

## **SUBSCRIPTION AGREEMENT**

**Sky Quarry Inc.**

### **NOTICE TO INVESTORS**

**The securities of Sky Quarry Inc., a Delaware corporation (the “Company”), to which this Subscription Agreement relates, represent an investment that involves a high degree of risk, suitable only for persons who can bear the economic risk for an indefinite period of time and who can afford to lose their entire investments. Investors should further understand that this investment is illiquid and is expected to continue to be illiquid for an indefinite period of time. No public market exists for the securities to which this Subscription Agreement relates.**

**The securities offered hereby have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or any state securities or blue sky laws and are being offered and sold in reliance on exemptions from the registration requirements of the Securities Act and state securities or blue sky laws. Although an Offering Statement has been filed with the Securities and Exchange Commission (the “SEC”), that Offering Statement does not include the same information that would be included in a Registration Statement under the Securities Act. The securities offered hereby have not been approved or disapproved by the SEC, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon the merits of the offering to which this Subscription Agreement relates or the adequacy or accuracy of this Subscription Agreement or any other materials or information made available to prospective investors in connection with the offering to which this Subscription Agreement. Any representation to the contrary is unlawful.**

**The securities offered hereby cannot be sold or otherwise transferred, except in compliance with the Securities Act. In addition, the securities offered hereby cannot be sold or otherwise transferred, except in compliance with applicable state securities or “blue sky” laws. Investors who are not “accredited investors” (as that term is defined in Section 501 of Regulation D promulgated under the Securities Act) are subject to limitations on the amount they may invest, as described in Section 4(g) of this Subscription Agreement.**

**To determine the availability of exemptions from the registration requirements of the Securities Act as such may relate to the offering to which this Subscription Agreement relates, the Company is relying on each investor’s representations and warranties included in this Subscription Agreement and the other information provided by each investor in connection herewith.**

**Prospective investors may not treat the contents of this Subscription Agreement, the Offering Circular or any of the other materials provided by the Company (collectively, the “Offering Materials”), or any prior or subsequent communications from the Company or any of its officers, employees or agents (including “Testing the Waters” materials), as investment, legal or tax advice. In making an investment decision, investors must rely on their own examinations of the Company and the terms of the offering to which this Subscription Agreement relates, including the merits and the risks involved. Each prospective investor should consult such investor’s own counsel, accountants and other professional advisors as to investment, legal, tax and other related matters concerning such investor’s proposed investment in the Company.**

**The Offering Materials may contain forward-looking statements and information relating to, among other things, the Company, its business plan, its operating strategy and its industries. These forward-looking statements are based on the beliefs of, assumptions made by, and information currently available to, the Company’s management. When used in the Offering Materials, the words “estimate,” “project,” “believe,” “anticipate,” “intend,” “expect” and similar expressions are intended to identify forward-looking statements, which constitute forward looking statements. These statements reflect management’s current views with respect to future events and are subject to risks and uncertainties that could cause the Company’s actual results to differ materially from those contained in the forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The Company does not undertake any obligation to revise or update these forward-looking statements to reflect events or circumstances after such date or to reflect the occurrence of unanticipated events.**

## 1. Subscription.

(a) Investor hereby irrevocably subscribes for, and agrees to purchase, the Offered Securities set forth on the signature page hereto, upon the terms and conditions set forth herein. The aggregate purchase price for the Offered Securities subscribed by Investor (the “Purchase Price”) is payable to the Company in the manner in Section 2(a).

(b) Investor understands that the Offered Securities are being offered pursuant to the Regulation A Offering Circular dated August 30th, 2021, and its exhibits (collectively, the “Offering Circular”), as filed with the SEC. By subscribing for the Offered Securities, Investor acknowledges that Investor has received and reviewed a copy of the Offering Circular and any other information required by Investor to make an investment decision with respect to the Offered Securities.

(c) This Subscription Agreement may be accepted or rejected in whole or in part, for any reason or for no reason, at any time prior to the termination date of the Offering, by the Company in its sole and absolute discretion. The Company will notify Investor whether this Subscription Agreement is accepted or rejected. If rejected, Investor’s payment shall be returned to Investor without interest and all of Investor’s obligations hereunder shall terminate, except for Section 5 hereof, which shall remain in force and effect.

(d) The terms of this Subscription Agreement shall be binding upon Investor and Investors’ permitted transferees, heirs, successors and assigns (collectively, the “Transferees”); *provided, however*, that for any such transfer to be deemed effective, the proposed Transferee shall have executed and delivered to the Company, in advance, an instrument in form acceptable to the Company in its sole discretion, pursuant to which the proposed Transferee shall acknowledge and agree to be bound by the representations and warranties of Investor and the terms of this Subscription Agreement. No transfer of this Agreement may be made without the consent of the Company, which consent may be withheld by the Company in its sole and absolute discretion.

**2. Payment and Purchase Procedure.** The Purchase Price shall be paid simultaneously with Investor’s delivery of this Subscription Agreement. Investor shall deliver payment of the Purchase Price of the Offered Securities in the manner set forth in Section 8 hereof. Investor acknowledges that, in order to subscribe for Offered Securities, Investor must comply fully with the purchase procedure requirements set forth in Section 8 hereof.

**3. Representations and Warranties of the Company.** The Company represents and warrants to Investor that each of the following is true and complete in all material respects as of the date of this Subscription Agreement:

(a) the Company is a corporation duly formed, validly existing and in good standing under the laws of the State of Delaware. The Company has all requisite power and authority to own and operate its properties and assets, to execute and deliver this Subscription Agreement, the Offered Securities and any other agreements or instruments required hereunder. The Company is duly qualified and is authorized to do business and is in good standing as a foreign

corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so would not have a material adverse effect on the Company or its business;

(b) The issuance, sale and delivery of the Offered Securities in accordance with this Subscription Agreement have been duly authorized by all necessary corporate action on the part of the Company. The Offered Securities, when issued, sold and delivered against payment therefor in accordance with the provisions of this Subscription Agreement, will be duly and validly issued, fully paid and non-assessable; and

(c) the acceptance by the Company of this Subscription Agreement and the consummation of the transactions contemplated hereby are within the Company's powers and have been duly authorized by all necessary corporate action on the part of the Company. Upon the Company's acceptance of this Subscription Agreement, this Subscription Agreement shall constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except (1) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights and (2) as limited by general principles of equity that restrict the availability of equitable remedies.

**4. Representations and Warranties of Investor.** Investor represents and warrants to the Company that each of the following is true and complete in all material respects as of the date of this Subscription Agreement:

(a) **Requisite Power and Authority.** Investor has all necessary power and authority under all applicable provisions of law to execute and deliver this Subscription Agreement and to carry out the provisions hereof. Upon due delivery hereof, this Subscription Agreement will be a valid and binding obligation of Investor, enforceable in accordance with its terms, except (1) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights and (2) as limited by general principles of equity that restrict the availability of equitable remedies.

(b) **Company Offering Circular; Company Information.** Investor acknowledges the public availability of the Offering Circular which can be viewed on the SEC Edgar Database, and that Investor has reviewed the Offering Circular. Investor acknowledges that the Offering Circular makes clear the terms and conditions of the Offering and that the risks associated therewith are described. Investor has had an opportunity to discuss the Company's business, management and financial affairs with directors, officers and management of the Company and has had the opportunity to review the Company's operations and facilities. Investor has also had the opportunity to ask questions of, and receive answers from, the Company and its management regarding the terms and conditions of the Offering. Investor acknowledges that, except as set forth herein, no representations or warranties have been made to Investor, or to any advisor or representative of Investor, by the Company with respect to the business or prospects of the Company or its financial condition.

(c) **Investment Experience; Investor Suitability.** Investor has sufficient experience in financial and business matters so as to be capable of evaluating the merits and risks of an investment in the Offered Securities, and to make an informed decision relating thereto. Alternatively, Investor has utilized the services of a purchaser representative and, together, they have sufficient experience in financial and business matters so as to be capable of evaluating the merits and risks of an investment in the Offered Securities, and to make an informed decision relating thereto. Investor has evaluated the risks of an investment in the Offered Securities, including those described in the section of the Offering Circular entitled “Risk Factors”, and has determined that such an investment is suitable for Investor. Investor has adequate financial resources for an investment of this character. Investor is capable of bearing a complete loss of Investor’s investment in the Offered Securities.

(d) **No Registration.** Investor understands that the Offered Securities are not being registered under the Securities Act, on the ground that the issuance thereof is exempt under Regulation A promulgated under the Securities Act, and that reliance on such exemption is predicated, in part, on the truth and accuracy of Investor’s representations and warranties, and those of the other purchasers of the Offered Securities in the Offering.

Investor further understands that the Offered Securities are not being registered under the securities laws of any state, on the basis that the issuance thereof is exempt as an offer and sale not involving a registrable public offering in such state, since the Offered Securities are “covered securities” under the National Securities Market Improvement Act of 1996.

Investor covenants not to sell, transfer or otherwise dispose of any Offered Securities, unless such Offered Securities have been registered under the Securities Act and under applicable state securities laws, or exemptions from such registration requirements are available.

(e) **Illiquidity and Continued Economic Risk.** Investor acknowledges and agrees that there is no ready public market for the Offered Securities and that there is no guarantee that a market for their resale will ever exist. Investor must, therefore, bear the economic risk of the investment in the Offered Securities indefinitely and Investor acknowledges that Investor is able to bear the economic risk of losing Investor’s entire investment in the Offered Securities.

(f) **Accredited Investor Status or Investment Limits.** Investor represents that either:

- (1) Investor is an “accredited investor” within the meaning of Rule 501 of Regulation D under the Securities Act; or
- (2) that the Purchase Price, together with any other amounts previously used to purchase Offered Securities in the Offering, does not exceed ten percent (10%) of the greater of Investor’s annual income or net worth (or, in the case where Investor is a non-natural person, Investor’s revenue or net assets for such Investor’s most recently completed fiscal year end).

Investor represents that, to the extent Investor has any questions with respect to Investor's status as an accredited investor, or the application of the investment limits, Investor has sought professional advice.

**(g) Investor Information.** Within five (5) days after receipt of a request from the Company, Investor hereby agrees to provide such information with respect to Investor's status as a Company shareholder and to execute and deliver such documents as may reasonably be necessary to comply with any and all laws and regulations to which the Company is, or may become, Shares, including, without limitation, the need to determine the accredited investor status of the Company's shareholders. Investor further agrees that, in the event Investor transfers any Offered Securities, Investor will require the transferee of any such Offered Securities to agree to provide such information to the Company as a condition of such transfer.

**(h) Valuation; Arbitrary Determination of Share Purchase Price by the Company.** Investor acknowledges that the Purchase Price of the Offered Securities in the Offering was set by the Company on the basis of the Company's internal valuation and no warranties are made as to value. Investor further acknowledges that future offerings of securities of the Company may be made at lower valuations, with the result that Investor's investment will bear a lower valuation.

**(i) Domicile.** Investor maintains Investor's domicile (and is not a transient or temporary resident) at the address provided herein.

**(j) Foreign Investors.** If Investor is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), Investor hereby represents that Investor is in full compliance with the laws of Investor's jurisdiction in connection with any invitation to subscribe for the Offered Securities or any use of this Subscription Agreement, including, without limitation, (1) the legal requirements within Investor's jurisdiction for the purchase of the Offered Securities, (2) any foreign exchange restrictions applicable to such purchase, (3) any governmental or other consents that may need to be obtained, and (4) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the Offered Securities. Investor's subscription and payment for and continued beneficial ownership of the Offered Securities will not violate any applicable securities or other laws of Investor's jurisdiction.

**(k) Fiduciary Capacity.** If Investor is purchasing the Offered Securities in a fiduciary capacity for another person or entity, including, without limitation, a corporation, partnership, trust or any other juridical entity, Investor has been duly authorized and empowered to execute this Subscription Agreement and all other related documents. Upon request of the Company, Investor will provide true, complete and current copies of all relevant documents creating Investor, authorizing Investor's investment in the Company and/or evidencing the satisfaction of the foregoing.

**5. Indemnity.** The representations, warranties and covenants made by Investor herein shall survive the consummation of this Subscription Agreement. Investor agrees to indemnify and hold harmless the Company and its officers, directors and agents, and each other person, if any,

who controls the Company within the meaning of Section 15 of the Securities Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all reasonable attorneys' fees, including attorneys' fees on appeal) and expenses reasonably incurred in investigating, preparing or defending against any false representation or warranty or breach of failure by Investor to comply with any covenant or agreement made by Investor herein or in any other document furnished by Investor to any of the foregoing in connection with the transaction contemplated hereby.

**6. Governing Law; Jurisdiction; Waiver of Jury Trial.** All questions concerning the construction, validity, enforcement and interpretation of the Offering Circular, including, without limitation, this Subscription Agreement, shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof. **In any action, suit or proceeding in any jurisdiction brought by any party against any other party, each of the parties each knowingly and intentionally, to the greatest extent permitted by applicable law, hereby absolutely, unconditionally, irrevocably and expressly waives forever trial by jury.**

**7. Notices.** Notice, requests, demands and other communications relating to this Subscription Agreement and the transactions contemplated herein shall be in writing and shall be deemed to have been duly given if and when (a) delivered personally, on the date of such delivery; or (b) mailed by registered or certified mail, postage prepaid, return receipt requested, in the third day after the posting thereof; or (c) e-mailed to the Company at: [dsealock@skyquarry.com](mailto:dsealock@skyquarry.com); Attention: David Sealock or to the Investor, at Investor's address supplied in connection herewith, or to such other address as may be specified by written notice from time to time by the party entitled to receive such notice. Any notices, requests, demands or other communications by email shall be confirmed by letter given in accordance with (a) or (b) above.

**8. Miscellaneous.** All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons or entity or entities may require. Other than as set forth herein, this Subscription Agreement is not transferable or assignable by Investor. The representations, warranties and agreements contained herein shall be deemed to be made by, and be binding upon, Investor and Investor's heirs, executors, administrators and successors and shall inure to the benefit of the Company and its successors and assigns. None of the provisions of this Subscription Agreement may be waived, changed or terminated orally or otherwise, except as specifically set forth herein or except by a writing signed by the Company and Investor. In the event any part of this Subscription Agreement is found to be void or unenforceable, the remaining provisions are intended to be separable and binding with the same effect as if the void or unenforceable part were never in this Subscription Agreement. This Subscription Agreement supersedes all prior discussions and agreements between the Company and Investor, if any, with respect to the subject matter hereof and contains the sole and entire agreement between the Company and Investor with respect to the subject matter hereof. The terms and provisions of this Subscription Agreement are intended solely for the benefit of each party hereto and their respective successors and assigns, and it is not the intention of the parties to confer, and no provision hereof shall confer, third-party beneficiary rights upon any other person. The headings used in this Subscription Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof. In the event that either party hereto

shall commence any suit, action or other proceeding to interpret this Subscription Agreement, or determine to enforce any right or obligation created hereby, then such party, if it prevails in such action, shall recover its reasonable costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorneys' fees and expenses and costs of appeal, if any. All notices and communications to be given or otherwise made to Investor shall be deemed to be sufficient if sent by e-mail to such address provided by Investor herein. Unless otherwise specified in this Subscription Agreement, Investor shall send all notices or other communications required to be given hereunder to the Company via e-mail at \_\_\_\_\_. Any such notice or communication shall be deemed to have been delivered and received on the first business day following that on which the e-mail has been sent (assuming that there is no error in delivery). As used in this Section 9, the term "business day" shall mean any day other than a day on which banking institutions in the State of Delaware are legally closed for business. This Subscription Agreement may be executed in one or more counterparts. No failure or delay by any party in exercising any right, power or privilege under this Subscription Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

**9. Consent to Electronic Delivery of Notices, Disclosures and Forms.** Investor understands that, to the fullest extent permitted by law, any notices, disclosures, forms, privacy statements, reports or other communications (collectively, "Communications") regarding the Company, Investor's investment in the Company and the Offered Securities (including annual and other updates and tax documents) may be delivered by electronic means, such as by e-mail. Investor hereby consents to electronic delivery as described in the preceding sentence. In so consenting, Investor acknowledges that e-mail messages are not secure and may contain computer viruses or other defects, may not be accurately replicated on other systems or may be intercepted, deleted or interfered with, with or without the knowledge of the sender or the intended recipient. Investor also acknowledges that an e-mail from the Company may be accessed by recipients other than Investor and may be interfered with, may contain computer viruses or other defects and may not be successfully replicated on other systems. Neither the Company, nor any of its respective officers, directors and affiliates, and each other person, if any, who controls the Company within the meaning of Section 15 of the Securities Act (collectively, the "Company Parties"), gives any warranties in relation to these matters. Investor further understands and agrees to each of the following: (a) other than with respect to tax documents in the case of an election to receive paper versions, none of the Company Parties will be under any obligation to provide Investor with paper versions of any Communications; (b) electronic Communications may be provided to Investor via e-mail or a website of a Company Party upon written notice of such website's internet address to such Investor. In order to view and retain the Communications, Investor's computer hardware and software must, at a minimum, be capable of accessing the Internet, with connectivity to an internet service provider or any other capable communications medium, and with software capable of viewing and printing a portable document format ("PDF") file created by Adobe Acrobat. Further, Investor must have a personal e-mail address capable of sending and receiving e-mail messages to and from the Company Parties. To print the documents, Investor will need access to a printer compatible with his or her hardware and the required software; (c) if these software or hardware requirements change in the future, a Company Party will notify the Investor through written notification. To facilitate these services, Investor must provide the Company with his or her current



e-mail address and update that information as necessary. Unless otherwise required by law, Investor will be deemed to have received any electronic Communications that are sent to the most current e-mail address that the Investor has provided to the Company in writing; (d) none of the Company Parties will assume liability for non-receipt of notification of the availability of electronic Communications in the event Investor's e-mail address on file is invalid; Investor's e-mail or Internet service provider filters the notification as "spam" or "junk mail"; there is a malfunction in Investor's computer, browser, internet service or software; or for other reasons beyond the control of the Company Parties; and (e) solely with respect to the provision of tax documents by a Company Party, Investor agrees to each of the following: (1) if Investor does not consent to receive tax documents electronically, a paper copy will be provided, and (2) Investor's consent to receive tax documents electronically continues for every tax year of the Company until Investor withdraws its consent by notifying the Company in writing.

**Investor certifies that Investor has read this entire Subscription Agreement and that every statement made by Investor herein is true and complete.**

**The Offering Materials do not constitute an offer or solicitation in any state or jurisdiction in which the Offered Securities are not being offered. The information presented in the Offering Materials was prepared by the Company solely for the use by prospective investors in connection with the Offering. Nothing contained in the Offering Materials is or should be relied upon as a promise or representation as to the future performance of the Company.**

**The Company reserves the right, in its sole discretion and for any reason whatsoever, to modify, amend and/or withdraw all or a portion of the Offering Offered Securities. Except as otherwise indicated, the Offering Materials speak as of their date. Neither the delivery nor the purchase of the Offered Securities shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since that date.**

The undersigned has (have) executed this Subscription Agreement on this \_\_\_ day of \_\_\_, 2021 at \_\_\_\_\_.

SUBSCRIBER

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Print name of Subscriber)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City, State, and Zip)

\_\_\_\_\_  
(Social Security or Tax Identification Number)

Number of Units: \_\_\_\_\_

Dollar Amount of Units (\$ \_\_\_ per Unit) \$ \_\_\_\_\_

The foregoing subscription is hereby accepted on behalf of Sky Quarry Inc., this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

SKY QUARRY INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## SKY QUARRY INC.

### WARRANT TO PURCHASE COMMON STOCK

This Warrant to Purchase Common Stock (this "Warrant") is to certify that, FOR VALUE RECEIVED, \_\_\_\_\_ (the "Holder"), is entitled to purchase, subject to the provisions of this Warrant, from Sky Quarry Inc., a Delaware corporation (the "Company"), \_\_\_\_\_ shares of the common stock of the Company ("Common Stock"). This Warrant may be exercised at an exercise price of \$2.50 per share at any time on or prior to \_\_\_\_\_ (the "Expiration Date"). The number of shares of Common Stock to be received upon the exercise of this Warrant and the price to be paid for a share of Common Stock may be adjusted from time to time as hereinafter set forth. The shares of Common Stock deliverable upon such exercise, as may be adjusted from time to time, are hereinafter sometimes referred to as "Warrant Stock"; and the exercise price of a share of Common Stock in effect at any time, and as may be adjusted from time to time, is hereinafter sometimes referred to as the "Exercise Price."

(a) Exercise of Warrant. This Warrant may be exercised in whole or in part at any time or from time to time but not later than 5:00 P.M., Mountain time, on the Expiration Date. If the Expiration Date is a day on which banking institutions are authorized by law to close, then this Warrant may be exercised on the next succeeding day which shall not be such a day, by presentation and surrender of this Warrant to the Company or at the office of its stock transfer agent, if any, with the Purchase Form annexed hereto duly executed and accompanied by payment of the Exercise Price for the number of shares of Warrant Stock specified in such form.

If this Warrant should be exercised in part only, the Company, upon the Holder's surrender of this Warrant for cancellation, shall execute and shall deliver a new Warrant evidencing the right of the Holder to purchase the balance of the shares of Warrant Stock purchasable hereunder. Such new Warrant shall in all other respects be identical to this Warrant, including the date of the end of the Exercise Period. Upon receipt by the Company of this Warrant at the office or the agency of the Company, in proper form for exercise, the Holder shall be deemed to be the Holder of record of the shares of Warrant Stock issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such shares of Warrant Stock shall not then be actually delivered to the Holder.

(b) Fractional Shares. No fractional shares of Warrant Stock or scrip representing fractional shares of Warrant Stock shall be issued upon the exercise of this Warrant. With respect to any fraction of a share of Warrant Stock called for upon any exercise hereof, the Company shall pay to the Holder an amount in cash equal to such fraction multiplied by the current market value of such fractional share determined as follows:

(i) If the Company's Common Stock is publicly traded, the average daily closing prices for thirty (30) consecutive trading days immediately preceding the date of exercise of this Warrant. The closing price for each day shall be the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way, on the principal national securities exchange in which the Company's Common Stock is listed or admitted to trading, or if it is not listed or admitted to trading on any national securities exchange, the last sale price of such Common Stock on the consolidated transaction reporting system of the National Association of Securities Dealers ("NASD"), if such last sale information is reported on such system, or if not so reported, the average of the closing bid and asked prices of such Common Stock on the National Association of Securities Dealers Automatic Quotation system ("NASDAQ"), or any comparable system, or if the Common Stock is not listed on NASDAQ, or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

(ii) If the Company's Common Stock is not publicly traded, the current value shall be an amount, not less than the book value, determined in such reasonable manner as may be prescribed by the Board of Directors of the Company using valuation techniques then prevailing in the securities industry assuming full disclosure of all relevant information and a reasonable period of time for effectuating such sale and modelled so as to determine, as closely as possible, a price equal to that obtainable by the Company of a like issuance of its own shares.

(c) Representations, Warranties and Covenants of the Company.

(i) *Issuance of Warrant.* This Warrant is, and any Warrant issued in substitution for or replacement of this Warrant shall be, upon issuance, duly authorized and validly issued.

(ii) *Issuance of Shares.* The Company shall ensure that shares of Warrant Stock, when issued pursuant to the exercise of this Warrant, will be duly and validly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issuance thereof. The Company shall take all such actions as may be necessary to ensure that all such shares of Warrant Stock are issued without violation by the Company of any applicable law or governmental regulation. The Company shall pay all expenses in connection with, and all taxes and other governmental charges that may be imposed with respect to, the issuance or delivery of Warrant Stock upon exercise of this Warrant, excepting the Holder's income taxes, for which they will be personally liable.

(iii) *Reservation of Shares of Warrant Stock.* Throughout the Exercise Period, the Company shall at all times reserve and keep available for issuance and/or delivery out of its authorized but unissued capital stock constituting Warrant Stock, solely for the purpose of issuance upon the exercise of this Warrant, the maximum number of shares of Warrant Stock issuable upon the exercise of this Warrant, and the par value per share of Warrant Stock shall at all times be less than or equal to the applicable Exercise Price. The Company

shall not increase the par value of any share of Warrant Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, and shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(iv) *No Impairment.* The Company shall not, by amendment of its Certificate of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but shall at all times in good faith assist in the carrying out of all the provisions of this Warrant.

(d) Exchange, Assignment or Loss of Warrant. This Warrant is exchangeable, without expense, at the option of the Holder, upon presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, for other Warrants of different denominations entitling the Holder thereof to purchase in the aggregate the same number of shares of Warrant Stock purchasable hereunder. This Warrant may not be sold, hypothecated, assigned, or transferred prior to the date this Warrant is first exercisable. Any assignment shall be made subject to the provisions of this Section (d) by surrender of this Warrant to the Company or at the office of its stock transfer agent, if any, with the Assignment Form annexed hereto duly executed and with funds sufficient to pay any transfer tax; whereupon, the Company, without charge, shall execute and shall deliver a new Warrant in the name of the assignee named in such instrument of assignment and this Warrant shall promptly be cancelled.

This Warrant may be divided or may be combined with other Warrants which carry the same rights upon presentation hereof at the office of the Company or at the office of its stock transfer agent, if any, together with a written notice specifying the names and the denominations in which new Warrants are to be issued and signed by the Holder hereof. The term "Warrant" as used herein includes any Warrants issued in substitution for or replacement of this Warrant or into which this Warrant may be divided or exchanged. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction, or mutilation of this Warrant, and (in the case of loss, theft, or destruction) of reasonably satisfactory indemnification, and upon surrender and cancellation of this Warrant, if mutilated, the Company will execute and will deliver a new Warrant. Such new Warrant shall in all other respects be identical to this Warrant, including the date of the end of the Exercise Period. Any such new Warrant executed and delivered shall constitute an additional contractual obligation on the part of the Company, whether or not this Warrant so lost, stolen, destroyed or mutilated shall be at any time enforceable by anyone.

(e) Rights of the Holder. Prior to the exercise of this Warrant, the Holder, by virtue hereof, shall not be entitled to any rights of a stockholder in the Company, either at law or in equity, and the rights of the Holder are limited to those expressed in the Warrant and are not enforceable against the Company except to the extent set forth herein; provided, however, in addition to any adjustments pursuant to Section (f) below, if at any time the Company grants, issues or sells any shares of Common Stock, options, convertible securities or rights to purchase

stock, warrants, securities or other property *pro rata* to the record holders of the Company's capital stock, (any of the foregoing, "Purchase Rights"), then the Holder shall be entitled to acquire, upon the terms applicable to such Purchase Rights, an aggregate amount of Purchase Rights or capital stock equal to the original principal amount of that certain Promissory Note by and between the Holder and AmeriCann Colorado of even date herewith. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section (e), the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

(f) Anti-Dilution Provisions.

(i) Adjustment of Price. Anything in this Section (f) to the contrary notwithstanding, if the Company shall issue, at any time, Common Stock or convertible securities by way of dividend, forward stock split or other distribution on any stock of the Company or subdivide or combine the outstanding shares of capital stock, the Exercise Price shall be proportionately decreased in the case of such issuance, forward stock split, or distribution (on the day following the date fixed for determining stockholders entitled to receive such additional shares) or proportionately increased in the case of such combination (on the date that such combination shall become effective), provided, however, should the Company cancel or fail to make such dividend or other distribution or other issuance, the Exercise Price shall be forthwith adjusted to the price which would have prevailed prior to the Company setting such record date.

(ii) No Adjustment for Small Amounts. Anything in this Section to the contrary notwithstanding, the Company shall not be required to give effect to any adjustment in the Exercise Price unless and until the net effect of one or more adjustments, determined as above provided, shall have required a change of the Exercise Price by at least one cent, but when the cumulative net effect of more than one adjustment so determined shall be to change the actual Exercise Price by at least one cent, such change in the Exercise Price shall thereupon be given effect.

(iii) Number of Shares Adjusted. Upon any adjustment of the Exercise Price, the Holder of this Warrant shall thereafter (until another such adjustment) be entitled to purchase, at the new Exercise Price, the number of shares of Warrant Stock, calculated to the nearest full shares, obtained by multiplying the number of shares of Warrant Stock

initially issuable upon exercise of this Warrant by the Exercise Price in effect on the date hereof and dividing the product so obtained by the new Exercise Price.

(g) Officer's Certificate. Whenever the Exercise Price shall be adjusted as required by the provisions of Section (f) hereof, the Company shall forthwith file with its Secretary or an Assistant Secretary at its principal office, and with its stock transfer agent, if any, an Officer's Certificate showing the adjusted Exercise Price, determined as herein provided, and setting forth in reasonable detail the facts requiring such adjustment. Each such Officer's Certificate shall be made available at all reasonable times for inspection by the Holder; and the Company, after each such adjustment, shall forthwith deliver a copy of such certificate to the Holder. Such certificate shall be conclusive as to the correctness of such adjustment.

(h) Notices to Warrant Holders. So long as this Warrant shall be outstanding and unexercised (i) if the Company shall pay any dividend or shall make any distribution upon the Common Stock or (ii) if the Company shall offer to the holders for subscription or purchase by them any shares of stock of any class or any other rights or (iii) if any capital reorganization of the Company; reclassification of the capital stock of the Company; consolidation or merger of the Company with or into another corporation; sale, lease or transfer of all or substantially all of the property and assets of the Company to another corporation; or voluntary or involuntary dissolution, liquidation, or winding up of the Company shall be effected, then, in any such case, the Company shall cause to be delivered to the Holder, at least ten (10) days prior to the date specified in (x) or (y) below, as the case may be, a notice containing a brief description of the proposed action and stating the date on which (x) a record is to be taken for the purpose of such dividend, distribution, or rights, or (y) such reclassification, reorganization, consolidation, merger, conveyance, lease, dissolution, liquidation, or winding up is to take place and the date, if any, is to be fixed, as of which the holders of record shall be entitled to exchange their Shares for securities or other property deliverable upon such reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation, or winding up.

(i) Reclassification, Reorganization or Merger. In case of any reclassification, or capital reorganization (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of an issuance of Common Stock by way of dividend or other distribution or of a subdivision or combination), or in case of any consolidation or merger of the Company with or into another corporation (other than a merger with a subsidiary, in which merger the Company is the continuing corporation and which does not result in any reclassification, or capital reorganization) or in case of any sale or conveyance to another corporation of the property of the Company as an entirety or substantially as an entirety, the Company shall cause effective provision to be made so that the Holder shall have the right

thereafter, by exercising this Warrant, to purchase the kind and amount of shares of capital stock and other securities and property receivable upon such reclassification, capital reorganization, or other consolidation, merger, sale, or conveyance as may be issued or payable with respect to or in exchange for the number of shares of Warrant Stock purchasable upon the exercise of this Warrant had such recapitalization, capital reorganization, or other consolidation, merger, sale or conveyance not taken place. Any such provisions shall include provision for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Warrant. The foregoing provisions of this Section (i) shall similarly apply to successive reclassifications, capital reorganizations, and to successive consolidations, mergers, sales, or conveyances.

In the event that in any such capital reorganization or reclassification, consolidation, merger, sale or conveyance, additional shares shall be issued in exchange, conversion, substitution or payment, in whole or in part, for a security of the Company other than Common Stock, any such issue shall be treated as an issue of Common Stock covered by the provisions of Section (g) hereof with the amount of the consideration received upon the issue thereof being determined by the Board of Directors of the Company in the manner described in clause (c)(ii) above.

(j) Transfer to Comply with the Securities Act of 1933.

(i) Unless registered pursuant to the Securities Act of 1933 or qualified under Regulation A this Warrant or the Warrant Stock or any other security issued or issuable upon exercise of this Warrant may not be sold, transferred, or otherwise disposed of except to a person who, in the opinion of counsel for the Company, is a person to whom this Warrant or such Warrant Stock may legally be transferred pursuant to Section (d) hereof without registration or qualification and without the delivery of a current Prospectus under the Act with respect thereto and then only against receipt of an agreement of such person to comply with the provisions of this Section (j) with respect to any resale or other disposition of such securities.

(ii) The Company may cause the following legend or one similar thereto to be set forth on each certificate representing Warrant Stock or any other security issued or issuable upon exercise of this Warrant not theretofore distributed to the public or sold to underwriters for distribution to the public pursuant to Section (j) hereof, unless counsel for the Company is of the opinion as to any such certificate that such legend is unnecessary:

The shares represented by this Certificate have not been registered under the Securities Act of 1933 (the "Act") and are "restricted securities" as that term is defined in Rule 144 under the Act. The shares may not be offered for sale, sold, or otherwise transferred except pursuant to an effective registration statement under the Act or pursuant to an exemption from registration under the Act, the availability of which is to be established to the satisfaction of the Company.



(k) Applicable Law. This Warrant shall be governed by and construed in accordance with the laws of Delaware.

Dated: \_\_\_\_\_, 2021

**SKY QUARRY, INC.**

By:

\_\_\_\_\_  
Chief Executive Officer

