitled in connection with such rescission to a full refund from the Corporation of the aggregate purchase price paid on the acquisition of the Special Warrants by the holder of the Special Warrants. In the event such holder is a permitted assignee of the interest of the original purchaser of the Special Warrant, such permitted assignee shall be permitted to exercise the rights of rescission and refund granted hereunder as if such permitted assignee was such original purchaser. The provisions of this Section 3.17 are a direct contractual right extended by the Corporation to holders of Special Warrants, permitted assignees of such holders and holders of the Underlying Securities acquired by such holders upon exercise or deemed exercise of the Special Warrants and are in addition to any other right or remedy available to a holder of a purchased security under section 130(1) of the *Securities Act* (British Columbia) or equivalent

provisions of applicable Securities Laws, or otherwise at law. The foregoing contractual rights of action for rescission shall be subject to the defences described under section 130(1) of the *Securities Act* (British Columbia) which is incorporated herein by reference and any other defence or defences available to the Corporation under applicable laws.

4. ADJUSTMENT OF NUMBER OF UNDERLYING SECURITIES

4.1 Adjustment of Number of Underlying Securities

The rights to acquire Underlying Securities in effect at any date attaching to the Special Warrants then outstanding are subject to adjustment from time to time as follows:

- (a) if the Final Passport System Decision Document is not issued prior to the Qualification Deadline then each holder of a Special Warrant will be entitled to exercise each Special Warrant, without payment of any additional consideration, into 1.05 Units per Special Warrant, on the Deemed Exercise Date;
- (b) if and whenever at any time from the date hereof and prior to the Deemed Exercise Time, the Corporation:
 - (i) subdivides, redivides or changes its outstanding Common Shares into a greater number of shares;
 - (ii) consolidates, reduces or combines its outstanding Common Shares into a smaller number of shares; or
 - (iii) issues Common Shares or securities exchangeable for or convertible into Common Shares (“**convertible securities**”) to the holders of all or substantially all of the outstanding Common Shares by way of a share dividend (other than the issue of Common Shares or convertible securities to such holders as Dividends paid in the Ordinary Course);

(any of the above being a “**Common Share Reorganization**”), the number of Underlying Securities issuable upon the exercise of each Special Warrant will be adjusted immediately after the effective date of the Common Share Reorganization or on the record date for the issue of Common Shares or convertible securities by way of share dividend, by multiplying the number of Underlying Securities previously obtainable on the exercise of a Special Warrant by the fraction of which:

- (A) the numerator is the total number of Common Shares outstanding immediately after the effective or record date of the Common Share Reorganization, or, in the case of the issuance of convertible securities, the total number of Common Shares outstanding immediately after the effective or record date of the Common Share Reorganization plus the total number of Common Shares issuable upon conversion or exchange of such convertible securities; and

- (B) the denominator is the total number of Common Shares outstanding immediately prior to the applicable effective or record date of such Common Share Reorganization;

and the Corporation and Special Warrant Agent, upon receipt of notice pursuant to Section 4.3, shall make such adjustment successively whenever any event referred to in this Section 4.1(b) occurs and any such issue of Common Shares or convertible securities by way of a share dividend is deemed to have occurred on the record date for the share dividend for the purpose of calculating the number of outstanding Common Shares under this Section 4.1(b). To the extent that any convertible securities are not converted into or exchanged for Common Shares, prior to the expiration thereof, the number of Underlying Securities obtainable under each Special Warrant shall be readjusted to the number of Underlying Securities that is then obtainable based upon the number of Common Shares actually issued on conversion or exchange of such convertible securities;

- (c) if and whenever at any time from the date hereof and prior to the Deemed Exercise Time the Corporation shall fix a record date for the issue of rights, options or warrants to all or substantially all of the holders of Common Shares under which such holders are entitled, during a period expiring not more than ninety days after the record date for such issue (“**Rights Period**”), to subscribe for or acquire Common Shares at a price per share to the holder of less than 95% of the Current Market Price for the Common Shares on such record date (any such issuance being herein called a “**Rights Offering**” and Common Shares that may be acquired in conversion of the Rights Offering or upon conversion of the Convertible Securities offered by the Rights Offering being herein called the “**Offered Securities**”) then the number of Underlying Securities obtainable upon the exercise of each Special Warrant shall be adjusted effective immediately after the end of the Rights Period to a number determined by multiplying the number of Underlying Securities obtainable upon the exercise thereof immediately prior to the end of the Rights Period by a fraction:
 - (i) the numerator of which shall be the sum of: (i) the number of Common Shares outstanding on the record date plus; (ii) the number of Offered Securities offered pursuant to the Rights Offering or the maximum number of Offered Securities into which the rights, options or warrants so offered pursuant to the Rights Offering may be converted, as the case may be; and
 - (ii) the denominator of which shall be the aggregate of:
 - (A) the number of Common Shares outstanding as of the record date for the Rights Offering; and
 - (B) a number determined by dividing: (A) either the product of: (1) the number of Offered Securities so offered and the price at which the Offered Securities are offered, or the product of: (2) the conversion price thereof and the maximum number of Offered Securities for or into which the rights, options or warrants so offered pursuant to the

Rights Offering may be converted, as the case may be, by (B) the Current Market Price of the Common Shares on the record date for the Rights Offering;

Any Offered Securities owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any computation. If all the rights, options or warrants are not so issued or if all rights, options or warrants are not exercised prior to the expiration thereof, the number of Underlying Securities obtainable under each Special Warrant shall be readjusted to the number of Underlying Securities obtainable in effect immediately prior to the record date for the Rights Offering and such number shall be further adjusted based upon the number of Offered Securities (or rights, options or warrants into Common Shares) actually delivered upon the exercise of the rights, options or warrants, as the case may be, but subject to any other adjustment required hereunder by reason of any event arising after that record date;

(d) if and whenever at any time from the date hereof and prior to the Deemed Exercise Time the Corporation shall issue or distribute to all or to substantially all of the holders of the Common Shares:

- (i) shares of any class other than Common Shares, rights options or warrants to acquire Common Shares or securities exchangeable for or convertible into or exchangeable into Common Shares;
- (ii) evidence of its indebtedness; or
- (iii) any property (including cash) or other assets,

and if such issuance or distribution does not constitute Dividends paid in the Ordinary Course, a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a “**Special Distribution**”), the number of Underlying Securities obtainable upon the exercise or deemed exercise of each Special Warrant shall be adjusted effective immediately after the record date at which the holders of affected Common Shares are determined for purposes of the Special Distribution to a number determined by multiplying the number of Underlying Securities obtainable upon the exercise thereof in effect on such record date by a fraction:

- (iv) the numerator of which shall be the number of Common Shares outstanding on such record date multiplied by the Current Market Price of the Common Shares on such record date; and
- (v) the denominator of which shall be:
 - (A) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, less

- (B) the fair market value on such record date, as determined by action by the directors (whose determination shall be conclusive), to the holders of the Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution.

Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any computation. If the distribution of shares, rights, options, warrants, evidences of indebtedness or assets is not so made or to the extent that any rights, options or warrants so distributed are not exercised, the number of Underlying Securities obtainable under each Special Warrant shall be readjusted to the number of Underlying Securities obtainable in effect immediately prior to the record date and such number shall be further adjusted based upon the number of shares, rights, options, warrants, evidences of indebtedness or assets actually distributed or based upon the number of Common Shares or convertible securities actually delivered upon the exercise of the rights, options or warrants, as the case may be, but subject to any other adjustment required hereunder by reason of any event arising after that record date;

- (e) if and whenever at any time from the date hereof and prior to the Deemed Exercise Time, there is a reclassification of the Common Shares or a change in the Common Shares into other shares or securities, or a capital reorganization of the Corporation other than as described in Section 4.1(b) or the triggering of a shareholders' rights plan or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a transfer, sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, any of such events being referred to as a "**Capital Reorganization**", every Special Warrantholder who has not exercised its right of acquisition, as at the effective date of such Capital Reorganization, is entitled to receive upon exercise in accordance with the terms and conditions hereof and shall accept, in lieu of the number of Underlying Securities obtainable under the Special Warrants to which it was previously entitled, the kind and number of Underlying Securities or other securities or property of the Corporation that the Special Warrantholder would have been entitled to receive on such Capital Reorganization, if, on the record date or the effective date thereof, as the case may be, the Special Warrantholder had been the registered holder of the number of Underlying Securities obtainable upon the exercise of Special Warrants then held, subject to adjustment thereafter in accordance with provisions of the same, as nearly as may be possible, as those contained in this Section 4.1. The Corporation shall not carry into effect any action requiring an adjustment pursuant to this Section 4.1(e) unless all necessary steps have been taken so that the Special Warrantholders are thereafter entitled to receive such kind and number of Underlying Securities, other securities or property. The Corporation will not enter into a Capital Reorganization unless its successor, or the purchasing body corporate, partnership, trust or other entity, as the case may be, prior to or contemporaneously with any such Capital Reorganization, enters into an

indenture which provides, 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 Special Warrantholders to the end that the provisions set forth in this Indenture are correspondingly made applicable, as nearly as may be reasonable, with respect to any shares, other securities or property to which a Special Warrantholder is entitled on the exercise of his acquisition rights thereafter. An indenture entered into by the Corporation pursuant to the provisions of this Section 4.1(e) is deemed a supplemental indenture entered into pursuant to the provisions of Article 7. An indenture entered into between the Corporation, any successor to the Corporation or any purchasing body corporate, partnership, trust or other entity and the Special Warrant Agent must provide for adjustments which are as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1 and which apply to successive Capital Reorganizations;

- (f) where this Section 4.1 requires that an adjustment becomes effective immediately after a record date or effective date, as the case may be, for an event referred to herein, the Corporation may defer, until the occurrence of that event, issuing to the Special Warrantholder exercising his acquisition rights after the record date or effective date, as the case may be and before the occurrence of that event the adjusted number of Underlying Securities, other securities or property issuable upon the exercise or deemed exercise of the Special Warrants by reason of the adjustment required by that event. If the Corporation relies on this Section 4.1(f) to defer issuing an adjusted number of Underlying Securities, other securities or property to a Special Warrantholder, the Special Warrantholder has the right to receive any distributions made on the adjusted number of Underlying Securities, other securities or property declared in favour of holders of record on and after the date of exercise or such later date as the Special Warrantholder would but for the provisions of this Section 4.1(f), have become the holder of record of the adjusted number of Underlying Securities, other securities or property;
- (g) the adjustments provided for in this Section 4.1 are cumulative. After any adjustment pursuant to this Section 4.1, the term "Underlying Securities" where used in this Indenture is interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, the Special Warrantholder is entitled to receive upon the exercise of his Special Warrant, and the number of Underlying Securities obtainable in any exercise made pursuant to a Special Warrant is interpreted to mean the number of Underlying Securities or other property or securities a Special Warrantholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, upon the full exercise of a Special Warrant;
- (h) notwithstanding anything in this Article 4, no adjustment shall be made in the acquisition rights attached to the Special Warrants if the issue of Common Shares is being made pursuant to any stock option or stock purchase plan in force from time to time for directors, officers, employees or consultants of the Corporation or of a Subsidiary of the Corporation;

- (i) in the event of a question arising with respect to the adjustments provided for in this Section 4.1, that question shall be conclusively determined by the Corporation's auditors who shall have access to all necessary records of the Corporation, and a determination by the Corporation's auditors is binding upon the Corporation, the Special Warrant Agent, all Special Warrantholders and all other persons interested therein; and
- (j) no adjustment in the number of Underlying Securities obtainable upon exercise of Special Warrants shall be made in respect of any event described in this Section 4.1, other than the events referred in clauses (i) and (ii) of Section (c) thereof, if the Special Warrantholders are entitled to participate in such event on the same terms, *mutatis mutandis*, as if the Special Warrantholders had exercised their Special Warrants prior to or upon the effective date or record date of such event.

4.2 Proceedings Prior to any Action Requiring Adjustment

As a condition precedent to the taking of any action which requires an adjustment in any of the acquisition rights pursuant to the Special Warrants, including the number of Underlying Securities obtainable upon the exercise or deemed exercise thereof, the Corporation shall take any corporate action which may in its opinion be necessary in order that the Corporation or any successor to the Corporation has reserved, allotted and set aside for issuance Common Shares in its authorized capital and may validly and legally issue as fully paid and non-assessable all the Underlying Securities and may validly and legally deliver all other securities or property which the Special Warrantholders are entitled to receive on the full exercise of the Special Warrants in accordance with the provisions hereof.

4.3 Certificate of Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment as provided in Section 4.1, deliver a notice to the Special Warrantholders and the Special Warrant Agent specifying the nature of the event requiring the adjustment, the amount of the adjustment necessitated thereby, and setting forth in reasonable detail the method of calculation and the facts upon which the calculation is based.

4.4 No Action After Notice

The Corporation covenants with the Special Warrant Agent that it will not close its transfer books or take any other corporate action which might deprive the Special Warrantholders of the opportunity of exercising the Special Warrants during the period of fourteen days after giving of the notice set forth in Sections 4.3 and 4.6 hereof.

4.5 Protection of Special Warrant Agent

The Special Warrant Agent:

- (a) is not at any time under any duty or responsibility to a Special Warrantholder to determine whether any facts exist which require any adjustment contemplated by

Section 4.1, 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) is not accountable with respect to the validity or value (or the kind or amount) of any shares or other securities or property which may at any time be issued or delivered upon the exercise of the rights attaching to any Special Warrant;
- (c) is not responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver certificates for the Underlying Securities upon the surrender of any Special Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in this Article 4; and
- (d) shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the agents or servants of the Corporation.

4.6 Notice of Special Matters

The Corporation covenants with the Special Warrant Agent that so long as any Special Warrants remain outstanding it will give seven days' prior written notice in the manner provided for in Article 9 to the Special Warrant Agent, each Special Warrantholder and to the Lead Agent of any event which requires an adjustment to the subscription rights attaching to any of the Special Warrants pursuant to this Article 4. The Corporation covenants and agrees that such notice shall contain the particulars of such event in reasonable detail and, if determinable, the required adjustment in the manner provided for in Article 9. The Corporation further covenants and agrees that it shall promptly, as soon as the adjustment calculations are reasonably determinable, file a certificate of the Corporation with the Special Warrant Agent showing how such adjustment shall be computed.

4.7 Other Action

In the event that the Corporation, after the date hereof, shall take any action affecting the Common Shares other than an action described in Section 4.1, which in the opinion of the directors of the Corporation would materially affect the rights of the Special Warrantholders, the number of Underlying Securities which may be acquired upon exercise of the Special Warrants shall be adjusted in such manner and at such time, by action of the directors, in their sole discretion, acting reasonably and in good faith, as they may determine to be equitable in the circumstances, provided that no such adjustment will be made unless prior approval of any stock exchange on which the Common Shares are listed for trading, if required by any such stock exchange, has been obtained.

5. EXERCISE AND CANCELLATION OF SPECIAL WARRANTS

5.1 Notice of Deemed Exercise to Special Warrantholders

Upon receipt of notice from the Corporation in accordance with Section 3.7, the Special Warrant Agent shall give written notice, in the form set forth as Schedule B hereto, to each

Special Warrantholder concurrently with delivery of the certificates or other evidence of ownership representing the Underlying Securities in accordance with Section 5.3, which notice will include a statement that any Special Warrants not exercised prior to the Deemed Exercise Time will be deemed to be exercised pursuant to Section 5.3.

5.2 Voluntary Exercise of Special Warrants

- (a) Each Special Warrant may be exercised by the holder thereof at any time on or after the Closing Date, but not after the Deemed Exercise Date, upon the terms and subject to the conditions set forth herein.
- (b) Subject to and upon compliance with the provisions of this Section 5.2, the holder of any Special Warrant Certificate may exercise the right therein provided for, prior to the Deemed Exercise Time, by surrendering the Special Warrant Certificate to the Special Warrant Agent at its principal transfer office in the City of Toronto, Ontario or at such additional place or places as may be designated by the Corporation from time to time with the approval of the Special Warrant Agent during normal business hours on a Business Day at that place before the Deemed Exercise Date, together with the exercise form(s) in the form attached as Appendix 1 to the Special Warrant Certificate(s) in accordance with the instructions attached as Appendix 4 to the Special Warrant Certificate duly completed and executed by the holder for the number of Underlying Securities which the holder desires to acquire, and subject to compliance with such requirements as the Special Warrant Agent may reasonably impose to permit the tracking of such exercises from time to time. Surrender of a Special Warrant Certificate with the exercise form(s) duly completed will be deemed to have been effected, and Special Warrants shall be deemed to have been exercised, only on personal delivery thereof to, or if sent by mail or other means of transmission on actual receipt thereof by, the Special Warrant Agent at one of the offices specified in this subsection 5.2(b).
- (c) Voluntary exercise, at a time when the Corporation has not received the Final Passport System Decision Document for the Prospectus or the Corporation has received the Final Passport System Decision Document but the Prospectus has not been delivered to the Special Warrantholder, is subject to compliance with and may be restricted by the securities laws of the Designated Provinces and the United States and applicable states thereof and is further subject to the Special Warrantholders providing such assurances and executing such documents as may, in the reasonable opinion of the Corporation, be required to ensure compliance with applicable securities legislation. If, at the time of the voluntary exercise of the Special Warrants pursuant to this Section 5.2(c), there remain restrictions on resale under applicable securities legislation on the Common Shares so acquired, the Corporation may, if required on the advice of its Counsel, include a legend on the certificates representing the Common Shares with respect to those restrictions.
- (d) Every exercise form delivered prior to the Deemed Exercise Date shall be signed by the holder of a Special Warrant Certificate who desires to exercise in whole or in part the right of acquisition therein provided for; shall specify the number of

Underlying Securities that such holder wishes to acquire (being not more than the holder is entitled to acquire under the applicable Special Warrant Certificate), the person or persons in whose name or names the Underlying Securities which such holder desires to acquire are to be issued and his or their address or addresses and the number of Underlying Securities to be issued to each such person, and if more than one is so specified, the form shall have one of the boxes in the exercise form checked; and shall be substantially in the form set out in the Special Warrant Certificate.

- (e) Subject to and upon compliance with the terms of this Section 5.2, a beneficial holder of Uncertificated Special Warrants evidenced by a security entitlement in respect of Special Warrants in the book entry registration system may exercise the right of acquisition by causing a Book Entry Participant to deliver to the Depository on behalf of the entitlement holder, notice of the owner's intention to exercise the Special Warrants in a manner acceptable to the Depository. Forthwith upon receipt by the Depository of such notice, the Depository shall deliver to the Special Warrant Agent a Book Entry Exercise Confirmation in a manner acceptable to the Special Warrant Agent, including by electronic means through the book entry registration system, including CDSX. An electronic exercise of the Special Warrants initiated by the Book Entry Participant through a book based registration system, including CDSX, shall constitute a representation to both the Corporation and the Special Warrant Agent that the beneficial owner, at the time of exercise of such Special Warrants, (i) is not in the United States; (ii) is not a U.S. Person and is not exercising the Special Warrants on behalf of or for the account or benefit of a U.S. Person or person in the United States; and (iii) did not execute or deliver the exercise form in the United States. If the Book Entry Participant is not able to make or deliver the foregoing representation by initiating the electronic exercise of the Special Warrants, then such Special Warrants shall be withdrawn from the book based registration system, including CDSX, by the Book Entry Participant and an individually registered Special Warrant Certificate shall be issued by the Special Warrant Agent to such beneficial owner or Book Entry Participant and the exercise procedures set forth in Section 5.2(b) shall be followed.
- (f) A notice in form acceptable to the Book Entry Participant from such beneficial holder should be provided to the Book Entry Participant sufficiently in advance so as to permit the Book Entry Participant to deliver notice to the Depository and for the Depository in turn to deliver notice to the Special Warrant Agent prior to the Deemed Exercise Date. The Depository will initiate the exercise by way of the Book Entry Exercise Confirmation and the Special Warrant Agent will execute the exercise by issuing to the Depository through the book entry registration system the Underlying Securities to which the exercising Special Warrantholder is entitled pursuant to the exercise. Any expense associated with the exercise process will be for the account of the entitlement holder exercising the Special Warrants and/or the Book Entry Participant exercising the Special Warrants on its behalf.

- (g) By causing a Book Entry Participant to deliver notice to the Depository, a Special Warrantholder shall be deemed to have irrevocably surrendered his Special Warrants so exercised and appointed such Book Entry Participant to act as his exclusive settlement agent with respect to the exercise and the receipt of Underlying Securities in connection with the obligations arising from such exercise.
- (h) 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 Book Entry Participant to exercise or to give effect to the settlement thereof in accordance with the Special Warrantholder's instructions will not give rise to any obligations or liability on the part of the Corporation or Special Warrant Agent to the Book Entry Participant or the Special Warrantholder.
- (i) Any exercise form or other Transaction Instruction referred to in this Section 5.2 shall be signed by the Special Warrantholder, or his executors or administrators or other legal representatives or an attorney of the Special Warrantholder, duly appointed by an instrument in writing satisfactory to the Special Warrant Agent.
- (j) Any exercise referred to in this Section 5.2 shall require that the original exercise form or other Transaction Instruction executed by the Special Warrantholder or the Depository must be received by the Special Warrant Agent prior to the Deemed Exercise Date, as applicable.
- (k) If the form of exercise notice set forth in the Special Warrant Certificate shall have been amended, the Corporation shall cause the amended exercise notice to be forwarded to all Special Warrantholders.
- (l) Exercise notices, Transaction Instructions and Book Entry Exercise Confirmations must be delivered to the Special Warrant Agent at any time during the Special Warrant Agent's actual business hours on any Business Day prior to the Deemed Exercise Date. Any exercise notice, Transaction Instruction or Book Entry Exercise Confirmation received by the Special Warrant Agent after business hours on any Business Day other than the Deemed Exercise Date will be deemed to have been received by the Special Warrant Agent on the next following Business Day.
- (m) Any Special Warrant with respect to which a Transaction Instruction or Book Entry Exercise Confirmation is not received by the Special Warrant Agent before the Deemed Exercise Time on the Deemed Exercise Date shall be deemed to have expired and become void and all rights with respect to such Special Warrants shall terminate and be cancelled except for the right to receive an Underlying Security in accordance with Section 5.3 of this Indenture.
- (n) Within three Business Days after the date of exercise of a Special Warrant, the Special Warrant Agent shall cause to be delivered or mailed to the person or

persons in whose name or names the Special Warrant is registered or to such address as the Corporation or Special Warrantholder may specify in writing to the Special Warrant Agent prior to the exercise of a Special Warrant or, if so specified in writing by the registered holder, cause to be delivered to such person or persons a certificate or certificates for the appropriate number of Underlying Securities subscribed for, or any other appropriate evidence of the issuance of Underlying Securities to such person or persons in respect of Common Shares and Warrants issued under the book entry registration system.

- (o) If any Underlying Securities subscribed for are to be issued to a person or persons other than the Special Warrantholder, the Special Warrantholder must pay to the Corporation or to the Special Warrant Agent on his behalf an amount equal to all applicable transfer taxes or other government charges, and the Corporation will not be required to issue or deliver any certificates evidencing any Underlying Securities unless or until that amount has been so paid or the Special Warrantholder has established to the satisfaction of the Corporation that the taxes and charges have been paid or that no taxes or charges are owing.

The exercise form attached to the Special Warrant Certificate shall not be deemed to be duly completed if the name and mailing address of the Special Warrantholder do not appear legibly on such exercise form and such exercise form is not signed by the Special Warrantholder, his executor, administrator or other legal representative of such holder's attorney duly appointed.

5.3 Deemed Exercise of Special Warrants

All Special Warrants not exercised by the Special Warrantholders pursuant to Section 5.2 prior to the Deemed Exercise Time will be deemed to have been exercised immediately prior to the Deemed Exercise Time and surrendered by the Special Warrantholders without any further action on the part of the Special Warrantholders. In that event, the Special Warrant Agent shall, (i) in respect of the CDS Global Special Warrants immediately deliver in uncertificated form to the Depository through the book entry registration system, the Underlying Securities issued upon deemed exercise of the Special Warrants; and (ii) in respect of the Special Warrant Certificates, mail within three Business Days in certified form, the Underlying Securities issued upon deemed exercise of the Special Warrants, registered in the name of the Special Warrantholders, to the addresses of the Special Warrantholders as specified in the register for the Special Warrants or to such address as the Corporation or Special Warrantholder may specify in writing to the Special Warrant Agent prior to the Deemed Exercise Time.

5.4 Effect of Exercise of Special Warrants

- (a) Subject to subsection 5.4(b), upon exercise or deemed exercise of a Special Warrant, the Corporation shall cause to be issued to (i) in respect of Special Warrants that are not CDS Global Special Warrants, the person or persons in whose name or names the Underlying Securities so subscribed for are to be issued as specified in the exercise form, in the case of voluntary exercise, or the subscription agreement, in the case of deemed exercise, or (ii) in respect of CDS Global Special Warrants, the Depository, the number of Underlying Securities to be issued to such person or persons and such person or persons shall become a

shareholder or shareholders of the Corporation in respect of the Underlying Shares with effect from the date on which the Special Warrant is exercised and shall be entitled to delivery of certificates evidencing the Underlying Securities. The Corporation shall cause the certificates, or in the case of Underlying Securities issued under the book entry registration system, any other appropriate evidence of the issuance of Underlying Securities to be mailed by insured mail or delivered as specified to such person or persons (or, if applicable, the trustee under the registered retirement savings plan or other similar plans which holds the Underlying Securities) at the address or addresses specified in the exercise form or subscription agreement, as the case may be, within three Business Days of the date on which the Special Warrant is exercised or deemed to be exercised.

- (b) Notwithstanding any provision herein contained to the contrary, the Corporation shall not be required to deliver certificates for Underlying Securities in any period while the share transfer registers of the Corporation are closed and, in the event of the exercise of any Special Warrant during any such period, the Underlying Securities subscribed for shall be issued and such person shall be deemed to have become the holder of record of such Underlying Securities on the date on which such share transfer registered are reopened.
- (c) Upon any exercise or deemed exercise of the Special Warrants and issuance of Underlying Securities, the registered holder of the Underlying Securities so issued is deemed to have received the notice provided in Schedule B hereof.

5.5 Partial Exercise

Any Special Warrantholder may acquire a number of Underlying Securities less than the number of Underlying Securities which the holder is entitled to acquire pursuant to the surrendered Special Warrant Certificate(s). In the event of any exercise of a number of Special Warrants less than the number which the holder is entitled to exercise pursuant to the surrendered Special Warrant Certificates, the Special Warrantholder upon such exercise shall, in addition to the number of Underlying Securities acquired pursuant to the Special Warrants exercised, be entitled to receive, without charge therefor, a new Special Warrant Certificate(s) in respect of the balance of the Special Warrants represented by the surrendered Special Warrant Certificate(s) and which were not then exercised.

5.6 Special Warrants Void After Exercise Time

After the exercise or deemed exercise of a Special Warrant, the holder of a Special Warrant Certificate representing the Special Warrant so exercised no longer has any rights either under this Indenture or the Special Warrant Certificate, other than the right to receive certificates or other evidence of ownership as provided herein representing the Underlying Securities and the Special Warrant is void and of no value or effect.

5.7 Fractions of Underlying Securities

- (a) Where a Special Warrantholder is entitled to receive, as a result of the adjustments provided for in Section 4.1 or otherwise, on the exercise or partial

exercise of his Special Warrants a fraction of an Underlying Security, such right may only be exercised in respect of such fraction in combination with another Special Warrant or other Special Warrants which in the aggregate entitle the Special Warrantholder to receive a whole number of Underlying Securities, and

- (b) if a Special Warrantholder is not able to, or elects not to, combine Special Warrants so as to be entitled to acquire a whole number of Underlying Securities, the Special Warrantholder may not exercise the right to acquire a fractional Underlying Security, and, as a result, has the right to acquire only that number of Underlying Securities equal to the next lowest whole number of Underlying Securities and no cash will be paid in lieu of any fractional Underlying Security.

5.8 Accounting and Recording

The Special Warrant Agent shall promptly notify the Corporation with respect to Special Warrants exercised. The Special Warrant Agent shall record the particulars of the Special Warrants exercised which include the name or names and addresses of the persons who become holders of Underlying Securities upon exercise or deemed exercise pursuant to this Article 5 and the number of Underlying Securities issued. Within three Business Days of the exercise or deemed exercise of each Special Warrant, the Special Warrant Agent shall provide those particulars in writing to the Corporation.

5.9 Legending of Special Warrant Certificates and Underlying Securities

All Special Warrant Certificates and all certificates issued in exchange therefor or in substitution thereof prior to the earlier of the Qualifying Date and the date which is four months and one day following the Closing Date (and all certificates issued in exchange therefor or in substitution thereof, as applicable) will have the following legend endorsed thereon, together with such other legends as may be reasonably required in the opinion of the Corporation's Counsel:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY SHALL NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS FOUR MONTHS AND ONE DAY FOLLOWING THE CLOSING DATE], 2017.”

And, if applicable, the additional legend:

“WITHOUT PRIOR APPROVAL OF THE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE AND THE SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [INSERT DATE THAT IS FOUR MONTHS AND ONE DAY FOLLOWING THE CLOSING DATE], 2017.”

provided that if, at any time, in the opinion of the Corporation's Counsel, such legends are no longer necessary or advisable under any applicable securities laws, or the holder of any such legended certificate, at the holder's expense, provides the Corporation with evidence satisfactory in form and substance to the Corporation (which may include an opinion of Counsel satisfactory to the Corporation and the Special Warrant Agent) to the effect that such legends are not required, such legended certificate may thereafter be surrendered to the Corporation in exchange for a certificate which does not bear such legend.

5.10 Securities Restrictions

Notwithstanding anything herein contained, in the event that the Special Warrants are exercised pursuant to and in accordance with the provisions of Section 5.2 prior to the Qualifying Date, the certificates representing the Underlying Securities thereby issued will bear the legend set forth in Section 0 and such legends as may, in the opinion of Counsel to the Corporation, acting reasonably, be necessary in order to avoid a violation of any applicable securities laws or to comply with the requirements of any stock exchange on which the Common Shares are listed, provided that, if at any time, in the opinion of Counsel to the Corporation, such legends are no longer necessary in order to avoid violation of such laws, or the holder of any such legended certificates representing the Underlying Securities at the holder's expense, provides the Corporation and the registrar and transfer agent of the Common Shares and Underlying Warrants with evidence satisfactory in form and substance to the Corporation and the registrar and transfer agent of the Common Shares and Underlying Warrants (which may include an opinion of Counsel satisfactory to the Corporation and the registrar and transfer agent of the Common Shares and Underlying Warrants) to the effect that such holder is entitled to sell or otherwise transfer such Underlying Securities in a transaction in which such legends are not required, such legended certificates representing Underlying Securities may thereafter be surrendered to the Special Warrant Agent in exchange for certificates which does not bear such legend.

6. MEETINGS OF SPECIAL WARRANTHOLDERS

6.1 Definitions

In this Article 6 or otherwise in this Indenture:

- (a) **"Adjourned Meeting"** means a meeting adjourned in accordance with Section 6.8; and
- (b) **"Meeting"** means a meeting of the Special Warrantholders in respect of any resolution.

6.2 Convening Meetings

The Special Warrant Agent or the Corporation may convene a Meeting at any time at the expense of the Corporation.

6.3 Place of Meeting

Every Meeting must be held in Vancouver, British Columbia or at such other place that the Special Warrant Agent and Corporation approve, at a location specified by the Corporation.

6.4 Notice

The Special Warrant Agent or the Corporation, as the case may be, shall give written notice of each Meeting to each Special Warrantholder, the Special Warrant Agent (unless the Meeting has been called by the Special Warrant Agent) and the Corporation (unless the Meeting has been called by the Corporation) in the manner specified in Article 9 at least ten days before the date of the Meeting. The Special Warrant Agent shall give written notice of each Adjourned Meeting to each Special Warrantholder in the manner specified in Article 9 at least seven days before the date of the Adjourned Meeting. The notice for a Meeting must state the time and place of the Meeting and, generally, the reason for the Meeting and the business to be transacted at the Meeting, together with such additional information as may be required to sufficiently inform the Special Warrantholders regarding the business to be transacted at the Meeting. The notice for an Adjourned Meeting must state the time and place of the Adjourned Meeting but need not specify the business to be transacted at an Adjourned Meeting. The accidental omission by the Special Warrant Agent or the Corporation, as the case may be, to give notice of a Meeting or an Adjourned Meeting to a Special Warrantholder does not invalidate a resolution passed at a Meeting or Adjourned Meeting.

6.5 Persons Entitled to Attend

The Corporation and the Special Warrant Agent shall, each by its authorized representatives, attend every Meeting and Adjourned Meeting but neither the Corporation nor the Special Warrant Agent has the right to vote unless they are acting in their capacity as a Special Warrantholder or a proxy for a Special Warrantholder. The legal advisors of the Corporation, the Special Warrant Agent, and any Special Warrantholders, respectively, may also attend a Meeting or Adjourned Meeting but do not have the right to vote unless they are acting in their capacity as a Special Warrantholder or a proxy for a Special Warrantholder.

6.6 Quorum

A quorum for a Meeting shall consist of two or more persons present in person and owning or representing by proxy, not less than 10% of the aggregate number of the then outstanding Special Warrants.

6.7 Chair

The Special Warrant Agent shall nominate a natural person as the chair of a Meeting or Adjourned Meeting. If the person so nominated is not present within fifteen minutes after the time set for holding the Meeting or Adjourned Meeting, the Special Warrantholders and proxies for Special Warrantholders present shall choose one of their number to be chairman. The chairman may vote any Special Warrants for which he is the registered holder.

6.8 Power to Adjourn

The chair of any Meeting at which a quorum of the Special Warrantholders is present may, with the consent of the Meeting, adjourn any such meeting. Notice of such adjournment will be given in accordance with Section 6.4 with such other requirements, if any, as the Meeting may prescribe.

6.9 Adjourned Meeting

If a quorum of the Special Warrantholders shall not be present within thirty minutes from the time fixed for holding any Meeting, 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) at a place determined in accordance with Section 6.3, and at a time specified by the chairman and no notice of the adjournment need be given. Any business may be brought before or dealt with at an Adjourned Meeting which might have been dealt with at the original Meeting in accordance with the notice calling the same. No business shall be transacted at any Meeting unless a quorum is present at the commencement of the Meeting. At the Adjourned Meeting, the Special Warrantholders present in person or by proxy shall form a quorum and may transact the business for which the Meeting was originally convened, notwithstanding that they may not consist of two or more persons present in person and owning or representing by proxy at least 10% of the aggregate number of the then outstanding Special Warrants.

6.10 Show of Hands

Subject to a poll and except as otherwise required herein, every question submitted to a Meeting or Adjourned Meeting shall be decided, in the first instance, by the majority of votes in a show of hands. If the vote is tied, the chairman does not have a casting vote and the motion will not be carried. On a show of hands, each Special Warrantholder present in person or represented by proxy and entitled to vote is entitled to one vote for every Special Warrant then outstanding of which such Special Warrantholder is the registered owner.

6.11 Regulations

Subject to the provisions of this Indenture, the Special Warrant Agent, or the Corporation with the approval of the Special Warrant Agent, may from time to time make and, thereafter, vary regulations not contrary to the provisions of this Indenture as it deems fit providing for and governing the following:

- (a) setting a record date for a Meeting for determining Special Warrantholders entitled to receive notice of and vote at a Meeting;
- (b) voting by proxy, the manner in which a proxy instrument must be executed, and the production of the authority of any person signing an instrument of a proxy on behalf of a Special Warrantholder;

- (c) lodging and the means of forwarding the instruments appointing proxies, and the time before a Meeting or Adjourned Meeting by which an instrument appointing a proxy must be deposited;
- (d) the form of the instrument of proxy; and
- (e) any other matter relating to the conduct of a meeting of Special Warrantholders.

A regulation so made is binding and effective and votes given in accordance with such a regulation are valid. The Special Warrant Agent may permit Special Warrantholders to make proof of ownership in the manner the Special Warrant Agent approves.

6.12 Minutes of Meetings

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

6.13 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Special Warrantholders at a meeting held as provided in this Article 6 may also be taken and exercised by Special Warrantholders holding not less than 75% of the aggregate number of all of the then outstanding Special Warrants by an instrument in writing signed in one or more counterparts by such Special Warrantholders in person or by attorney duly appointed in writing, and the expression “**Extraordinary Resolution**” when used in this Special Warrant Indenture shall include an instrument so signed.

6.14 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 6 at a meeting of Special Warrantholders shall be binding upon all the Special Warrantholders, whether present at or absent from such meeting, and every instrument in writing signed by Special Warrantholders in accordance with Section 6.13 shall be binding upon all the Special Warrantholders, whether signatories thereto or not, and each and every Special Warrantholders and the Special Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

6.15 Holdings by Corporation Disregarded

In determining whether Special Warrantholders holding Special Warrants evidencing the entitlement to acquire the required number of Common Shares are present at a meeting of Special Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, Extraordinary Resolution, Special Warrantholders' Request or other action under this Indenture, Special Warrantholders owned legally or beneficially by the Corporation shall be disregarded in accordance with the provisions of Section 11.1.

7. SUPPLEMENTAL INDENTURES, MERGER, SUCCESSORS

7.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Corporation shall, when authorized by the directors of the Corporation, and the Special Warrant Agent, may, subject to the provisions of this Indenture, execute and deliver by their proper officers, deeds, indentures or instruments supplemental hereto, which thereafter form part hereof for any one or more or all of the following purposes:

- (a) adding to the provisions hereof such additional covenants, enforcement provisions, and release provisions (if any) as in the opinion of Counsel acceptable to the Corporation and the Special Warrant Agent are necessary or advisable, provided the same are not, in the opinion of Counsel to the Special Warrant Agent prejudicial to the interests of the Special Warrantholders;
- (b) evidencing any succession (or successive successions), of other companies to the Corporation and the covenants of, and obligations assumed by, such successor (or successors) in accordance with the provisions of this Indenture;
- (c) setting forth any adjustments resulting from the application of the provisions of Article 4;
- (d) making such provisions not inconsistent with this Indenture as may be deemed necessary or desirable with respect to matters or questions arising hereunder, provided that such provisions are not, in the opinion of Counsel to the Special Warrant Agent, prejudicial to the interests of the Special Warrantholders;
- (e) to rectify any ambiguity, defective provision, clerical omission or mistake or manifest or other error contained herein or in any deed or indenture supplemental or ancillary hereto provided that, in the opinion of the Counsel to the Special Warrant Agent, the rights of the Special Warrantholders are not prejudiced thereby;
- (f) adding to or altering the provisions hereof in respect of the transfer of Special Warrants, making provision for the exchange of Special Warrant Certificates of different denominations, and making any modification in the form of the Special Warrant Certificate which does not affect the substance thereof;

- (g) for any other purpose not inconsistent with the provisions of this Indenture, provided that, in the opinion of Counsel to the Special Warrant Agent, the rights of the Special Warrantholders are in no way prejudiced thereby; or
- (h) providing for the issuance of additional Special Warrants hereunder and any consequential amendments hereto as may be required by the Special Warrant Agent relying on the advice of Counsel.

7.2 Corporation May Consolidate, etc. on Certain Terms

Subject to Sections 3.14 and 4.1(e), nothing in this Indenture prevents any consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate or bodies corporate, or a conveyance or transfer of all or substantially all of the properties and assets of the Corporation as an entirety to any body corporate lawfully entitled to acquire and operate the same, provided, however, that the body corporate formed by such consolidation, amalgamation, arrangement or into which such merger has been made, or which has acquired by conveyance or transfer all or substantially all of the properties and assets of the Corporation as an entirety in circumstances resulting in the Special Warrantholders being entitled to receive property from or securities of such body corporate, shall execute prior to or contemporaneously with such consolidation, amalgamation, arrangement, merger, conveyance or transfer, an indenture supplemental hereto wherein the due and punctual performance and observance of all the covenants and conditions of this Indenture to be performed or observed by the Corporation are assumed by the successor body corporate. The Special Warrant Agent is entitled to receive and is fully protected in relying upon an opinion of Counsel that any such consolidation, amalgamation, arrangement, merger, conveyance or transfer, and a supplemental indenture executed in connection therewith, complies with the provisions of this Section 7.2.

7.3 Successor Body Corporate Substituted

Where the Corporation, pursuant to Section 7.2 hereof, is consolidated, amalgamated, arranged or merged with or into any other body corporate or bodies corporate or conveys or transfers all or substantially all of the properties and assets of the Corporation as an entirety to another body corporate, the successor body corporate formed by such consolidation, amalgamation, arrangement or into which the Corporation has been merged or which has received a conveyance or transfer as aforesaid succeeds to and is substituted for the Corporation hereunder with the same effect as nearly as may be possible as if it had been named herein. Such changes may be made in the Special Warrants as may be appropriate in view of such consolidation, amalgamation, arrangement, merger, conveyance or transfer.

8. CONCERNING THE SPECIAL WARRANT AGENT

8.1 Duties of Special Warrant Agent

By way of supplement to the provisions of any statute for the time being relating to special warrant agents, and notwithstanding any other provision of this Indenture, in the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Special Warrant Agent shall act honestly and in good faith and shall exercise that degree of care, diligence and skill that a reasonably prudent special warrant agent would exercise in comparable

circumstances. No provision of this Indenture shall be construed to relieve the Special Warrant Agent from, or require any other person to indemnify the Special Warrant Agent against any liability for its own gross negligence, wilful misconduct or fraud.

8.2 Action by Special Warrant Agent

The Special Warrant Agent is not obligated to do any act or thing except where required by this Indenture and, in the case of a default, only when it has actual notice thereof.

8.3 Certificate of the Corporation

If in the administration of the trusts of this Indenture, the Special Warrant Agent deems it necessary or desirable that any matter be proved or established by the Corporation, prior to taking or suffering any action hereunder, the Special Warrant Agent may accept and rely on a certificate of the Corporation as conclusive evidence of the truth of any fact relating to the Corporation or its assets therein stated and proof of the regularity of any proceedings or actions associated therewith, but the Special Warrant Agent may, acting reasonably, require further evidence or information before acting or relying on any such certificate.

8.4 Special Warrant Agent May Employ Experts

The Special Warrant Agent may, at the Corporation's expense, employ or retain such lawyers, accountants, appraisers or other experts, advisers or agents as it may reasonably require for the purpose of discharging its duties hereunder and may pay reasonable remuneration for such services rendered to it but it is not responsible for any misconduct, mistake or error of judgment on the part of any of them. The Corporation shall reimburse the Special Warrant Agent for the disbursements, costs and expenses made or incurred by the Special Warrant Agent in the discharge of such duties and in the management of the trusts hereunder. The Special Warrant Agent may rely upon and act upon the opinion or advice of, or information obtained from, any such lawyer, accountant, appraiser or other expert, adviser or agent in relation to any matter arising in the administration of the trusts hereof. The Special Warrant Agent shall not incur any liability for the acts or omissions of such lawyers, accountants, appraisers or other experts, advisers or agents employed by the Special Warrant Agent in good faith.

8.5 Resignation and Replacement of Special Warrant Agent

- (a) The Special Warrant Agent may resign its trust and be discharged from all further obligations hereunder by giving to the Corporation and the Special Warrantholders written notice of at least sixty days or such shorter time period if acceptable to the Special Warrant Agent, the Corporation and the Special Warrantholders, before the effective date of the resignation. The Special Warrantholders by Extraordinary Resolution shall have power at any time to remove the existing Special Warrant Agent and to appoint a new special warrant agent. In the event of the Special Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new special warrant agent unless a new special warrant agent has already been appointed by the Special Warrantholders; failing such

appointment by the Corporation, the retiring Special Warrant Agent or any Special Warrantholder may apply to a court of the Province of British Columbia (the “**Court**”) on such notice as the Court may direct, for the appointment of a new special warrant agent; but any new special warrant agent so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Special Warrantholders. Any new special warrant agent appointed under this Section 8.5 shall be an entity authorized to carry on the business of a trust company in the Province of British Columbia and, if required by the Applicable Legislation for any other provinces, in such other provinces. On any such appointment the new special warrant agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Special Warrant Agent hereunder.

- (b) Upon the appointment of a successor special warrant agent, the Corporation shall promptly notify the Special Warrantholders thereof in the manner provided for in Section 9.2.
- (c) Any Special Warrant Certificates Authenticated but not delivered by a predecessor Special Warrant Agent may be Authenticated by the successor Special Warrant Agent in the name of the predecessor or successor Special Warrant Agent.
- (d) Any corporation into which the Special Warrant Agent may be merged or consolidated or amalgamated, or to which all or substantially all of its corporate trust business is sold or otherwise transferred or any corporation resulting therefrom to which the Special Warrant Agent shall be a party, or any corporation succeeding to the business of the Special Warrant Agent shall be the successor to the Special Warrant Agent hereunder without any further act on its part or any of the parties hereto, provided that such corporation would be eligible for appointment as successor Special Warrant Agent.

8.6 Indenture Legislation

The Corporation and the Special Warrant Agent agree that each shall at all times in relation to this Indenture and to any action to be taken hereunder, observe and comply with and be entitled to the benefits of all Applicable Legislation. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with any mandatory requirement of Applicable Legislation, such mandatory requirement prevails.

8.7 Notice

The Special Warrant Agent is not required to give notice to third parties, including the Special Warrantholders, of the execution of this Indenture.

8.8 Use of Proceeds

The Special Warrant Agent is in no way responsible for the use by the Corporation of the proceeds of the issue hereunder.

8.9 No Inquiries

In the exercise of any right or duty hereunder the Special Warrant Agent, if it is acting in good faith, may act and rely, as to the truth of any statement or the accuracy of any opinion expressed therein, on any statutory declaration, opinion, report, certificate or other evidence furnished to the Special Warrant Agent pursuant to a provision hereof or of Applicable Legislation or pursuant to a request of the Special Warrant Agent, if such evidence complies with Applicable Legislation and the Special Warrant Agent examines such evidence and determines that it complies with the applicable requirements of this Indenture. The Special Warrant Agent may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. The Special Warrant Agent is not bound to make any inquiry or investigation as to the performance by the Corporation of the Corporation's covenants hereunder.

8.10 Actions by Special Warrant Agent to Protect Interest

The Special Warrant Agent shall have the power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Special Warrantholders.

8.11 Special Warrant Agent Not Required to Give Security

The Special Warrant Agent is not required to give any bonds or security with respect to the execution or administration of the trusts and powers of this Indenture.

8.12 No Conflict of Interest

The Special Warrant Agent represents to the best of its knowledge to the Corporation that, at the date of execution and delivery by it of this Indenture, there exists no material conflict of interest in the role of the Special Warrant Agent as a fiduciary hereunder but if, notwithstanding the provisions of this Section 8.12, such a material conflict of interest exists, the validity and enforceability of this Indenture and the instruments issued hereunder is not affected in any manner whatsoever by reason only that such material conflict of interest exists or arises. The Special Warrant Agent shall, within thirty 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 8.5.

8.13 Special Warrant Agent Not Ordinarily Bound

No provision of this Indenture shall require the Special Warrant Agent (and its officers, directors, employees and agents) to expend or risk its (or their) 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 it is (or they are) so indemnified and funded. The obligation of the Special Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Special Warrantholders hereunder, is conditional upon Special Warrantholders furnishing, when required in writing to do so by the Special Warrant Agent, an indemnity reasonably satisfactory to the Special Warrant Agent, and funds sufficient for commencing or continuing the act, action or proceeding and an indemnity reasonably

satisfactory to the Special Warrant Agent to protect and hold harmless the Special Warrant Agent against any loss, damage or liability by reason thereof.

8.14 Special Warrant Agent May Deal in Instruments

The Special Warrant Agent may in its personal or other capacity, buy, sell, lend upon and deal in and hold securities of the Corporation and generally contract and enter into financial transactions with the Corporation or otherwise, without being liable to account for any profits made thereby.

8.15 Recitals or Statements of Fact Made by Corporation

Except for the representations contained in Sections 8.12 and 8.19 and subject to the provisions hereof, the Special Warrant Agent is not liable for or by reason of any of the statements of fact or recitals contained in this Indenture or in the Special Warrant Certificates and is not required to verify the same but all such statements and recitals are and are deemed to have been made by the Corporation only.

8.16 Special Warrant Agent's Discretion Absolute

The Special Warrant Agent, except as herein otherwise provided, has, as regards all the trusts, powers, authorities and discretions vested in it, absolute and uncontrolled discretion as to the exercise thereof, whether in relation to the manner or as to the mode and time for the exercise thereof.

8.17 No Representations as to Validity

The Special Warrant Agent is not:

- (a) under any responsibility in respect of the validity of this Indenture or the execution and delivery thereof or (subject to Sections 2.4(a) and 2.8 hereof) in respect of the validity or the execution of any Special Warrant Certificate;
- (b) responsible for any breach by the Corporation of any covenant or condition contained in this Indenture or in any Special Warrant Certificate; or
- (c) by any act hereunder, deemed to make any representation or warranty as to the authorization or reservation of any securities to be issued as provided in this Indenture or in any Special Warrant Certificate or as to whether any securities will when issued be duly authorized or be validly issued and fully paid and non-assessable. The duty and responsibility as to all the matters and things referred to in this Section 8.17 rests upon the Corporation and not upon the Special Warrant Agent and the failure of the Corporation to discharge any such duty and responsibility does not in any way render the Special Warrant Agent liable or place upon it any duty or responsibility for breach of which it would be liable.

8.18 Acceptance of Trusts

The Special Warrant Agent hereby accepts the trusts of this Indenture and agrees to perform the same upon the terms and conditions herein set forth or referred to unless and until discharged therefrom by resignation or in some other lawful way.

8.19 Special Warrant Agent's Authority to Carry on Business

The Special Warrant Agent represents to the Corporation that at the date hereof it is authorized to carry on the business of a trust company in British Columbia. If, notwithstanding the provisions of this Section 8.19, it ceases to be authorized to carry on such business in British Columbia, the validity and enforceability of this Indenture and of the Special Warrants issued hereunder will not be affected in any manner whatsoever by reason only of such event, provided that the Special Warrant Agent shall, within thirty days after ceasing to be authorized to carry on such business in British Columbia, either become so authorized or resign in the manner and with the effect specified in Section 8.5.

8.20 Indemnification of Special Warrant Agent

Without limiting any protection of indemnity of the Special Warrant Agent under any other provision hereof, or otherwise at law, the Corporation hereby indemnifies and agrees to hold harmless the Special Warrant Agent, its affiliates, their officers, directors, employees, agents, successors and assigns (the "**Indemnified Parties**") from and against any and all liabilities whatsoever, losses, damages, penalties, claims, demands, actions, suits, proceedings, costs, charges, assessments, judgments, expenses and disbursements, including reasonable legal fees and disbursements of whatever kind and nature which may at any time be imposed on or incurred by or asserted against the Indemnified Parties, or any of them, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Indemnified Parties' duties, or any other services that Special Warrant Agent may provide in connection with or in any way relating to this Indenture. The Corporation agrees that its liability hereunder shall be absolute and unconditional regardless of the correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without prior demand or any other precedent action or proceeding; provided that the Corporation shall not be required to indemnify the Indemnified Parties in the event of the gross negligence or wilful misconduct of the Special Warrant Agent, and this provision shall survive the resignation or removal of the Special Warrant Agent or the termination or discharge of this Indenture. Notwithstanding the foregoing or any other provision of this Indenture, any liability of the Special Warrant Agent shall be limited, in the aggregate, to the amount of annual retainer fees paid by the Corporation to the Special Warrant Agent under this Indenture in the twelve (12) months immediately prior to the Special Warrant Agent receiving the first notice of the claim. Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Special Warrant Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

8.21 Performance of Covenants by Special Warrant Agent

If the Corporation fails to perform any of its covenants contained in this Indenture, then the Corporation will notify the Special Warrant Agent in writing of such failure and upon receipt by the Special Warrant Agent of such notice, the Special Warrant Agent will notify the Special Warrantholders of such failure on the part of the Corporation and may itself perform any of the said covenants capable of being performed by it, but shall be under no obligation to perform said covenants or to notify the Special Warrantholders of such performance by it. All sums expended or disbursed by the Special Warrant Agent in so doing shall be reimbursed as provided in Section 3.12. No such performance, expenditure or disbursement by the Special Warrant Agent shall be deemed to relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

8.22 Third Party Interests

Each party to this Indenture hereby represents to the Special Warrant Agent that any account to be opened by, or interest to be held by the Special Warrant Agent in connection with this Indenture, for or to the credit of such 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 party hereto agrees to complete and execute forthwith a declaration in the Special Warrant Agent's prescribed form as to the particulars of such third party.

8.23 Not Bound to Act

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

9. NOTICES

9.1 Notice to Corporation, Special Warrant Agent and Lead Agent

Any notice to the Corporation, Special Warrant Agent or Lead Agent under the provisions of this Indenture is valid and effective if in writing delivered, sent by registered letter, postage prepaid:

- (a) to the Corporation at:

750-1095 West Pender Street
Vancouver, BC V6E 2M6

Attention: Chief Executive Officer

with a copy to (which shall not constitute notice):

Miller Thomson LLP
Pacific Centre, 400 – 725 Granville Street
Vancouver, British Columbia V7Y 1G5

Attention: Rory S. Godinho

(b) to the Special Warrant Agent at:

TSX Trust Company
200 University Ave Suite 300
Toronto, ON M5H 4H1

Attention: Vice President, Corporate Trust
Fax: 416-361-0470

(c) to the Lead Agent at (which shall not constitute notice):

Canaccord Genuity Corp.
#2200, 609 Granville Street
Vancouver, British Columbia V7Y 1H2

Attention: Jamie Brown

with a copy to (which shall not constitute notice):

Bennett Jones LLP
1055 West Hastings Street, Suite 2200
Vancouver, B.C., V6E 2E9

Attention: Christian Gauthier

Any notice, direction or other instrument aforesaid will, if delivered, be deemed to have been given and received on the day it was delivered and, if mailed, be deemed to have been received on the third Business Day following the date of the postmark on such notice and, if sent by electronic means, be deemed to have been given and received on the day it was so sent unless it was sent:

- (a) on a day which is not a Business Day in the place to which it was sent; or
- (b) after 4:30 p.m. in the place to which it was sent,

in which cases it will be deemed to have been given and received on the next day which is a Business Day in the place to which it was sent.

The Corporation or the Special Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in this Section 9.1 of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Special Warrant Agent, as the case may be, for all purposes of this Indenture.

If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Special Warrant Agent or to the Corporation hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to the named officer of the party to which it is addressed or, if it is delivered to such party at the appropriate address provided in this Section 9.1, by electronic means.

9.2 Notice to Special Warrantholders

Any notice to the Special Warrantholders under the provisions of this Indenture is valid and effective if delivered, sent by regular mail or sent by courier, to each Special Warrantholder at its address appearing on the register of Special Warrants kept by the Special Warrant Agent or, in the case of joint holders, to the first such address, and, if delivered or couriered, shall be deemed to have been given and received on the day it was delivered and, if mailed, be deemed to have been received on the third Business Day following the date of the postmark on such notice.

If, by reason of any interruption of mail service, actual or threatened, any notice to be given to the Special Warrantholders by the Special Warrant Agent or the Corporation would be unlikely to reach its destination in the ordinary course of mail, such notice shall be valid and effective only if published once (i) in the national edition of The Globe & Mail newspaper; and (ii) in such other place or places and manner, if any, as the Special Warrant Agent may require. Any notice given to Special Warrantholders by publication shall be deemed to have been given on the last day on which publication shall have been effected.

A copy of any notice provided to the Special Warrantholders shall be concurrently provided to the Lead Agent in the manner specified in Section 9.1.

10. POWER OF BOARD OF DIRECTORS

10.1 Board of Directors

In this Indenture, where the Corporation is required or empowered to exercise any acts, all such acts may be exercised by the directors of the Corporation, by any duly appointed committee of the directors of the Corporation or by those officers of the Corporation authorized to exercise such acts.

11. MISCELLANEOUS PROVISIONS

11.1 Ownership of Special Warrants

The Corporation and the Special Warrant Agent may deem and treat the Special Warrantholders as the absolute owners of Special Warrants for all purposes, and the Corporation and the Special Warrant Agent shall not be affected by any notice or knowledge to the contrary except where the Corporation or the Special Warrant Agent is required to take notice by statute or by order of a court of competent jurisdiction. The receipt of any such Special Warrantholder of the Underlying Securities which may be acquired pursuant thereto shall be a good discharge to the Corporation and the Special Warrant Agent for the same and neither the Corporation nor the Special Warrant Agent shall be bound to inquire into the title of any such holder except where the Corporation or the Special Warrant Agent is required to take notice by statute or by order of a court of competent jurisdiction.

11.2 Further Assurances

The parties hereto covenant and agree from time to time, as may be reasonably required by any party hereto, to execute and deliver such further and other documents and do all matters and things which are convenient or necessary to carry out the intention of this Indenture more effectively and completely.

11.3 Unenforceable Terms

If any term, covenant or condition of this Indenture or the application thereof to either party hereto or circumstance is invalid or unenforceable to any extent, the remainder of this Indenture or application of such term, covenant or condition to a party or circumstance other than those to which it is held invalid or unenforceable is not affected thereby and each remaining term, covenant or condition of this Indenture is valid and enforceable to the fullest extent permitted by law.

11.4 No Waiver

No consent or waiver, express or implied, by either party to this Indenture or of any breach or default by the other party in the performance by the other party of its obligations hereunder is deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such party. Failure on the part of either party to this Indenture to complain of any act or failure to act of the other party or to declare the other party in default, irrespective of how long such failure continues, does not constitute a waiver by such party of its rights hereunder.

11.5 Waiver of Default

Notwithstanding Section 11.4 above, upon the happening of any default hereunder:

- (a) the holders of not less than 50% of the Special Warrants plus one Special Warrant then outstanding shall have power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Special Warrant

Agent to waive any default hereunder and the Special Warrant Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or

- (b) the Special Warrant Agent shall have power to waive any default hereunder upon such terms and conditions as the Special Warrant Agent may deem advisable, if, in the Special Warrant Agent's opinion, relying on the opinion of Counsel, the same shall have been cured or adequate provision made therefor;

provided that no delay or omission of the Special Warrant Agent or of the Special Warrantholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Special Warrant Agent or of the Special Warrantholders shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

11.6 Immunity of Shareholders

Subject to the rights to be contained in the Prospectus, and subject to any other rights or remedies available to the Special Warrantholders under applicable securities legislation or otherwise, the Special Warrant Agent and, by the acceptance of the Special Warrant Certificate or other evidence of ownership in the case of Uncertificated Special Warrants and as part of the consideration for the issue of the Special Warrants, the Special Warrantholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any incorporator or any past, present or future shareholder, director, officer, employee or agent of the Corporation or of any successor corporation on any covenant, agreement, representation or warranty by the Corporation contained herein or in the Special Warrant Certificates.

11.7 Limitation of Liability

The obligations hereunder are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future directors or shareholders of the Corporation or of any successor corporation or any of the past, present or future officers, employees or agents of the Corporation or of any successor corporation, but only the property of the Corporation or of any successor corporation shall be bound in respect hereof.

11.8 Force Majeure

Except for the payment obligations of the Corporation contained herein, neither party hereto shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 11.8.

11.9 Currently Not Reporting in the United States; Status as “Foreign Issuer”

The Corporation confirms that as at the date of execution of this Indenture it does not have a class of securities registered pursuant to Section 12 of the 1934 Act or have a reporting obligation pursuant to Section 15(d) of the 1934 Act. The Corporation covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the 1934 Act or the Corporation shall incur a reporting obligation pursuant to Section 15(d) of the 1934 Act, or (ii) any such registration or reporting obligation shall be terminated by the Corporation in accordance with the 1934 Act, the Corporation shall promptly deliver to the Special Warrant Agent an Officer’s Certificate (in a form provided by the Special Warrant Agent notifying the Special Warrant Agent of such registration or termination and such other information as the Special Warrant Agent requires at the time). The Corporation acknowledges that the Special Warrant Agent is relying upon the foregoing representation and covenants in order to meet certain U.S. Securities and Exchange Commission obligations with respect to those clients who are subject to the periodic reporting requirements of the U.S. Securities and Exchange Commission.

The Corporation represents and warrants to the Special Warrant Agent and the Special Warrantholders that as of the date hereof it is a “foreign issuer” as that term is defined in Regulation S.

11.10 Privacy Matters

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

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

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

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

11.11 Enurement

This Indenture enures to the benefit of and is binding upon the parties hereto and their respective successors and assigns and may not be assigned by either party hereto without the consent in writing of the other party, such consent not to be unreasonably withheld.

11.12 Counterparts and Formal Date

This Indenture may be 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 and notwithstanding their date of execution shall be deemed to be dated as of the Closing Date.

11.13 Satisfaction and Discharge of Indenture

Upon the earlier of:

- (a) the date by which there shall have been delivered to the Special Warrant Agent for exercise, cancellation or destruction all Special Warrants theretofore certified hereunder; or
- (b) the Deemed Exercise Date;

and if all certificates required to be issued in compliance with the provisions hereof have been issued and delivered hereunder, this Indenture (except for any indemnities given to the Special Warrant Agent) shall cease to be of further effect and the Special Warrant Agent, on demand of and at the cost and expense of the Corporation and upon delivery to the Special Warrant Agent of a certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture. Notwithstanding the foregoing, the indemnities provided to the Special Warrant Agent by the Corporation hereunder shall remain in full force and effect and survive the termination of this Indenture.

11.14 Provisions of Indenture and Special Warrants for the Sole Benefit of Parties and Special Warrantholders

Nothing in this Indenture or the Special Warrants, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the holders from time to time of the Special Warrants any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Special Warrantholders.

11.15 Severability

If, in any jurisdiction, any provision of this Indenture or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Indenture and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

11.16 Further Assurances

Each of the parties hereto, subject to Applicable Legislation, shall do or cause to be done all such acts and things and execute such further documents, agreements and assurances as may reasonably be necessary or advisable from time to time to carry out the provisions of this Indenture in accordance with their true intent.

11.17 Formal Date and Effective Date

For the purpose of convenience this Indenture is referred to as bearing the formal date of July 13, 2017, however notwithstanding such formal date, this Indenture becomes effective as between the Corporation and any particular Special Warrantholder upon the date of issuance of a Special Warrant Certificate to such Special Warrantholder.

11.18 Language

The parties hereto confirm their express wish that this Indenture and all documents and agreements directly or indirectly relating thereto be drawn up in the English language.

[Remainder of page intentionally left blank]

PATRIOT ONE TECHNOLOGIES INC.

Per: "*Martin Cronin*"

Name: Martin Cronin

Title: CEO

TSX TRUST COMPANY

Per: "*M. Rosenberg*"

Name: M. Rosenberg

Title: Sr. Trust Officer

Per: "*Don Crawford*"

Name: Don Crawford

Title: Sr. Trust Officer

SCHEDULE A

FORM OF SPECIAL WARRANT CERTIFICATE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY SHALL NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS FOUR MONTHS AND ONE DAY FOLLOWING THE CLOSING DATE].

WITHOUT PRIOR APPROVAL OF THE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE AND THE SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [INSERT DATE THAT IS FOUR MONTHS AND ONE DAY FOLLOWING THE CLOSING DATE], 2017.

SPECIAL WARRANT CERTIFICATE

PATRIOT ONE TECHNOLOGIES INC.

(incorporated under the laws of British Columbia)

No. SW-«Warrant» CUSIP NO: 70339L124 ISIN NO: CA70339L1242	«Number» SPECIAL WARRANTS entitling the holder to acquire one Underlying Security for each Special Warrant, subject to adjustment as set out below
--	--

THIS IS TO CERTIFY that, for value received, «Name» (the “**Special Warrantholder**”) is the registered holder of the number of special warrants (the “**Special Warrants**”) stated above and is entitled to acquire in the manner and at the time, and subject to the restrictions contained in the Indenture (as defined below), one common share and one-half common share warrant (the “**Underlying Securities**”) of PATRIOT ONE TECHNOLOGIES INC. (the “**Corporation**”) per Special Warrant represented hereby (subject to adjustment as set out below and in the Indenture), all without payment of any consideration in addition to that paid for the Special Warrants represented hereby.

The Special Warrants represented by this certificate are issued under and pursuant to a certain indenture (the “**Indenture**”) made as of July 13, 2017 between the Corporation and TSX Trust Company (the “**Special Warrant Agent**”) (which expression includes any successor trustee appointed under the Indenture), to which Indenture and any instruments supplemental thereto reference is hereby made for a full description of the rights of the holders of the Special Warrants and the terms and conditions upon which such Special Warrants are, or are to be, issued and held, all to the same effect as if the provisions of the Indenture and all instruments supplemental thereto were herein set forth, to all of which provisions the holder of these Special Warrants by acceptance hereof assents. All terms defined in the Indenture are used herein as so defined. In the event of any conflict or inconsistency between the provisions of the Indenture and the provisions of this Special Warrant Certificate, except those that are necessary by context, the

provisions of the Indenture shall prevail. The Corporation will furnish to the holder of this Special Warrant Certificate, upon request and without charge, a copy of the Indenture.

The Special Warrants represented by this Special Warrant Certificate, if not voluntarily exercised, shall be deemed to be exercised at 5:00 p.m. (Vancouver time) on the earlier of:

- (a) the deemed exercise date provided for in the exercise notice provided that such date shall be no later than the third Business Day after the date on which the receipt (the “**Final Passport System Decision Document**”) for a (final) short form prospectus qualifying the distribution of the Underlying Securities issuable upon exercise or deemed exercise of the Special Warrants (the “**Prospectus**”) has been issued by the securities commissions or similar regulatory authority (the “**Securities Commissions**”) in each of the provinces of Canada in which the Special Warrants are sold (the “**Designated Provinces**”); and
- (b) 4 months and a day after the date hereof (the “**Deemed Exercise Time**”).

If any Special Warrants have not been voluntarily exercised by the holders thereof prior to the Deemed Exercise Time, then such Special Warrants will be deemed to have been exercised, delivered and surrendered by the holder thereof immediately prior to the Deemed Exercise Time without any further action on the part of the holder.

The Corporation will use its best efforts to obtain the Final Passport System Decision Document for the Prospectus on or before 5:00 p.m. (Vancouver time) on the date that is 45 days from the date hereof (the “**Qualification Deadline**”). If the Final Passport System Decision Document is not issued prior to the Qualification Deadline then each holder of a Special Warrant will be entitled to exercise each Special Warrant, without payment of any additional consideration, into 1.05 Units per Special Warrant, subject to deemed exercise on the Deemed Exercise Date.

The holder of this Special Warrant Certificate may, at any time before the Deemed Exercise Time, exercise all or any number of the Special Warrants represented hereby, by surrendering to the Special Warrant Agent a Special Warrant Certificate or Special Warrant Certificates representing the number of Special Warrants to be exercised, together with the duly completed and executed exercise form attached as Appendix 1 hereto in accordance with the instructions contained in Appendix 4 attached hereto. Any such exercise, at a time when the Corporation has not received the Final Passport System Decision Document for the Prospectus from the applicable Securities Commissions or the Prospectus has not been delivered to the Special Warrantholder, is subject to compliance with, and may be restricted by, Applicable Legislation. If, at the time of the exercise of the Special Warrants, there remain restrictions on resale under Applicable Legislation on the Underlying Securities acquired, the Corporation may endorse the certificates representing the securities underlying the Underlying Securities acquired with respect to such resale restrictions.

The Underlying Securities in respect of which the Special Warrants are exercised will be deemed to have been issued on the date of such exercise, at which time each Special Warrantholder will be deemed to have become the holder of record of such Underlying Securities.

After the exercise or deemed exercise of Special Warrants, the Special Warrant Agent shall within three Business Days of such exercise or deemed exercise cause to be issued the appropriate number of Underlying Securities issuable in respect of such Special Warrants, not exceeding those which such Special Warrantholder is entitled to acquire pursuant to the Special Warrants so exercised. If the holder of this Special Warrant Certificate exercises some but not all of the Special Warrants represented hereby, he, she or it will be entitled to receive, without charge, a new Special Warrant Certificate representing the unexercised number of the Special Warrants represented hereby.

The holder of this Special Warrant Certificate may at any time up to the Deemed Exercise Time, upon written instruction delivered to the Special Warrant Agent and payment of the charges provided for in the Indenture and otherwise in accordance with the provisions of the Indenture, exchange this Special Warrant Certificate for other Special Warrant Certificates evidencing Special Warrants entitling the holder to acquire in the aggregate the same number of Underlying Securities as may be acquired under this Special Warrant Certificate.

The number of Underlying Securities which may be acquired by a Special Warrantholder upon exercise of Special Warrants, are also subject to and governed by Article 4 of the Indenture with respect to anti-dilution provisions, including provisions for the appropriate adjustment of the class, number and price of the securities issuable hereunder upon the occurrence of certain events including any subdivision, consolidation, or reclassification of the shares, payment of share dividends, or amalgamation of the Corporation.

The holding of the Special Warrants evidenced by this Special Warrant Certificate does not constitute the Special Warrantholder a shareholder of the Corporation or entitle such holder to any right or interest in respect thereof except as herein and in the Indenture expressly provided.

The Special Warrants may only be transferred by the Special Warrantholder (or its legal representatives or its attorney duly appointed), on the register kept at the office of the Special Warrant Agent in accordance with applicable laws and upon compliance with the conditions set out in the Indenture, by delivering to the Special Warrant Agent's Vancouver office a duly executed Form of Transfer attached as Appendix 2 and complying with such other reasonable requirements as the Corporation and the Special Warrant Agent may prescribe and such transfer shall be duly noted on the register by the Special Warrant Agent.

This Special Warrant Certificate shall be construed 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.

After the exercise or deemed exercise of any of the Special Warrants represented by this Special Warrant Certificate, the Special Warrantholder shall no longer have any rights under either the Indenture or this Special Warrant Certificate with respect to such Special Warrants, other than the right to receive certificates representing the Shares issuable on the exercise of those Special Warrants, and those Special Warrants shall be void and of no further value or effect.

The Indenture contains provisions making binding upon all Special Warrantholders resolutions passed at meetings of such holders in accordance with such provisions or by instruments in writing signed by the Special Warrantholders holding a specified percentage of the Special Warrants.

The parties hereto confirm their express wish that this Special Warrant Certificate be drawn up in the English language. Les parties aux présentes confirment leur volonté expresse que le présent certificat de bons de souscription spécial d'actions spécial soit rédigés en anglais.

Time shall be of the essence hereof.

IN WITNESS WHEREOF the Corporation has caused this Special Warrant Certificate to be executed and the Special Warrant Agent has caused this Special Warrant Certificate to be countersigned by its duly authorized officers as of this ____ day of _____, 2017.

PATRIOT ONE TECHNOLOGIES INC.

Per: _____
Authorized Signatory

COUNTERSIGNED BY:

TSX TRUST COMPANY

Per: _____
Authorized Signatory

**APPENDIX 1 TO
SPECIAL WARRANT CERTIFICATE
EXERCISE FORM**

TO: PATRIOT ONE TECHNOLOGIES INC. (the “**Corporation**”)

AND TO: TSX Trust Company, 200 University Ave, Suite 300, Toronto, ON M5H 1H1

1. The undersigned hereby irrevocably subscribes for and exercises the right to acquire Underlying Shares and Underlying Warrants of the Corporation (or such number of other securities or property to which such Special Warrants entitle the undersigned in lieu thereof or in addition thereto under the provisions of the accompanying Special Warrant Certificate) according to the provisions of the Indenture referenced in the accompanying Special Warrant Certificate.
2. The Underlying Shares and Underlying Warrants (or other securities or property) are to be registered as follows:

Name: _____
(print clearly)

Address in Full: _____

Number of Underlying Shares: _____

Number of Underlying Warrants: _____

3. Such securities should be sent by courier to:

Name: _____
(print clearly)

Address in Full: _____

If the number of Special Warrants exercised is less than the number of Special Warrants represented hereby, the undersigned requests that the new Special Warrant Certificate representing the balance of the Special Warrants be registered in the name of the undersigned and should be sent by courier to:

Name: _____
(print clearly)

Address in Full: _____

[Remainder of page intentionally left blank]

DATED at _____, this _____ day of _____ 2017.

Signature Witnessed or Guaranteed
(See instructions to Special
Warrantholders in
Appendix 4)

(Signature of Special Warrantholder, to be the
same as appears on the face of this Special
Warrant Certificate)

Name of Special Warrantholder: _____

Address (**Please print**): _____

Notes to Special Warrantholders:

- (1) In order to voluntarily exercise the Special Warrants represented by this certificate pursuant to section 5.2 of the Indenture, prior to the Deemed Exercise Time, this exercise form must be delivered to the Special Warrant Agent, together with this Special Warrant Certificate. Refer to the instructions to Special Warrantholders attached as Appendix 3 to this Special Warrant Certificate.
- (2) The signature(s) must be guaranteed by a Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words “Medallion Guaranteed”, with the correct prefix covering the face value of the certificate.
- (3) The Underlying Shares and Underlying Warrants issued on exercise prior to the Deemed Exercise Time will be subject to restrictions on resale under applicable securities legislation and will be endorsed with legends to that effect.

**APPENDIX 2
TO SPECIAL WARRANT CERTIFICATE
FORM OF TRANSFER**

TO: PATRIOT ONE TECHNOLOGIES INC. (the “**Corporation**”)

AND TO: TSX Trust Company, 200 University Ave, Suite 300, Toronto, ON M5H 1H1

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ (name) (the “**Transferee**”), of _____ (residential address) Special Warrants of PATRIOT ONE TECHNOLOGIES INC. registered in the name of the undersigned on the records of TSX Trust Company represented by the attached certificate, and irrevocably appoints as the attorney of the undersigned to transfer the said securities on the books or register of transfer, with full power of substitution.

DATED the _____ day of _____, 2017.

Signature Guaranteed
(See instructions to Special
Warrantholders in
Appendix 4)

(Signature of Special Warrantholder, to be the
same as appears on the face of this Special
Warrant Certificate)

Name of Special Warrantholder: _____

Address (**Please print**): _____

Notes to Special Warrantholders:

In order to transfer the Special Warrants represented by this Special Warrant Certificate, this transfer form must be delivered to the Special Warrant Agent, together with this Special Warrant Certificate.

If the proposed transfer is to, or for the account or benefit of a U.S. Person or to a person in the United States, the undersigned hereby represents, warrants and certifies that the transfer of the Special Warrants is being completed pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws, in which case the undersigned has furnished to the Corporation and the Special Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation and the Special Warrant Agent to such effect.

☐ If transfer is to a U.S. Person, check this box.

[Remainder of page intentionally left blank]

DATED this ____ day of _____, 20 ____.

REASON FOR TRANSFER – FOR US RESIDENTS ONLY (WHERE THE INDIVIDUAL(S) OR CORPORATION RECEIVING THE SECURITIES IS A US RESIDENT). PLEASE SELECT ONLY ONE (SEE INSTRUCTIONS BELOW).

☐ GIFT ☐ ESTATE ☐ PRIVATE SALE ☐ OTHER (OR
NO CHANGE IN OWNERSHIP)

DATE OF EVENT (DATE OF GIFT, DEATH OR SALE): **VALUE PER**
SPECIAL WARRANT ON THE DATE OF EVENT:

		/			/				
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\$				.		
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☐ CAD **OR** ☐

USD

CERTAIN REQUIREMENTS RELATING TO TRANSFERS – READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.
- **Canada:** A Signature Guarantee obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed", sign and print their full name and alpha numeric signing number. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as

opposed to a “Signature Guaranteed” Stamp) obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.

- **Outside North America:** For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

OR

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

REASON FOR TRANSFER – FOR US RESIDENTS ONLY

Consistent with US IRS regulations, TSX Trust Company is required to request cost basis information from US securityholders. Please indicate the reason for requesting the transfer as well as the date of event relating to the reason. The event date is not the day in which the transfer is finalized, but rather the date of the event which led to the transfer request (i.e. date of gift, date of death of the securityholder, or the date the private sale took place).

APPENDIX 3
TO SPECIAL WARRANT CERTIFICATE
FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: PATRIOT ONE TECHNOLOGIES INC. (the “**Company**”)

AND TO: TSX Trust Company, as registrar and transfer agent for the Common Shares of Patriot One Technologies Inc. and as Special Warrant Agent for the Special Warrants and as Warrant Agent for the Underlying Warrants of Patriot One Technologies Inc.

The undersigned (a) acknowledges that the sale of securities of the Company 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 Company (other than solely by virtue of being an officer or director of the Company or any “distributor” a “distributor”, or a person acting on behalf of any of the foregoing, (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 the TSX Venture Exchange, the Toronto Stock Exchange or another “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 “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 purposes 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 the securities sold in reliance on Rule 904 under the U.S. Securities Act with fungible unrestricted securities, (6) the contemplated sale is not a transaction, or part of a series of transactions that, 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 and (7) if the undersigned is an officer or director of the Company, no selling concession fee or other remuneration has been or will be paid in connection with the offer or sale of the Securities to which this declaration relates other than the usual and customary broker’s commission that would be received by a person executing such transaction as agent. Unless otherwise specified, terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

[Remainder of page intentionally left blank]

Dated _____, 20__.

Signature of individual (if Holder **is** an individual)

Authorized signatory (if Holder is **not** an individual)

Name of Holder (**please print**)

Name of authorized signatory (**please print**)

APPENDIX 4
TO SPECIAL WARRANT CERTIFICATE INSTRUCTIONS
TO SPECIAL WARRANTHOLDERS

TO EXERCISE:

If the Special Warrantholder voluntarily exercises Special Warrants pursuant to section 5.2 of the Indenture prior to the Deemed Exercise Time, it must complete, sign and deliver:

(a) the Exercise Form, attached as Appendix 1; and

(b) the Special Warrant Certificates,

to the Special Warrant Agent indicating the number of Underlying Securities to be acquired. In such case, the signature of such registered holder on the Exercise Form must be witnessed.

TO TRANSFER:

If the Special Warrantholder wishes to transfer Special Warrants, then the Special Warrantholder must complete, sign and deliver (as appropriate):

(a) the Transfer Form attached as Appendix 2; and

(b) the Special Warrant Certificates,

to the Special Warrant Agent indicating the number of Special Warrants to be transferred.

If the Special Warrant Certificate is transferred, the Special Warrantholder's signature on the Transfer Form must be guaranteed by a member of an acceptable Medallion Signature Guarantee Program, such as a chartered bank, trust company or an investment dealer who is a member of a recognized stock exchange.

For the protection of the holder, it would be prudent to use registered mail if forwarding by mail.

GENERAL:

If the Transfer Form or Exercise Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the Special Warrant Certificate must also be accompanied by evidence of authority to sign satisfactory to the Special Warrant Agent.

The name and address of the Special Warrant Agent is:

TSX Trust Company
200 University Ave, Suite 300
Toronto, ON M5H 4H1

SCHEDULE B

NOTICE

TO: **Special Warrantholders**
AND TO: TSX Trust Company
650 West Georgia Street, Suite 2700
Vancouver, B.C. V6B 4N9

Reference is made to the Special Warrant Indenture (the “**Indenture**”) dated July 13, 2017 between PATRIOT ONE TECHNOLOGIES INC. (the “**Corporation**”) and TSX Trust Company, as Special Warrant Agent. All capitalized terms used but not defined herein shall have the meaning ascribed thereto in the Indenture. The Corporation, a corporation incorporated under the laws of the Province of British Columbia, hereby gives notice to the registered holder of the Underlying Securities issued upon exercise or deemed exercise of Special Warrants in accordance with the terms of the Indenture of the following:

- (a) the Underlying Securities so issued upon the exercise or deemed exercise of the Special Warrants have been issued to (i) in respect of Special Warrants that are not CDS Global Special Warrants, the person or persons in whose name or names the Underlying Securities so subscribed for are to be issued as specified in the exercise form, in the case of voluntary exercise, or Subscription Agreement, in the case of deemed exercise or (ii) in respect of CDS Global Special Warrants, the Depository;
- (b) the number of Underlying Shares and Underlying Warrants issued is equal to the number of Common Shares and Warrants issuable, in accordance with the terms of the Indenture, per Special Warrant exercised or deemed exercised; and
- (c) the Corporation will furnish to the registered holder of such Underlying Securities, on demand and without charge, a full copy of the text of:
 - (i) the rights, privileges, restrictions and conditions attached to the Common Shares;
 - (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable; and
 - (iii) a copy of the Indenture governing the Underlying Warrants.

PATRIOT ONE TECHNOLOGIES INC.

Per: _____
Authorized Signatory