

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE SEPTEMBER 14, 2021.

CONVERTIBLE DEBENTURE

RESVERLOGIX CORP.
(incorporated under the laws of Alberta)

10% Secured Convertible Debenture Due May 13, 2022

Principal Amount: US\$6,000,000

Maturity Date: May 13, 2022

FOR VALUE RECEIVED, Resverlogix Corp. (the “**Company**”) hereby acknowledges itself indebted to and promises to pay to or to the order of **Hepalink (Hong Kong) Limited** of 47/F Sun Hung Kei Centre, 30 Harbour Road, Wanchai, Hong Kong (the “**Holder**”), on the Maturity Date, the aggregate principal sum of **SIX MILLION U.S. DOLLARS (US\$6,000,000)** advanced to the Company by the Holder on the date hereof, together with all accrued and unpaid Interest (as defined herein) thereon calculated in the manner specified below in this Secured Convertible Debenture (the “**Debenture**”). At the Holder’s option, all or part of the Outstanding Principal Amount (as defined below) and Interest thereon may be satisfied by the issuance to the Holder of Common Shares (as defined below) upon conversion of this Debenture as further described below and subject to the conditions set out below in Article 3. The terms and conditions attached hereto as Schedule A form an integral part of this Debenture.

IN WITNESS WHEREOF, the Company has caused this Debenture to be executed by a duly authorized officer.

DATED this 13th day of May, 2021.

RESVERLOGIX CORP.

Per: (signed) “Donald J. McCaffrey”
Donald J. McCaffrey
Chief Executive Officer

(SEE TERMS AND CONDITIONS ATTACHED HERETO AS SCHEDULE A)

**SCHEDULE A - TERMS AND CONDITIONS OF
10% SECURED CONVERTIBLE DEBENTURE ISSUED BY RESVERLOGIX CORP. DUE
MAY 13, 2022**

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

Any capitalized terms used in this Debenture that are not expressly defined herein shall have the meanings attributed to them in the Investment Agreement, and such definitions are hereby incorporated by reference into this Debenture.

Except as set out in the foregoing sentence, in this Debenture, unless there is something in the subject matter or context inconsistent therewith:

“**Affiliate**” shall have the meaning ascribed thereto in National Instrument 45-106 – Prospectus Exemptions;

“**Applicable Securities Legislation**” means applicable securities laws (including published rules, regulations, policies, rulings and instruments) in the Province of Alberta, Canada and the rules, policies and requirements of the TSX;

“**Benefit Plan**” means an employee benefit plan (including as defined in Section 248(1) of the Tax Act which the Company or any of its subsidiaries sponsors or maintains or to which any such party, is making, or is obligated to make contributions, and shall also include any pension plan (including a pension plan to which the *Pension Benefits Act* of Alberta or Ontario apply) which the Company or any of its subsidiaries sponsors, maintains, or to which it makes, is making, or is obligated to make contribution;

“**Business Day**” means any day, other than a Saturday, a Sunday or any other day on which the principal chartered banks located in Calgary, Alberta or Hong Kong are not open for business during normal banking hours;

“**Capital Reorganization**” has the meaning ascribed thereto in Section 3.5.5 hereof;

“**Capitalized Lease**” means a lease that is required to be capitalized for financial reporting purposes;

“**Common Shares**” means common shares in the capital of the Company;

“**Company**” means Resverlogix Corp., a corporation existing under the laws of Alberta, including its successors and permitted assigns;

“**control**”: a person shall be deemed to be controlled by another person or by two or more persons if (i) voting securities of the first-mentioned person carrying more than 50% of the votes attaching to such securities are held, otherwise than by way of security only, by or for the benefit of the other person or by or for the benefit of the other persons, and (ii) in the case of a company, the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such company;

“**Conversion Date**” has the meaning ascribed to such term in Section 3.1 hereof;

“**Conversion Notice**” has the meaning ascribed to such term in Section 3.3 hereof;

“**Conversion Price**” is equal to the lower of: (i) Cdn\$0.93 per Common Share, as adjusted from time to time pursuant to Section 3.5 hereof; and (ii) the Current Market Price as of the Conversion Date, in each case converted to U.S. dollars at an exchange rate equal to the Bank of Canada posted daily exchange rate for the Conversion Date;

“**Conversion Shares**” has the meaning ascribed to such term in Section 3.1 hereof;

“**Current Market Price**” means an amount in Canadian dollars equal to the volume weighted average trading price of the Common Shares on the TSX, or if the Common Shares are not listed on the TSX, on another recognized stock exchange, in either case for 5 consecutive trading days ending immediately prior to the relevant date, provided that if the Common Shares are not listed on the TSX and are listed on more than one recognized stock exchange, the “Current Market Price” shall be calculated based on the recognized stock exchange on which the volume of transactions in the Common Shares was the highest during such 5 consecutive trading days, or if the Common Shares are not listed on any recognized stock exchange, then the “Current Market Price” shall be calculated based on the over-the-counter market on which the Common Shares are so traded, or if no such market exists, then the “Current Market Price” shall be the price determined in good faith by the Independent Auditors of the Company (as defined herein) or such other firm of independent chartered accountants appointed by the Company for this purpose;

“**Debenture**” means this 10% secured convertible debenture due May 13, 2022 issued by the Company in favour of the Holder, as amended, supplemented, restated and/or modified from time to time in accordance with its terms;

“**Debenture Liabilities**” means the indebtedness, liabilities and obligations of the Company under this Debenture, including on account of principal, interest or otherwise, but excluding the issuance of Common Shares upon any conversion pursuant to Article 3;

“**Debtor Relief Law**” means the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors’ Arrangement Act* (Canada), the *Winding Up and Restructuring Act* (Canada), the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar Applicable Laws relating to debtor relief of Canada or the United States of America (or any political subdivision thereof) or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally;

“**Default Notice**” has the meaning ascribed thereto in Section 8.2;

“**Environmental Laws**” means all applicable laws now or hereafter in effect relating to pollution or protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including ambient air, surface water, ground water, or land), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, removal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes, and all regulations, notices or demand letters issued, entered, promulgated or approved thereunder.

“**Event of Default**” means any of the events specified in Section 8.1 hereof;

“**Governmental Authority**” means any (a) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, board, arbitrator, tribunal, bureau or agency, domestic or foreign, (b) any subdivision or authority of any of the above, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or tax authority under or for the account of any of the above.

“**Holder**” means the registered holder of this Debenture as reflected on the cover page of this Debenture and any subsequent registered holder of this Debenture;

“**IFRS**” means International Financial Reporting Standards, as and to the extent applicable to the Company;

“**Interest**” has the meaning ascribed thereto in Section 2.2 hereof;

“**Interest Rate**” has the meaning ascribed thereto in Section 2.2 hereof;

“**Investment Agreement**” means the investment agreement between the Holder, the Company and Resverlogix Inc. dated the date hereof;

“**Issue Date**” means May 13, 2021;

“**Lien**” means any mortgage, charge, pledge, hypothecation, security interest, assignment, encumbrance, lien (statutory or otherwise), title retention agreement or arrangement or other encumbrance of any nature or any other arrangement or condition that in substance secures payment or performance of an obligation;

“**Maturity Date**” means May 13, 2022;

“**Ordinary Course of Business**” means the ordinary course of business of the Company or its subsidiaries, consistent with past practices and undertaken in good faith.

“**Outstanding Principal Amount**” means, as of any applicable time, the principal amount of this Debenture as set forth on the face of this Debenture or such other principal amount of this Debenture which is then outstanding;

“**person**” means an individual, firm, corporation, syndicate, partnership, trust, association, unincorporated organization, joint venture, investment club, government or agency or political subdivision thereof and every other form of legal or business entity of whatsoever nature or kind;

“**Permitted Encumbrances**” means, in respect of the Company and its subsidiaries:

(a) Liens for taxes other than of the types referred to in paragraph (f) hereof, provided that the payment of such taxes which are due and payable is being contested in good faith and by appropriate proceedings diligently pursued and as to which adequate financial reserves have been established on the Company’s consolidated books and records to the extent required by IFRS and a stay of enforcement of any such Lien is in effect;

(b) Liens in favour of, or for the benefit of, the Holder;

- (c) Liens consisting of deposits made in the Ordinary Course of Business in connection with, or to secure payment of, obligations under worker's compensation, employment insurance, social security and other similar laws, or to secure the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure indemnity, performance or other similar bonds for the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure statutory obligations (other than Liens in respect of any Benefit Plans or under Environmental Laws) or surety or appeal bonds, or to secure indemnity, performance or other similar bonds;
- (d) Liens securing the claims or demands of materialmen, mechanics, repairmen, carriers, warehousemen, landlords and other like persons, provided that if any such Lien arises from the nonpayment of such claims or demand when due, such claims or demands do not exceed (i) \$25,000 in the aggregate with respect to claims or demands of materialmen, mechanics and carriers and (ii) \$10,000 individually and \$25,000 in the aggregate with respect to claims or demands of warehouseman and landlords;
- (e) Liens constituting encumbrances in the nature of reservations, exceptions, encroachments, easements, rights of way, servitudes, covenants running with the land, and other similar title exceptions or encumbrances affecting any of their Real Estate; provided that they do not in the aggregate materially detract from the value of such Real Estate or materially interfere with its use in the ordinary conduct of the business of the Company and its subsidiaries;
- (f) inchoate Liens in connection with goods and services taxes, provincial sales taxes or harmonized sales taxes, workers' compensation, employment insurance, Canada Pension Plan and similar legislation provided that no amounts are unpaid or unremitted when due;
- (g) Liens registered for leases that are Capitalized Leases or financing leases;
- (h) any rights of a Governmental Authority pursuant to any lease, license, franchise, grant or permit entered into or granted by it, or any right resulting from a legislative provision, to terminate such lease, license, franchise, grant or permit, or requiring an annual or periodic payment as a condition of its extension;
- (i) the reservations, limitations, provisions and conditions, if any, expressed in any original grant from the Crown of any of their Real Estate provided that they do not materially interfere with the use or value of such Real Estate; and
- (j) other Liens approved by the Holder in advance, in writing.

“Real Estate” means any person's now or hereafter owned or leased estates in real or immovable property, including all fees, leaseholds and future interests, all ownership rights (or dismemberments thereof) together with all of such person's now or hereafter owned or leased interests in the improvements thereon, the fixtures attached thereto and the easements and benefits appurtenant thereto.

“Redeemed Principal Amount” has the meaning ascribed thereto in Section 4.2 hereof;

“Redemption Amount” has the meaning ascribed thereto in Section 4.1 hereof;

“Redemption Date” has the meaning ascribed thereto in Section 4.1 hereof;

“**Redemption Notice**” has the meaning ascribed thereto in Section 4.2 hereof;

“**subsidiary**” means, in relation to a specified person, a person controlled by such specified person, whether directly or indirectly through one or more intermediaries;

“**Successor**” has the meaning ascribed thereto in Section 10.1 hereof;

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

“**TSX**” means the Toronto Stock Exchange.

1.2 Use of Singular and Plural

Words importing the singular include the plural and vice versa and words importing gender include all genders.

1.3 Interpretation Not Affected by Headings, etc.

The division of this Debenture into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Debenture.

1.4 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the first Business Day thereafter.

1.5 Invalidity of Provisions

Each of the provisions contained in this Debenture is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof or thereof.

1.6 Calculating Interest

In calculating interest under this Debenture for any period, unless otherwise specifically stated, the first day of such period shall be included and the last day of such period shall be excluded.

1.7 Interest Act Provisions

For purposes of the *Interest Act* (Canada), the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Debenture and the rates of interest stipulated in this Debenture are intended to be nominal rates and not effective rates or yields. Whenever interest is computed on a basis of a year (the “**deemed year**”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

ARTICLE 2 PRINCIPAL AND INTEREST

2.1 Maturity Date

This Debenture shall mature and be fully payable on the Maturity Date.

2.2 Interest

Interest on the Outstanding Principal Amount shall accrue at a rate of 10% per annum, calculated and compounded annually in arrears on the basis of a 365-day year (the “**Interest Rate**”), with interest being payable in cash (or payable in Common Shares upon the election of the Holder in accordance with Article 3) on the Maturity Date or the earlier date of conversion or redemption, as applicable (the “**Interest**”). Interest is payable after as well as before maturity and after as well as before default, with interest on amounts unpaid and outstanding after maturity or in default payable at the Interest Rate. If all or part of the Outstanding Principal Amount is not paid when due (whether on the Maturity Date, by acceleration or otherwise), such overdue amount shall bear interest, payable on demand, at the rate of 10% per annum.

If any provision of this Debenture would oblige the Company to make any payment of interest in an amount or calculated at a rate which would be prohibited by applicable law or would result in receipt by the Holder of interest at a criminal or prohibited rate (as such terms are construed under the *Criminal Code* (Canada) or any other applicable law), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in receipt by the Holder of interest at a criminal or prohibited rate, such adjustment to be effected, to the extent necessary, firstly by reducing the amount or rate of interest eligible under this Debenture and thereafter, by reducing any fees or other amounts which would constitute interest for the purpose of Section 347 of the *Criminal Code* (Canada), as amended from time to time, or any other applicable law.

2.3 Payment of Outstanding Principal Amount and Interest

Except as otherwise provided for herein, the Outstanding Principal Amount and Interest accumulated thereon will be payable in accordance with Section 2.4 hereof to the Holder on the Maturity Date.

2.4 Payments

All payments to be made to the Holder under this Article 2 shall be made, at or before 5:00 p.m. (Calgary time) on the date such amount is due, in United States dollars by wire transfer of immediately available funds to an account maintained by the Holder with such bank as the Holder may designate in writing from time to time to the Company.

ARTICLE 3 CONVERSION

3.1 Conversion Privilege

(a) Subject to and upon compliance with the provisions of this Article 3 and to Section 4.2, the Holder shall have the right, at its sole option, at any time and from time to time prior to

5:00 p.m. (Calgary time) on the Business Day immediately preceding the Maturity Date to convert on any Business Day (any such date being referred to as a “**Conversion Date**”) all, or, subject to Section 3.2 hereof, a portion of, the Debenture Liabilities, into that number of Common Shares (the “**Conversion Shares**”) as is determined by dividing the portion of the Debenture Liabilities being converted by the Conversion Price in effect on such Conversion Date.

- (b) If any portion or all of the Debenture Liabilities is converted into Common Shares pursuant to Section 3.1(a), the Company shall deliver to the Holder at its address set forth above one or more certificates or direct registration statements representing or evidencing the issuance of such Conversion Shares issuable upon such conversion within five (5) Business Days following the Conversion Date.
- (c) All certificates representing such Common Shares issued prior to September 14, 2021 shall bear the following legend and may also bear such legend as may be required by the TSX:

**UNLESS PERMITTED UNDER SECURITIES LEGISLATION,
THE HOLDER OF THIS SECURITY MUST NOT TRADE THE
SECURITY BEFORE SEPTEMBER 14, 2021.**

- (d) Notwithstanding any other provisions of this Debenture or the Investment Agreement, the Holder shall not be entitled to exercise any right of conversion of the Debenture Liabilities that would result in greater than 23,676,172 Common Shares being issued pursuant to this Debenture or any other Debenture issued pursuant to the Investment Agreement, unless the approval of the Company’s shareholders has been obtained in accordance with the requirements of the TSX.

3.2 Amount of Partial Conversion

Any partial conversion of this Debenture shall be for a principal amount of \$1,000 or such greater principal amount which shall be an integral multiple of \$1,000, provided that if at any time the Outstanding Principal Amount is less than \$1,000, then any subsequent conversion shall be for the full remaining Outstanding Principal Amount.

3.3 Manner of Exercise of Conversion Privilege

To convert this Debenture or any portion hereof, the Holder shall surrender this Debenture to the Company at its head office on any Conversion Date together with the conversion notice attached hereto as Appendix I (the “**Conversion Notice**”) duly executed by the Holder or its attorney duly appointed by an instrument in form and substance satisfactory to the Company, exercising the Holder’s right to convert this Debenture in accordance with the provisions of this Article 3. Thereupon, the Holder shall be entitled to be entered in the books of the Company as at the Conversion Date as the holder of the applicable number of Common Shares into which the Debenture Liabilities, or, as the case may be, the portion of the Debenture Liabilities indicated in such Conversion Notice, is convertible in accordance with the provisions of this Article 3. The Holder shall also be entitled to receive, in addition to the applicable number of Conversion Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Outstanding Principal Amount of the Debenture surrendered for conversion for the period up to the Conversion Date, unless the Holder has indicated in the Conversion Notice that it wishes to convert accrued and unpaid Interest into Common Shares. Upon any partial conversion of the Outstanding Principal Amount, the Company shall, on the applicable Conversion Date, upon receipt of this Debenture

duly surrendered for such conversion, cancel the same and issue and deliver to the Holder a new debenture in form and substance identical to this Debenture in a principal amount equal to the unconverted portion of the Outstanding Principal Amount of this Debenture.

3.4 Fractional Common Shares

The Company shall not be required to issue fractional Common Shares upon the conversion of this Debenture pursuant to this Article 3. If any fractional interest in a Common Share would, except for the provisions of this Section 3.4, be deliverable upon the conversion of any of the Debenture Liabilities, the Company shall not deliver any certificate for such fractional interest, but rather, will satisfy such fractional interest by rounding such fractional interest down to the next whole number of Common Shares.

3.5 Adjustment of the Conversion Price

3.5.1 The Conversion Price in effect at any date will be subject to adjustment from time to time in the events and in the manner provided in this Section 3.5.

3.5.2 If and whenever at any time after the date hereof and prior to conversion of this Debenture, the Company:

- (a) subdivides, redivides or changes its outstanding Common Shares into a greater number of Common Shares; or
- (b) reduces, combines or consolidates its outstanding Common Shares into a smaller number of Common Shares; or
- (c) issues Common Shares or securities convertible into or exchangeable for Common Shares to the holders of the outstanding Common Shares as a stock dividend or otherwise; or
- (d) makes a distribution on its outstanding Common Shares to the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities convertible into or exchangeable for Common Shares;

(any of such events in (a), (b), (c) and (d), above being called a “**Common Share Reorganization**”) then the Conversion Price then in effect will be adjusted on the effective date of a Common Share Reorganization, so that the Conversion Price shall equal the price determined by multiplying the Conversion Price in effect immediately prior to such effective date by a fraction, the numerator of which will be the total number of Common Shares outstanding on such effective date before giving effect to such Common Share Reorganization and the denominator of which will be the total number of Common Shares outstanding immediately after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had all such securities been exchanged for or converted into Common Shares on such effective date).

3.5.3 If and whenever at any time after the date hereof and prior to the conversion of this Debenture, the Company fixes a record date for the issue of rights, options, warrants or other securities to the holders of all or substantially all of the outstanding Common Shares under which such holders are entitled to subscribe for or purchase during a period expiring not more than 90 days after the record date for such issue (the “**Rights Period**”) Common Shares or securities exchangeable for or

convertible into Common Shares at a price per share to the holder (or at an exchange price or conversion price per share in the case of securities exchangeable for or convertible into Common Shares) which is less than the Current Market Price for the Common Shares on such record date (any of such events being called a “**Rights Offering**”), then the Conversion Price will be adjusted effective immediately after the end of the Rights Period so that it shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the end of the Rights Period by a fraction:

- (a) the numerator of which will be the aggregate of:
 - (i) the total number of Common Shares outstanding as of the record date for the Rights Offering, and
 - (ii) a number determined by dividing (A) either (x) the product of the number of Common Shares issued or subscribed for upon the exercise of the rights, warrants, options or other securities under the Rights Offering and the price at which such Common Shares are offered for such issue or subscription, as the case may be, or (y) the product of the exchange price or conversion price of such securities exchangeable for or convertible into Common Shares and the number of Common Shares for or into which the securities so offered pursuant to the Rights Offering could have been exchanged or converted during the Rights Period, by (B) the Current Market Price of the Common Shares as of the record date for the Rights Offering, and
- (b) the denominator of which will be the number of Common Shares outstanding after giving effect to the Rights Offering, including the number of Common Shares actually issued or subscribed for during the Rights Period upon exercise of the rights, warrants or options under the Rights Offering.

If the Holder has exercised the right to convert to Common Shares in accordance with Article 3 during the period beginning immediately after the record date for a Rights Offering and ending on the last day of the Rights Period for the Rights Offering, the Holder will, in addition to the Common Shares to which the Holder would otherwise be entitled upon such conversion, be entitled to that number of additional Common Shares equal to the result obtained when (x) the difference, if any, between the Conversion Price in effect immediately prior to the end of the Rights Period for such Rights Offering and the Conversion Price as adjusted for such Rights Offering pursuant to this subsection is multiplied by (y) the number of Common Shares received upon the conversion or partial conversion of this Debenture during such period, and the resulting product is divided by (z) the Conversion Price as adjusted for such Rights Offering pursuant to this Section 3.5.3. Such additional Common Shares will be deemed to have been issued to the Holder immediately following the end of the Rights Period and a certificate or direct registration statement for such additional Common Shares will be delivered to the Holder within five (5) Business Days following the end of the Rights Period. To the extent that any such rights, options or warrants are not so exercised on or before the expiry thereof, the Conversion Price will be readjusted to the Conversion Price which would then be in effect based on the number of Common Shares (or the securities convertible into or exchangeable for Common Shares) actually delivered on the exercise of such rights, options or warrants.

- 3.5.4 If and whenever at any time after the date hereof and prior to the conversion of this Debenture, the Company fixes a record date for the issue or the distribution to the holders of all or substantially all of the outstanding Common Shares of (i) securities of the Company, including rights, options

or warrants to acquire securities of the Company or any of its property or assets; or (ii) any property or other assets, including cash and evidences of indebtedness, and if such issuance or distribution does not constitute an Common Share Reorganization or a Rights Offering (any of such non-excluded events being called a “**Special Distribution**”), then the Conversion Price will be adjusted effective immediately after the date of such issuance or distribution so that it shall equal the price determined by multiplying the Conversion Price in effect on such issuance or distribution date by a fraction:

- (a) the numerator of which will be:
 - (i) the product of the number of Common Shares outstanding on the date of such issuance or distribution and the Current Market Price of the Common Shares on the date of such issuance or distribution; less
 - (ii) the aggregate fair market value, as determined in good faith by the board of directors of the Company, to the holders of Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution; and
- (b) the denominator of which will be the product of the number of Common Shares outstanding on the date of such issuance or distribution and the Current Market Price of the Common Shares on such date.

3.5.5 If and whenever at any time after the date hereof and prior to the conversion of this Debenture, there is a reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares or into other securities or some other capital reorganization (other than an Common Share Reorganization), or a consolidation, amalgamation or merger of, or an arrangement involving, the Company with or into any other corporation or other entity, or a transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity in which the holders of Common Shares are entitled to receive shares, other securities or other property (any of such events being called a “**Capital Reorganization**”), if the Holder exercises the right to convert this Debenture into Common Shares after the effective date of such Capital Reorganization the Holder will be entitled to receive, and will accept for the same aggregate consideration in lieu of the number of Common Shares to which such Holder was previously entitled upon such conversion, the aggregate number of Common Shares, other securities or other property which the Holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares to which the Holder was previously entitled upon conversion. The Company will take all steps necessary to ensure that the Holder will receive the aggregate number of Common Shares, other securities or other property to which it is entitled as a result of the Capital Reorganization. Subject to the approval of the TSX, if required, appropriate adjustments will be made in the application of the provisions set forth in this Section 3.5.5 as a result of any such Capital Reorganization with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Section 3.5.5 will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any Common Shares, other securities or other property thereafter deliverable upon the conversion of this Debenture. Prior to or concurrent with effecting a Capital Reorganization, the Company will enter into an appropriate document which will set forth an appropriate adjustment to give effect to this Section 3.5.5.

3.5.6 For the purposes of Section 3.5:

- (a) The adjustments provided for in Section 3.5 are cumulative and will be computed to the nearest one-tenth of one cent and will be made successively whenever an event referred to therein occurs, subject to the following provisions of this Section 3.5.6.
- (b) No adjustment in the Conversion Price will be required unless the cumulative effect of such adjustment would result in a change of at least 1% in the prevailing Conversion Price; provided, however, that any adjustments which, except for the provisions of this Section 3.5.6 would otherwise have been required to be made, will be carried forward and taken into account in any subsequent adjustment.
- (c) If at any time a dispute arises with respect to adjustments provided for in Section 3.5, such dispute will be conclusively determined by a firm of chartered accountants, other than the Company's auditors, agreed by the Company and the Holder, acting reasonably (the "**Independent Auditors**"). The Company agrees that the Independent Auditors will be given access to all necessary records of the Company. The determination of the Independent Auditors shall be final and binding upon the Company and the Holder.
- (d) If the Company sets a record date to determine the holders of Common Shares for the purpose of entitling them to receive any dividend or distribution or sets a record date to take any other action and thereafter and before the distribution to such shareholders of any such dividend or distribution or the taking of any other action, legally abandons its plan to pay or deliver such dividend or distribution or take such other action, then no adjustment in the Conversion Price shall be made.
- (e) In the absence of a resolution of the board of directors of the Company fixing a record date for a Special Distribution or Rights Offering, the Company will be deemed to have fixed as the record date therefor the date on which the Special Distribution or Rights Offering is effected.
- (f) The Company shall from time to time, as soon as practicable after the occurrence of any event which requires an adjustment or readjustment as provided in this Section 3.5, deliver an officer's certificate to the Holder specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.
- (g) For greater certainty, in the case where Common Shares have been previously issued pursuant to this Debenture, there shall be no retroactive adjustment to such number of Common Shares as a result of the occurrence of later events which require adjustments to the Conversion Price pursuant to this Section 3.5.
- (h) No adjustment in the Conversion Price will be required upon the issuance from time to time of Common Shares, or options or other securities pursuant to the Company's stock option or other equity incentive plans or share purchase plans, or any dividend reinvestment plan, or any similar plan, if any, as such plans may be replaced, supplemented or further amended from time to time. In addition, for greater certainty, no adjustment in the Conversion Price will be required in connection with any offering from time to time of Common Shares or securities convertible into or exchangeable for Common Shares, whether by way of private placement or prospectus.

3.6 Company to Reserve Common Shares

The Company covenants with the Holder that it will, at all times, allot and reserve and keep available out of its authorized capital, solely for the purpose of issue upon exercise of the conversion rights under this Debenture, and conditionally allot to the Holder, such number of Common Shares as shall then be issuable on the conversion of this Debenture.

3.7 Withholding Tax

Any and all payments by or on account of any obligation of the Company hereunder (whether paid in cash or otherwise) shall be made free and clear of and without deduction or withholding for any taxes except as required by applicable law; provided that, if the Company is required to deduct or withhold any taxes hereunder then (a) the amount payable shall be increased as necessary so that, after making all required deductions or withholdings (including deductions or withholdings applicable to additional amounts payable under this Section 3.7), the Holder receives an amount (in cash or otherwise) equal to the amount it would have received had no such deduction or withholding been made, (b) the Company shall make such required deduction or withholding, and (c) the Company shall pay to the relevant taxation authority the full amount deducted or withheld in accordance with, and within the time limits prescribed by, applicable law. The Company shall provide the Holder with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of such forms received from such taxation authority promptly after receipt thereof. The Company shall indemnify the Holder, within ten (10) days after written demand therefor, for the full amount of any taxes (other than taxes computed by reference to net income of the Holder) paid or payable by the Holder, on or with respect to any payment (whether paid in cash or otherwise) by or on account of any obligation of the Company hereunder (including taxes (other than taxes computed by reference to net income of the Holder) imposed or asserted on or attributable to amounts payable under this Section 3.7) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such taxes were correctly or legally imposed or asserted by the relevant taxation authority. A certificate as to the amount of such payment or liability delivered to the Company by the Holder shall be conclusive absent manifest error. For greater certainty, the obligations of the Company under this Section 3.7 shall apply to any Successor of the Company and the rights of the Holder shall extend to any transferee or assignee of the Holder; provided however that any assignee of the Holder shall have no greater rights under this Section 3.7 than the Holder which transferred its interest hereunder or granted the assignment.

**ARTICLE 4
REDEMPTION**

4.1 Redemption with Prior Written Consent

This Debenture may, with the prior written consent of the Holder, be prepaid in whole or in part prior to the Maturity Date for an amount equal to the sum of the following: (i) the Outstanding Principal Amount to be redeemed, and (ii) accrued and unpaid Interest up to but excluding the date fixed for redemption (the “**Redemption Date**”) on the Outstanding Principal Amount to be redeemed (the sum of (i) and (ii) being the “**Redemption Amount**”).

The Company shall provide the Holder with its written request pursuant to this Section 4.1 not less than sixty (60) days prior to any proposed Redemption Date. The Holder shall provide its response to the Company’s written request within fifteen (15) days of receipt of such written request. Any such request shall provide the proposed Redemption Amount and the proposed Redemption Date.

4.2 Notice of Redemption

In the event that the Holder has provided its prior written consent to the redemption in accordance with Section 4.1, in order to exercise its right of redemption, the Company shall send a notice of redemption (“**Redemption Notice**”) to the Holder not less than thirty (30) days and not more than forty five (45) days prior to the Redemption Date specified by the Company and shall state:

- (a) the Outstanding Principal Amount to be redeemed (the “**Redeemed Principal Amount**”);
- (b) the Redemption Date; and
- (c) the place where this Debenture is to be surrendered for payment of the Redemption Amount thereof.

Once a Redemption Notice has been given as aforesaid, the Redemption Amount shall, on the Redemption Date, become due and payable and on and after such date the Outstanding Principal Amount to be redeemed shall only bear interest if the Company shall default in the payment of the Redemption Amount on the Redemption Date. Upon surrender of this Debenture for redemption in accordance with such notice, the Redemption Amount shall be paid by the Company. The Company may, if it has not already redeemed the entire Outstanding Principal Amount, exercise its right of redemption on more than once occasion in accordance with this Article 4, in each case, with the prior written consent of the Holder. In addition, and for greater certainty, until the Redemption Date, the Holder retains the right to convert the Redeemed Principal Amount to Common Shares in accordance with Article 3 hereof.

4.3 Redemption in connection with Certain Transactions

Notwithstanding the requirement for the Company to obtain the prior written consent of the Holder to redeem the Debenture pursuant to Sections 4.2 and 4.3, upon the Company entering into any definitive agreement to licence or assign any clinical asset of the Company, this Debenture may, without the prior written consent of the Holder, be prepaid in whole or in part prior to the Maturity Date for an amount equal to the Redemption Amount and, in such event, the Company shall provide the Holder with a written notice of intention to redeem not less than fifteen (15) days prior to such redemption.

ARTICLE 5 SECURITY

5.1 Security

Security for the Outstanding Principal Amount together with accrued and unpaid Interest and all other obligations of the Company to the Holder shall include (collectively, the “**Security Documents**”):

- (a) a general security agreement and intellectual property security agreement signed by the Company constituting a first ranking security interest in all property of the Company; and

- (b) an unlimited guarantee from each subsidiary of the Company supported by a general security agreement and intellectual property security agreement from each such subsidiary granting a first ranking security interest in all property of such subsidiary.

The Security Documents shall be registered in Alberta and all other jurisdictions where the Company or any subsidiary carries on business or has material tangibles assets, as determined by the Holder in its sole discretion.

5.2 Additional Security

The Company shall from time to time execute and deliver to the Holder such further instruments and documents and take such further action as the Holder may request for the purpose of obtaining or preserving the full benefits granted or intended to be granted to the Holder by the Security Documents, including the filing of financing statements or other documents under any applicable law with respect to the Liens created by the Security Documents.

ARTICLE 6 TRANSFER OF DEBENTURE

6.1 Transfer Provisions

- (a) A Holder of this Debenture may at any time and from time to time, subject to this Section 6.1, have such Debenture transferred at the transferor's expense including those reasonable fees charged by the Company to administer any such transfer.
- (b) No transfer of this Debenture may be made in respect of any part of it for which either a Redemption Notice (unless the Company has defaulted in redeeming the relevant part of the Debenture in accordance with the Redemption Notice) or Conversion Notice has been served.
- (c) Each instrument of transfer shall be signed by the transferor, and the transferor shall be deemed to remain the owner of the Debenture, or the part of the Debenture to be transferred, until the name of the transferee is entered in the register in respect of such transfer.
- (d) No transfer of this Debenture shall be effective as against the Company unless:
 - (i) such transfer is made in compliance with applicable law and evidence of such compliance satisfactory to the Company has been provided, including in the case of a transfer within four months following the Issue Date, compliance with the terms of an exemption from the prospectus requirements of Applicable Securities Legislation;
 - (ii) such transfer is made in compliance with such requirements as the Company may prescribe, acting reasonably; and
 - (iii) such transfer has been recorded on the register by the Company or its registrar.

ARTICLE 7
COVENANTS, REPRESENTATIONS AND WARRANTIES OF THE COMPANY

7.1 Covenants of the Company in favour of the Holder

So long as any indebtedness is owing to the Holder hereunder, the Company covenants in favour of the Holder as follows:

- (a) The Company will duly and punctually pay or cause to be paid the Outstanding Principal Amount and Interest on the dates, at the places and in the manner provided herein.
- (b) The Company will:
 - (i) maintain its corporate existence under the laws of Alberta and register and qualify and remain registered and qualified to carry on business in all jurisdictions where the character of the properties owned by it or the nature of the business transacted by it makes such registration or qualification necessary;
 - (ii) satisfy all reporting requirements under Applicable Securities Legislation;
 - (iii) observe and conform to all requirements of law and of any governmental or municipal authority that are material to the carrying on by the Company of its business;
 - (iv) immediately advise the Holder upon becoming aware of any Event of Default hereunder;
 - (v) maintain and operate all of its properties and assets in a good and workmanlike manner and in accordance with good industry practice;
 - (vi) maintain in full force and effect with insurers of recognized standing such policies of insurance on such terms and in such amounts covering the properties and operations of the Company as is customarily maintained by persons engaged in the same or similar business in the localities where its properties and operations are located;
 - (vii) use the Outstanding Principal Amount for working capital and other general corporate purposes of the Company and its Subsidiaries, and to pay all interest, fees and expenses in connection with the issuance of the Debenture;
 - (viii) not, incur, assume or permit to exist any Lien upon any of its property, assets and undertaking, except Permitted Encumbrances;
 - (ix) not make any contributions of capital or any other forms of equity investments in any person or provide any financial assistance to any person;
 - (x) promptly notify the Holder of the acquisition, creation or existence of each new subsidiary after the date hereof;
 - (xi) take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of creation, perfection,

protection or maintenance of any security interest conferred or intended to be conferred on the Holder pursuant to this Debenture and any Security Document;

- (xii) not dispose of any of its properties or assets other than in the Ordinary Course of Business and on commercially reasonable terms; and
 - (xiii) promptly cure or cause to be cured any defects in the execution or delivery of this Debenture by the Company and at its expense duly execute and deliver or cause to be duly executed and delivered all documents as may be necessary or desirable for such purposes.
- (c) The Company will comply in all material respects with every covenant and undertaking governing the relationship between the Company and the Holder under this Debenture and will advise the Holder of any material non-compliance with any of such covenants and/or undertakings.
 - (d) The Company shall use reasonable commercial efforts to maintain the listing of the Common Shares on the TSX or any other recognized stock exchange and to maintain the Company's status as a "reporting issuer" not in default under Applicable Securities Legislation; provided that the foregoing covenant shall not prevent or restrict the Company from carrying out a transaction to which Article 10 would apply if carried out in compliance with Article 10 even if as a result of such transaction the Company ceases to be a "reporting issuer" in all or any of the provinces of Canada or the Common Shares cease to be listed on the TSX or any other recognized stock exchange.
 - (e) The Company shall not incur any indebtedness which ranks in priority to or pari passu to the Debenture Liabilities without the prior written consent of the Holder, which consent shall not be unreasonably withheld.
 - (f) In addition to the foregoing, the provisions of Article 5 and Article 6 of the Investment Agreement are hereby incorporated by reference, *mutatis mutandis*.

7.2 Representations and Warranties

The Company represents and warrants to the Holder, all of which representations and warranties shall survive the execution and delivery of this Debenture, that:

- (a) the Company is a corporation duly incorporated and validly existing under the laws of Alberta, is duly registered and qualified to carry on business in all jurisdictions where the character of the properties owned by it or the nature of the business transacted by it makes such registration or qualification necessary and has the full power and capacity to own, lease or hold its properties and assets and conduct its business as presently conducted;
- (b) the execution, delivery and performance by the Company of this Debenture has been duly authorized by all necessary action, are each within its power and capacity and will not violate any provision of law or any shareholder agreement, articles or by-laws, as applicable, and will not result in the breach of or constitute a default or require any consent under, or result in the creation of any Lien upon any of the Company's property or assets, in favour of any party other than the Holder, pursuant to any indenture or other agreement or instrument to which the Company is party or by which the Company or its property may be bound or affected;

- (c) this Debenture is a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms except as enforceability may be limited by general principles of equity and bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by moratorium laws from time to time in effect;
- (d) the Company has good and valid title to all of its properties and assets subject only to minor defects of title which do not, in the aggregate, materially affect the value thereof;
- (e) it possesses all licenses, patents, trademarks and copyrights, free from material restrictions, that are necessary for the ownership, maintenance and operation of its assets and businesses and is not in violation of any rights of others with respect to any of the foregoing;
- (f) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which could reasonably be expected to have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Debenture or any of the Holder's security and Security Documents, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Holder; and
- (g) as of the date hereof, the Company has one wholly-owned subsidiary, Resverlogix Inc., a corporation incorporated under the laws of the State of Delaware.

ARTICLE 8 DEFAULT

8.1 Events of Default

The occurrence of any of the following events shall constitute an “**Event of Default**” under this Debenture:

- (a) the non-payment of the Outstanding Principal Amount under this Debenture when due and payable, whether at maturity or otherwise;
- (b) non-payment of Interest, fees, reimbursable expenses, costs or other amounts outstanding under this Debenture when due and payable and such non-payment continue for a period of five (5) days;
- (c) the Obligors fail or neglect to perform, keep or observe any covenant contained in Article 6 of the Investment Agreement;
- (d) the Company or any guarantor fails or neglects to perform, keep or observe any covenant contained in this Debenture or the other Loan Documents (other than a covenant under Article 6 of the Investment Agreement or which is otherwise dealt with specifically elsewhere in this Section 8.1), and such failure continues uncured for a period of ten (10) days;
- (e) any material representation or warranty made by or on behalf of the Company or any guarantor, or other information provided by or on behalf of the Company or any guarantor to the Holder, was incorrect or misleading in any material respect at the time it was made or provided;

- (f) a writ of attachment, garnishment execution, distraint or similar process in excess of \$25,000 is issued against any Obligor, or any of their respective properties except for any such writ of attachment, garnishment execution, distraint or similar process that is subject to a bona fide dispute by the Company and is properly contested by appropriate proceedings promptly instituted and diligently conducted;
- (g) any Obligor (i) files a voluntary petition in bankruptcy or files a voluntary petition or an answer or files any proposal or notice of intent to file a proposal or otherwise commence any action or proceeding seeking reorganization, arrangement or readjustment of its debts or which seeks to stay or has the effect of staying any creditors or for any other relief under any Debtor Relief Law, now or hereafter existing, or consents to, approves of, or acquiesces in, any such petition, proposal, action or proceeding; (ii) applies for or acquiesces in the appointment of a receiver, assignee, liquidator, sequestrator, custodian, monitor, trustee or similar officer for it or for all or any part of its property; or (iii) makes an assignment for the benefit of its creditors;
- (h) an involuntary petition or proposal shall be filed or an action or proceeding otherwise commenced seeking reorganization, arrangement, consolidation or readjustment of the debts of any Obligor or for any other relief under any Debtor Relief Law, now or hereafter existing unless (A) such proceeding is discharged within a period of thirty (30) days, (B) until discharged is being actively and diligently contested in good faith, and any relief or remedies upon or against any Collateral have been stayed, (C) has not given rise to any Material Adverse Effect, and (D) has not otherwise resulted in any adjudication or declaration of bankruptcy or any of the events referred to in paragraph (j);
- (i) a receiver, interim receiver, assignee, liquidator, sequestrator, custodian, monitor, trustee or similar officer for any Obligor or for all or any part of the Collateral or for other property the loss of which property could reasonably be expected to have a Material Adverse Effect, shall be appointed or a warrant or writ of attachment, execution, seizure, sale or similar process shall be issued or levied, or any distress or analogous process is levied, against Collateral or against other Property of any Obligor or any of its Subsidiaries the loss of which property could reasonably be expected to have a Material Adverse Effect;
- (j) any Obligor shall file a certificate of dissolution or like process under Applicable Law or shall be liquidated, dissolved or wound-up, if (A) such proceeding has not been discharged within thirty (30) days or (B) such proceeding is not being actively and diligently contested in good faith or (C) any relief or remedies upon any of the Collateral have not been stayed or (D) such proceeding has given rise to any Material Adverse Effect or (E) such proceeding has resulted in any adjudication or declaration, shall have commenced against it any action or proceeding for dissolution, winding-up or liquidation, or shall take any corporate action in furtherance thereof;
- (k) all or any of the Collateral, or any other Property of any Obligor the loss of which property could reasonably be expected to have a Material Adverse Effect, shall be nationalized, expropriated or condemned, seized or otherwise appropriated, or custody or control of such property or of any Obligor shall be assumed by any Governmental Authority or any court of competent jurisdiction at the instance of any Governmental Authority, except where contested in good faith by proper proceedings diligently pursued where a stay of enforcement is in effect;

- (l) any Obligor is enjoined, restrained or in any way prevented by any Governmental Authority from conducting any material part of its business; any Obligor suffers the loss, revocation or termination of any Governmental Approval or other material license, permit, lease or agreement necessary to its business, and such failure continues uncured for a period of ten (10) days;
- (m) there is a cessation of any material part of an Obligor's business or enterprise for a material period of time;
- (n) any Loan Document is terminated other than as provided for in the Investment Agreement or becomes void or unenforceable, or any Security ceases to be a valid and perfected first priority security interest in any portion of the Collateral, other than as a result of the Permitted Liens;
- (o) any Obligor or any of their Affiliates conceals, removes, or permits to be concealed or removed, any of its assets with the intent to hinder, delay or defraud the Holder or any of Obligor's or its Subsidiaries' other creditors;
- (p) a surety or endorser for any of the Debenture Liabilities (including any guarantor) revokes, terminates or fails to perform any of the terms of any guarantee, endorsement or other agreement of such party in favour of the Holder, or prospectively terminates or revokes such guarantee or surety;
- (q) there is filed against any Obligor or any of its Subsidiaries or any Affiliate thereof any action, suit or proceeding under any federal, provincial or state racketeering, proceeds of crime or money laundering statute (including the *Racketeer Influenced and Corrupt Organization Act of 1970* and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)*), which action, suit or proceeding (i) is not dismissed within one hundred twenty (120) days, and (ii) could reasonably be expected to result in the confiscation or forfeiture of any portion of the Collateral;
- (r) (i) a Termination Event shall occur with respect to a Pension Plan (if any) which has resulted or could reasonably be expected to result in a new net liability of any Obligor or any of its Subsidiaries in respect of the Plans; (ii) an Unfunded Pension Liability exists under any of any Obligor's Pension Plans at any time; or (iii) any Obligor shall fail to pay or remit when due any amount for which it is liable in respect of any Pension Plan or any Lien arises on any property of any Obligor under or in respect of any Pension Plan (except for contribution amounts not due and delinquent); or
- (s) Any Obligor, for so long as it is subject to continuous reporting requirements pursuant to securities regulation, fails or omits to file or furnish to any applicable Securities Authorities copies of such documents, financial statements and other information that it is required to file with or furnish to such Securities Authorities under Applicable Law and such default, event of default or breach continues beyond any applicable grace period provided by Applicable Law or by decisions of the Securities Authorities.

8.2 Notice of Event of Default

The Company shall give notice (the “**Default Notice**”) in writing to the Holder of the occurrence of any Event of Default promptly upon becoming aware of same. Such written notice shall specify

the nature of such default or Event of Default and, to the extent determined by the Company, the steps being taken to remedy the same.

8.3 Process Regarding an Event of Default

Upon the occurrence of an Event of Default including, for greater certainty, the expiry of any applicable cure periods set forth in Section 8.1, the Holder, after receipt of the Default Notice in accordance with Section 8.2, may in its sole discretion give notice to the Company declaring that the Outstanding Principal Amount together with accrued and unpaid Interest (if any) thereon is, and it shall accordingly thereby become, immediately due and payable on the date such notice is given.

**ARTICLE 9
CANCELLATION AND SURRENDER**

9.1 Discharge of Debenture

Upon conversion of all of this Debenture in accordance with Article 3 herein, upon the redemption by the Company of all of the Outstanding Principal Amount in accordance with Article 4, or upon payment by the Company of all of the Outstanding Principal Amount and any accrued and unpaid Interest as may be outstanding and payable from time to time, the Holder shall upon request in writing by the Company delivered to the Holder, deliver up this Debenture to the Company, and shall at the expense of the Company cancel and discharge this Debenture.

**ARTICLE 10
SUCCESSORS**

10.1 Restrictions on Amalgamation, Merger and Sale of Certain Assets, etc.

The Company shall not enter into any transaction or series of transactions whereby all or substantially all of its undertaking, property or assets would become the property of any other person (other than the Company's direct or indirect wholly-owned Subsidiaries) (herein called a "**Successor**") whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale, lease or otherwise, including, without limitation, a Capital Reorganization to which the provisions of Section 3.5.5 apply, unless:

- (a) prior to or contemporaneously with the consummation of such transaction the Company and the Successor shall have executed such instruments and done such things as, in the opinion of Counsel, are necessary or advisable to establish that upon the consummation of such transaction the Successor will have assumed all the covenants and obligations of the Company under this Debenture and it shall attorn to the jurisdiction of the courts of the Province of Alberta in respect of this Debenture;
- (b) this Debenture will be a valid and binding obligation of the Successor entitling the Holder, as and against the Successor, to all of its rights under this Debenture; and
- (c) after giving effect to the transaction, no Event of Default will occur.

For certainty, the sale, conveyance, transfer or lease (in a single transaction or a series of transactions) of the properties or assets of one or more of the Company's subsidiaries (other than

to the Company or another direct or indirect wholly-owned subsidiary) which, if such properties or assets were directly owned by the Company, would constitute all or substantially all of the Company's properties or assets on a consolidated basis, will be deemed to be a sale, conveyance, transfer or lease of all or substantially all of the Company's properties or assets.

10.2 Vesting of Powers in Successor

Whenever the conditions of Section 10.1 shall have been duly observed and performed, any Successor formed by or resulting from such transaction shall succeed to, and be substituted for, and may exercise every right and power of the Company under this Debenture with the same effect as though the Successor had been named as the Company herein and thereafter, the Company shall be relieved of all obligations and covenants under this Debenture.

**ARTICLE 11
GENERAL**

11.1 Notice

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by electronic communication or by delivery as hereafter provided. Any such notice or other communication, if sent by electronic communication, shall be deemed to have been received on the Business Day following the sending, or, if delivered by hand, shall be deemed to have been received at the time it is delivered to the applicable address set forth below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this Section 11.1. Notices and other communications shall be addressed as follows:

- (a) to the Holder, at the address of the Holder set forth on the face page of this Debenture; and
- (b) to the Company, at 300, 4820 Richard Road SW, Calgary, Alberta T3E 6L1,

or to such other address as the relevant person may from time to time advise by notice in writing given pursuant to this Section 11.1.

11.2 Assignment

The Company may not assign this Debenture or any of its obligations associated with this Debenture unless (a) it has obtained the prior written consent of the Holder, or (b) in the circumstances set out in Article 10 where the Company has complied with the terms thereof.

11.3 Remedies

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

11.4 Amendment; Waiver

Any term of this Debenture may be amended and the observance of any term of this Debenture may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the Holder.

11.5 Replacement of Debenture

If this Debenture shall become mutilated or be lost, stolen or destroyed and in the absence of notice that the Debenture has been acquired by a *bona fide* purchaser, the Company in its discretion may issue a new debenture upon surrender and cancellation of the mutilated Debenture, or, in the event that the Debenture is lost, stolen or destroyed, in lieu of and in substitution for the same, and the substituted debenture shall be in the form hereof and the Holder shall be entitled to benefits hereof. In case of loss, theft or destruction, the Holder shall furnish to the Company such evidence of such loss, theft or destruction as shall be satisfactory to the Company in its discretion acting reasonably together with an indemnity in form and substance mutually acceptable to the Company and the Holder, each acting reasonably. The applicant shall pay reasonable expenses incidental to the issuance of any such new debenture.

11.6 Successors and Assigns

This Debenture shall inure to the benefit of the Holder and its successors and permitted assigns and shall be binding upon the Company and its successors and permitted assigns.

11.7 Debenture not Listed or Traded

No application has been, or is intended to be, made to the TSX or any other listing authority, stock exchange or other market for this Debenture to be listed or otherwise traded.

11.8 Governing Law

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

11.9 Entire Agreement

This Debenture, the Investment Agreement and the Security Documents constitute the entire agreement between the parties hereto pertaining to the matters therein set forth herein and supersedes and replaces any prior understandings or arrangements pertaining to this Debenture, the Investment Agreement and the Security Documents. Except as set forth in this Debenture, there are no warranties, representations or agreements between the parties in connection with such matters.

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APPENDIX I

**Conversion Notice
to the 10% Secured Convertible Debenture of Resverlogix Corp. due May 13, 2022**

TO: Resverlogix Corp.

The undersigned registered holder of the above referenced convertible debenture (the “**Debenture**”) hereby irrevocably elects to convert:

\$_____ of the Outstanding Principal Amount of the Debenture; and

\$_____ of accrued and unpaid Interest on the Outstanding Principal Amount of the Debenture,

into Common Shares of Resverlogix Corp. at a Conversion Price of \$_____ per Common Share in accordance with the terms of the Debenture.

The undersigned confirms that, after giving effect to the foregoing conversion, the cumulative number of Common Shares issued pursuant to the Debenture complies with the limitation set forth in Section 3.1(d) of the Debenture.

All capitalized and undefined terms herein, unless the context otherwise requires, shall have the meanings ascribed thereto in the Debenture.

DATED: _____, _____.

<*>

Per: _____

[Name]

[Title]